

**REGIONAL DISTRICT  
OF CENTRAL OKANAGAN**  
**Financial Statements**  
For the year ended December 31, 2018

DRAFT

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## Management's Responsibility for Financial Reporting

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

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

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

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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

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

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Chief Administrative Officer

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Director of Financial Services

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## Independent Auditor's Report

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To the Directors of the Regional District of Central Okanagan

### Opinion

We have audited the financial statements of the Regional District of Central Okanagan (the "Regional District"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2018, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

### Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information included in the annual report or the information included in exhibits 1 through 28 of the Regional District's financial statements.

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

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

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

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

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

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

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

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

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

Chartered Professional Accountants

Kelowna, British Columbia  
May 9, 2019

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

<b>December 31</b>	<b>2018</b>	<b>2017</b>
<b>Financial Assets</b>		
Cash (Note 1)	\$ 29,005,114	\$ 28,122,990
Accounts receivable (Note 2)	4,065,497	4,743,181
Deposits - Municipal Finance Authority (Note 3)	12,216,586	16,361,266
Agreements due from members (Note 4)	<u>136,803,900</u>	<u>159,193,124</u>
	<u>182,091,097</u>	<u>208,420,561</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	4,295,715	5,449,530
Deferred revenue (Note 5)	281,320	500,719
Development cost charges (Note 6)	3,968,969	6,158,546
Reserve - Municipal Finance Authority (Note 3)	12,124,772	16,270,507
Interim financing (Note 7)	2,154,007	4,319,844
Long term debt (Note 8)	141,547,939	164,169,237
Landfill closure and post-closure (Note 9)	<u>753,493</u>	<u>670,077</u>
	<u>165,126,215</u>	<u>197,538,460</u>
<b>Net Financial Assets</b>	<b>16,964,882</b>	<b>10,882,101</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	432,133	410,071
Tangible capital assets (Note 10)	<u>113,920,574</u>	<u>110,033,002</u>
<b>Accumulated Surplus (Note 11)</b>	<b>\$ 131,317,589</b>	<b>\$ 121,325,174</b>

Approved on behalf of the Board:

Chair

## Regional District of Central Okanagan Statement of Operations

For the year ended December 31	2018		2017
	Actual	Budget (Note 17)	Actual
<b>Revenues</b>			
Electoral area tax requisitions	\$ 3,720,890	\$ 3,720,979	\$ 3,624,735
Electoral area parcel taxes	421,349	421,349	436,144
Members' requisitions			
General	16,269,444	16,273,194	15,890,847
Parcel taxes	473,574	473,574	471,295
Debt services	26,475,509	26,527,613	26,787,917
Federal government grants	238,683	193,100	406,052
Provincial government grants	1,798,371	2,156,295	6,804,583
Sale of services to other governments	3,383,600	3,536,460	3,398,244
Sale of services to others	1,750,603	1,716,538	1,787,577
Water and sewer fees	6,489,952	6,440,560	6,470,037
Gas tax revenue (Note 16)	705,850	671,753	682,387
Contributions from others	55,391	93,450	74,249
Contributions from sewer DCC reserve (Note 6)	4,083,090	4,583,174	245,204
Gain on disposal of tangible capital assets	-	-	273,678
Other revenue	2,656,023	1,654,351	2,262,002
	<b>68,522,329</b>	<b>68,462,390</b>	<b>69,614,951</b>
<b>Expenses (Note 15)</b>			
Amortization	3,961,742	-	3,742,393
General government services	819,765	1,764,115	582,714
Protective services	8,072,940	8,613,738	12,689,573
Transportation services	46,357	644,715	42,331
Environmental health services	6,032,420	6,299,762	5,519,846
Development services	3,387,436	3,761,080	3,573,096
Recreation and cultural services	4,596,672	4,898,787	4,526,060
Water services	595,730	707,002	691,943
Sewer services	4,177,749	4,363,735	4,192,952
Interest on long term debt and debt issue expense	275,760	284,838	289,169
Fiscal services	26,856,814	26,910,482	27,169,412
Transfer to local governments	112,256	112,438	118,705
Loss on disposal of tangible capital assets	30,906	-	-
Reallocation of insurance reserve (recovery)	(436,633)	-	(278,644)
	<b>58,529,914</b>	<b>58,360,692</b>	<b>62,859,550</b>
<b>Annual Surplus</b>	<b>9,992,415</b>	<b>10,101,698</b>	<b>6,755,401</b>
<b>Accumulated surplus, beginning of the year</b>	<b>121,325,174</b>	<b>121,325,174</b>	<b>114,569,773</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 131,317,589</b>	<b>\$ 131,426,872</b>	<b>\$ 121,325,174</b>

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

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Annual Surplus</b>	\$ 9,992,415	\$ 6,755,401
Acquisition of tangible capital assets	(7,898,591)	(8,067,091)
Amortization of tangible capital assets	3,961,742	3,742,393
Loss (gain) on disposal of tangible capital assets	30,906	(273,678)
Proceeds from disposal of tangible capital assets	18,371	558,150
	<b>6,104,843</b>	<b>2,715,175</b>
Change of prepaid expenses	(22,062)	2,447
<b>Change in net financial assets</b>	<b>6,082,781</b>	<b>2,717,622</b>
<b>Net financial assets, beginning of the year</b>	<b>10,882,101</b>	<b>8,164,479</b>
<b>Net financial assets, end of year</b>	<b>\$ 16,964,882</b>	<b>\$ 10,882,101</b>

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

For the year ended December 31	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating Activities</b>		
Cash receipts from grants, other governments, and own sources	\$ 68,415,487	\$ 67,667,299
Cash paid to employees and suppliers	(30,360,979)	(27,545,086)
Interest paid	(11,261,387)	(12,347,084)
Interest received	565,123	341,577
Landfill closure cost payments from reserve	(325,747)	(40,171)
	<b>27,032,497</b>	<b>28,076,535</b>
<b>Capital Activities</b>		
Purchase of tangible capital assets	(7,898,591)	(8,067,091)
Proceeds from sale of tangible capital assets	18,371	558,150
	<b>(7,880,220)</b>	<b>(7,508,941)</b>
<b>Financing Activities</b>		
Net long term debt reduction	(16,104,316)	(15,337,322)
Net reduction of interim financing	(2,165,837)	(2,507,632)
	<b>(18,270,153)</b>	<b>(17,844,954)</b>
<b>Increase in cash during year</b>	<b>882,124</b>	<b>2,722,640</b>
<b>Cash, beginning of the year</b>	<b>28,122,990</b>	<b>25,400,350</b>
<b>Cash, end of year</b>	<b>\$ 29,005,114</b>	<b>\$ 28,122,990</b>

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

**December 31, 2018**

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<b>Nature of Business</b>	The Regional District of Central Okanagan (the "Regional District") provides local government services such as protective, transportation, environmental health and development, parks, water, sewer, and other general government services.
<b>Basis of Presentation</b>	The financial statements of the Regional District are the representations of management and are prepared in accordance with Canadian public sector accounting standards as issued by CPA Canada.
<b>Landfill Closure and Post-Closure</b>	The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.
<b>Development Cost Charges</b>	Development Cost Charge ("DCC") levies are restricted by by-law in their use for sewer expansion and the revenue is deferred until the expenses are incurred. When DCC expenses are made, a corresponding amount is recorded as "Contribution from sewer DCC reserve".
<b>Reserve Fund Balances</b>	The Regional District has appropriated certain funds for future capital expenses for specific projects or studies. Expenses from a reserve can only be made with approval from the Ministry or in accordance with by-law directives.
<b>Government Transfers</b>	<p>Government transfers, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. The transfer of revenue is initially deferred and then recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>When the Regional District is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.</p>
<b>Financial Instruments</b>	The Regional District's financial instruments consist of cash, accounts receivable and other receivables, deposits, accounts payable and accrued liabilities, interim financing and long-term debt. Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest, currency, liquidity or credit risks arising from these financial instruments.
<b>Non-Financial Assets</b>	Non-financial assets are held for use in the provision of services and are not normally available to discharge liabilities. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the net surplus (deficit) for the year, provides the change in net debt for the year.

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

December 31, 2018

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### Tangible Capital Assets

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

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

### Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purposes.

### Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimate 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.

### Revenue Recognition

Taxes are recognized as revenue in the year they are levied.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

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

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

Sales of services and other revenue is recognized on an accrual basis.

Contributions of capital assets are recognized when the transfer occurs.

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

**December 31, 2018**

### 1. Cash

Cash is held in a financial institution earning interest at a rate of 1.60% (2017 - 1.28%) per annum.

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

### 2. Accounts Receivable

	2018	2017
Local governments and Hospital District	\$ 1,849,541	\$ 1,626,142
Federal government	-	30,000
Provincial government	710,766	1,717,391
Other	1,505,190	1,369,648
	\$ 4,065,497	\$ 4,743,181

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

#### Deposits:

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. The details of the cash deposits and demand notes at year end are as follows:

	Demand Notes	Cash Deposits	2018	2017
Regional District	\$ 127,385	\$ 91,814	\$ 219,199	\$ 222,047
Member Municipalities				
Kelowna	6,731,191	2,400,604	9,131,795	13,224,683
Peachland	192,935	146,236	339,171	388,574
Lake Country	612,556	323,480	936,036	946,733
West Kelowna	920,054	463,083	1,383,137	1,373,276
Okanagan Regional Library	146,434	60,814	207,248	205,953
	\$ 8,730,555	\$ 3,486,031	\$ 12,216,586	\$ 16,361,266

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

**December 31, 2018**

**3. Deposit / Reserve - Municipal Finance Authority (continued)**

**Reserves and Demand Notes:**

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

	<b>2018</b>	<b>2017</b>
Regional District Reserves	\$ 127,385	\$ 131,288
Member Municipalities Reserves and Demand Notes		
Kelowna	9,131,795	13,224,683
Peachland	339,171	388,574
Lake Country	936,036	946,733
West Kelowna	1,383,137	1,373,276
Okanagan Regional Library Reserves and Demand Notes	207,248	205,953
	<b>\$ 12,124,772</b>	<b>\$ 16,270,507</b>

**4. Agreements Due from Members**

Agreements due from members become receivable on the same terms as payable to the Municipal Finance Authority (Note 8). 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.

	<b>2018</b>	<b>2017</b>
City of Kelowna	\$ 109,344,319	\$ 128,332,609
District of Lake Country	8,766,410	9,911,155
District of Peachland	3,190,262	3,626,442
City of West Kelowna	12,817,246	14,422,168
Okanagan Regional Library District	2,685,663	2,900,750
	<b>\$ 136,803,900</b>	<b>\$ 159,193,124</b>

**5. Deferred Revenue**

	<b>2018</b>	<b>2017</b>
Balance, beginning of the year	\$ 500,719	\$ 519,672
Contributions		
Business licenses	35,858	36,623
Other	245,462	464,096
Recognized as revenue	(500,719)	(519,672)
Balance, end of the year	<b>\$ 281,320</b>	<b>\$ 500,719</b>

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

**December 31, 2018**

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**6. Development Cost Charges**

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

	<b>2018</b>	<b>2017</b>
Balance, beginning of the year	\$ 6,158,546	\$ 4,304,300
Interest	99,050	55,060
DCC's collected in the year	1,794,462	2,044,390
DCC's recognized as revenue	<b>(4,083,090)</b>	<b>(245,204)</b>
	<b>\$ 3,968,968</b>	<b>\$ 6,158,546</b>

Developmental cost charges are allocated as follows:

	<b>2018</b>	<b>2017</b>
Westside Sewer Plant	\$ 1,934,560	\$ 4,255,283
East Trunk Sewer	<b>2,034,408</b>	1,903,263
	<b>\$ 3,968,968</b>	<b>\$ 6,158,546</b>

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**7. Interim Financing**

Interim Financing is due to the Municipal Finance Authority of British Columbia and was borrowed under Section 819 of the Local Government Act, which allows the Regional District to borrow under Section 175 of Community Charter - Liabilities under Agreement. Interim financing requires scheduled repayments with the last payment due to be repaid in fiscal 2019. Interest on interim financing is payable monthly at a rate of 2.80% (2017 - 1.94%). The outstanding balance is \$2,154,007 as at December 31, 2018 (2017 - \$4,319,844).

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

**December 31, 2018**

**8. Long Term Debt**

Municipal Finance Authority Agreements

Security

Issuing By-law	Issue number	Purpose	Year of Maturity	Interest Rate		Balance outstanding	
						2018	2017
603	59	District of Peachland	2019	5.000	\$	-	\$ 84,963
740	66	District of Peachland	2022	2.250		<b>47,551</b>	58,058
764	68	District of Peachland	2023	2.650		<b>1,250,251</b>	1,465,741
768	69	City of Kelowna	2018	4.650		-	16,224
809	70	City of West Kelowna	2019	2.100		<b>12,527</b>	24,511
811	70	City of Kelowna	2019	2.100		<b>5,169</b>	10,115
818	70	District of Lake Country	2019	2.100		<b>120,015</b>	234,834
		District of Lake Country	2024	5.745		<b>1,801,904</b>	2,058,365
839	71	City of West Kelowna	2019	2.100		<b>120,015</b>	234,834
841	71	City of Kelowna	2019	2.100		<b>48,299</b>	94,506
886	73	City of West Kelowna	2020	2.100		<b>242,553</b>	356,053
887	73	District of Lake Country	2020	2.100		<b>152,640</b>	224,067
912	74	Regional District - Ellison Fire Hall	2021	1.750		<b>131,112</b>	170,722
		Regional District - Lakeview Sewer	2021	1.750		<b>172,631</b>	224,784
		City of West Kelowna	2021	1.750		<b>281,673</b>	366,767
931	75	City of West Kelowna	2021	1.750		<b>296,751</b>	386,400
932	75	City of Kelowna	2021	1.750		<b>109,260</b>	142,268
933	75	District of Lake Country	2021	1.750		<b>546,301</b>	711,341
939	76	City of Kelowna	2018	1.150		-	2,736,537
957	77	City of Kelowna	2022	1.750		<b>11,225</b>	13,705
964	77	City of West Kelowna	2022	1.750		<b>544,887</b>	665,287
983	78	City of Kelowna	2022	2.250		<b>1,158,417</b>	1,414,385
973	78	District of Lake Country	2022	2.250		<b>161,484</b>	197,166
984	78	District of Lake Country	2022	2.250		<b>227,629</b>	277,927
1007	79	City of West Kelowna	2023	2.250		<b>680,797</b>	798,137
1023	80	City of Kelowna	2023	2.850		<b>13,614</b>	15,960
1069	85	City of Kelowna	2019	2.000		<b>354,696</b>	692,501
		City of Kelowna	2024	2.000		<b>1,443,634</b>	1,645,766
1070	85	City of West Kelowna	2024	2.000		<b>412,225</b>	469,943
939	89	City of Kelowna	2018	4.450		-	1,790,687
1123	95	District of Peachland	2030	1.800		<b>1,892,459</b>	2,017,680
1125	95	City of Kelowna	2025	1.800		<b>3,273,528</b>	3,680,093
Carried forward						<b>\$ 15,513,247</b>	<b>\$ 23,280,327</b>

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

**December 31, 2018**

**8. Long Term Debt (continued)**

Municipal Finance Authority Agreements

Security

Issuing By-law	Issue number	Purpose	Year of Maturity	Interest Rate	Balance outstanding		
					2018	2017	
Brought forward					\$	<b>15,513,247</b>	\$ 23,280,327
1122	95	Regional District - Upper Ellison Fire	2020	1.800	<b>23,308</b>	34,374	
1122	95	Regional District - Ridgeview Fire Protection	2025	1.800	<b>96,534</b>	108,523	
1122	95	City of West Kelowna	2025	1.800	<b>1,847,803</b>	2,077,296	
1147	99	City of West Kelowna	2026	1.750	<b>650,466</b>	718,345	
1175	101	City of West Kelowna	2027	2.250	<b>1,554,872</b>	1,696,145	
1196	101	Lakeshore Road Improvements	2027	2.250	<b>43,768</b>	47,745	
		City of West Kelowna	2027	2.250	<b>763,758</b>	833,152	
1212	102	City of Kelowna	2027	2.250	<b>15,483,063</b>	16,889,834	
1227	103	City of Kelowna	2018	4.650	-	1,896,784	
1219	103	City of West Kelowna	2028	2.650	<b>83,878</b>	90,596	
1239	104	District of Lake Country	2018	5.150	-	29,519	
		District of Lake Country	2028	2.900	<b>1,000,857</b>	1,081,013	
1241	104	Regional District - Shelter Cove Fire Protection	2018	5.150	-	8,061	
1245	104	Okanagan Regional Library District Admin Building	2028	2.900	<b>2,685,663</b>	2,900,750	
1212	104	City of Kelowna	2028	2.900	<b>1,193,628</b>	1,289,223	
1246	104	City of Kelowna	2028	2.900	<b>6,324,691</b>	6,831,219	
		City of Kelowna	2018	5.150	-	1,232,909	
1246	105	City of Kelowna	2019	4.900	<b>2,370,980</b>	4,650,768	
1251	105	City of West Kelowna	2029	4.900	<b>5,325,042</b>	5,704,703	
1252	105	District of Lake Country	2024	4.900	<b>436,290</b>	499,536	
	105	District of Lake Country	2029	4.900	<b>322,306</b>	345,285	
1246	106	City of Kelowna	2019	4.130	<b>1,185,490</b>	2,325,384	
1260	106	City of Kelowna	2019	4.130	<b>570,221</b>	1,118,510	
1252	109	District of Lake Country	2020	1.830	<b>75,000</b>	125,000	
1246	112	City of Kelowna	2020	3.730	<b>2,325,384</b>	3,421,436	
1285	114	District of Lake Country	2026	3.650	<b>145,427</b>	160,845	
1286	114	District of Lake Country	2026	3.650	<b>222,526</b>	246,118	
1292	117	City of Kelowna	2031	3.250	<b>1,469,523</b>	1,554,506	
1293	117	City of Kelowna	2026	3.250	<b>2,301,092</b>	2,541,219	
Carried forward					\$	<b>64,014,817</b>	\$ 83,739,123



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

**December 31, 2018**

**8. Long Term Debt (continued)**

Municipal Finance Authority Agreements

Security

Issuing By-law	Issue number	Purpose	Year of Maturity	Interest Rate	Balance outstanding		
					2018	2017	
Brought forward					\$	<b>64,014,817</b>	\$ 83,739,123
1310	121	Regional District - Upper Fintry Shalal Road & Valley of the Sun Water Distribution System	2042	2.900	<b>4,276,685</b>	4,381,903	
1329	126	District of Lake Country	2033	3.850	<b>875,378</b>	917,414	
1337	127	District of Lake Country	2029	3.300	<b>350,884</b>	375,901	
1350	130	City of Kelowna	2034	3.000	<b>295,802</b>	308,834	
1362	133	District of Lake Country	2035	2.750	<b>2,327,770</b>	2,426,825	
1363	133	City of Kelowna	2035	2.750	<b>17,803,210</b>	18,560,804	
1364	133	City of Kelowna	2035	2.750	<b>13,352,408</b>	13,920,603	
1227	133	City of Kelowna	2025	2.750	<b>5,514,158</b>	6,199,004	
1227	137	City of Kelowna	2026	2.600	<b>2,892,868</b>	3,201,655	
1363	137	City of Kelowna	2036	2.600	<b>15,776,684</b>	16,398,862	
1227	139	City of Kelowna	2026	2.100	<b>2,468,766</b>	2,738,308	
1227	141	City of Kelowna	2027	2.800	<b>7,302,156</b>	8,000,000	
1363	142	City of Kelowna	2037	3.150	<b>2,888,353</b>	3,000,000	
1363	145	City of Kelowna	2038	3.150	<b>1,360,000</b>	-	
1420	146	City of Kelowna	2038	3.200	<b>48,000</b>	-	
Total long term debt					<b>\$ 141,547,939</b>	<b>\$ 164,169,237</b>	

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

2019	\$ 16,037,067
2020	12,973,959
2021	9,902,341
2022	8,949,019
2023	8,800,662
Thereafter	<u>84,884,891</u>
	<u>\$ 141,547,939</u>

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

December 31, 2018

### 9. 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.

Capacity of the Westside Sanitary Landfill of 1,926,340 cubic meters was reached during the 2010 fiscal year. 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 30 years and will involve surface and ground water monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and landfill cover maintenance.

The table below sets out the liability based on estimated capacities used in cubic meters, multiplied by the estimated total expenses, expressed as discounted present values, assuming a discount rate of 3.22% (2017 - 3.43%) based on average long term borrowing rate. The amount remaining to be recognized in future years is \$nil because the landfill reached full capacity during the 2010 fiscal year. The annual provision is reported as an operating fund expense and the accumulated provision is recorded as a liability on the Statement of Financial Position. Reserve funds totaling \$348,249 (2017 - \$663,327) have been established to provide for this liability in the Capital Project Reserve Fund. (Note 11)

Site	Estimated Remaining Life (yrs)	Est. Total Expenditure For Closure	Cumulative Capacity Used	Total Estimated Capacity	% Used	Liability for Closure to Dec. 31, 2018
West Kelowna	-	\$ 753,493	1,926,340	1,926,340	100%	\$ 753,493
Less expenses previously recognized:						<u>(670,077)</u>
2018 net additional cost in connection with landfill closure:						<u>\$ 83,417</u>

Site	Estimated Remaining Life (yrs)	Est. Total Expenditure For Closure	Cumulative Capacity Used	Total Estimated Capacity	% Used	Liability for Closure to Dec. 31, 2017
West Kelowna	-	\$ 670,077	1,926,340	1,926,340	100%	\$ 670,077

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

**December 31, 2018**

**10. Tangible Capital Assets**

	<b>2018</b>								
	Land	Land Improvements	Buildings	Fleet	Machinery and Equipment	Sewer System	Water System	Assets Under Construction	Total
Cost, beginning of year	\$ 40,388,504	\$ 5,188,288	\$ 12,110,894	\$ 6,458,432	\$ 4,631,118	\$ 59,761,027	\$ 19,613,195	\$ 3,126,979	\$ 151,278,437
Additions	-	850,204	65,610	244,044	604,625	4,507,861	905,080	721,167	7,898,591
Disposals	-	(12,951)	(21,000)	-	(933,719)	(50,906)	(44,192)	(22,041)	(1,084,809)
Reallocation of Assets Under Construction		193,540			382,318	287,730	80,895	(944,483)	-
Cost, end of year	<u>\$ 40,388,504</u>	<u>\$ 6,219,081</u>	<u>\$ 12,155,504</u>	<u>\$ 6,702,476</u>	<u>\$ 4,684,342</u>	<u>\$ 64,505,712</u>	<u>\$ 20,554,978</u>	<u>\$ 2,881,622</u>	<u>\$ 158,092,219</u>
Accumulated amortization, beginning of year	\$ -	\$ 2,049,740	\$ 6,051,639	\$ 3,870,400	\$ 2,966,207	\$ 20,702,456	\$ 5,604,993	\$ -	\$ 41,245,435
Amortization	-	367,961	441,341	422,111	480,044	1,833,640	416,645	-	3,961,742
Disposals	-	(12,951)	(21,000)		(927,526)	(50,904)	(23,151)	-	(1,035,532)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 2,404,750</u>	<u>\$ 6,471,980</u>	<u>\$ 4,292,511</u>	<u>\$ 2,518,725</u>	<u>\$ 22,485,192</u>	<u>\$ 5,998,487</u>	<u>\$ -</u>	<u>\$ 44,171,645</u>
Net carrying amount, end of year	<u>\$ 40,388,504</u>	<u>\$ 3,814,331</u>	<u>\$ 5,683,524</u>	<u>\$ 2,409,965</u>	<u>\$ 2,165,617</u>	<u>\$ 42,020,520</u>	<u>\$ 14,556,491</u>	<u>\$ 2,881,622</u>	<u>\$ 113,920,574</u>

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

**December 31, 2018**

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

	<b>2017</b>								
	Land	Land Improvements	Buildings	Fleet	Machinery and Equipment	Sewer System	Water System	Assets Under Construction	Total
Cost, beginning of year	\$ 38,019,146	\$ 5,143,314	\$ 12,043,066	\$ 6,283,801	\$ 4,517,814	\$ 59,382,170	\$ 18,215,120	\$ 1,037,518	\$ 144,641,949
Additions	2,369,358	451,406	67,828	478,917	358,389	428,936	1,414,459	2,497,798	8,067,091
Disposals	-	(458,948)	-	(304,286)	(245,085)	(84,179)	(338,105)	-	(1,430,603)
Reallocation of Assets Under Construction	-	52,516	-	-	-	34,100	321,721	(408,337)	-
Cost, end of year	\$ 40,388,504	\$ 5,188,288	\$ 12,110,894	\$ 6,458,432	\$ 4,631,118	\$ 59,761,027	\$ 19,613,195	\$ 3,126,979	\$ 151,278,437
Accumulated amortization, beginning of year	\$ -	\$ 2,162,005	\$ 5,606,720	\$ 3,729,057	\$ 2,749,274	\$ 19,030,055	\$ 5,372,062	\$ -	\$ 38,649,173
Amortization	-	249,353	444,919	431,315	462,018	1,756,580	398,207	-	3,742,392
Disposals	-	(361,618)	-	(289,972)	(245,085)	(84,179)	(165,276)	-	(1,146,130)
Accumulated amortization, end of year	\$ -	\$ 2,049,740	\$ 6,051,639	\$ 3,870,400	\$ 2,966,207	\$ 20,702,456	\$ 5,604,993	\$ -	\$ 41,245,435
Net carrying amount, end of year	\$ 40,388,504	\$ 3,138,548	\$ 6,059,255	\$ 2,588,032	\$ 1,664,911	\$ 39,058,571	\$ 14,008,202	\$ 3,126,979	\$ 110,033,002

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

**December 31, 2018**

**11. Accumulated Surplus**

	2018	2017
<b>Current Funds</b>		
General revenue fund	\$ 3,739,312	\$ 3,871,283
Water revenue fund	182,932	80,692
Sewer revenue fund	193,371	189,943
	4,115,615	4,141,918
<b>Capital Funds</b>		
General capital fund	51,248,168	48,804,745
Water capital fund	12,988,852	11,966,268
Sewer capital fund	42,032,014	39,295,956
	106,269,034	100,066,969
<b>Reserve Funds</b>		
Feasibility reserve fund	160,486	148,105
Equipment replacement reserve fund	5,795,961	5,330,103
Park reserve fund	1,579,995	1,554,986
Capital projects reserve fund	10,886,850	8,021,053
Operating reserve fund	2,509,646	2,062,040
	20,932,938	17,116,287
<b>Accumulated Surplus Total</b>	<b>\$ 131,317,589</b>	<b>\$ 121,325,174</b>

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

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

**12. Credit Facility**

The Regional District has a credit facility agreement with a financial institution which provides for a total commitment of \$20,800,000 (2017 - \$20,400,000). At December 31, 2018, the Regional District had drawn an amount of \$Nil on this agreement (2017 - \$Nil).

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## Regional District of Central Okanagan

### Notes to the Financial Statements

December 31, 2018

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#### 13. Employee Benefits

##### **Retirement Benefits**

The Regional District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Regional District paid \$706,727 (2017 - \$710,718) for employer contributions to the plan in fiscal 2018.

The next valuation will be December 31, 2018, with results available in 2019. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

##### **Compensated Absences**

###### ***Sick Leave***

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

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

The sick leave benefits are adequately funded by an account reserved for employee benefits and insurance. The projected sick leave liability in 2018 is \$768,600 (2017 - \$747,800).

###### ***Vacation***

Vacation is accrued as it is earned by employees.

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

**December 31, 2018**

**14. Contingent Liabilities**

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

**15. Expenses by Object**

	<u>2018</u>	<u>2017</u>
Advertising and promotion	\$ 185,423	\$ 109,946
Amortization	3,961,742	3,742,392
Contract Services	3,408,515	3,343,675
Education and training	560,613	535,067
Emergency services	1,863,623	6,765,017
Grants and other programs	281,556	286,077
Insurance, licenses and memberships	59,806	194,601
Interest on long-term debt and debt issue expense	275,761	289,170
Fiscal services for members	26,856,815	27,169,412
Leases and rentals	30,707	17,992
Loss on disposal of tangible capital assets	30,906	-
Office and administration	419,157	525,703
Planning and development	260,057	372,794
Professional fees	214,578	263,944
Repairs and maintenance	3,011,370	2,720,383
Supplies	931,311	812,019
Telephone and utilities	954,145	972,406
Transit services	12,774	10,552
Travel	232,148	214,391
Transfers to other agencies and governments	4,045,182	4,022,986
Wages and benefits	10,933,720	10,491,023
	<u>\$ 58,529,914</u>	<u>\$ 62,859,550</u>

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

**December 31, 2018**

**16. Gas Tax Agreement Funds**

Community Works funds

Community Works Funds are provided by the Government of Canada under the Gas Tax Agreement. The use of the funding is established by a funding agreement between the Regional District and the Union of British Columbia Municipalities. Gas Tax Agreement funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects. The Community Works Fund balance is included in the capital projects reserve fund.

	<b>2018</b>	2017
Opening balance of unspent funds	\$ 1,297,236	\$ 1,874,346
Add: Amount received during the year	705,850	682,387
Interest earned	20,864	23,976
Less: Amount spent on projects	(207,323)	(1,283,473)
Closing balance of unspent community works funds	\$ 1,816,627	\$ 1,297,236

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

December 31, 2018

### 17. Budget

The budget data presented in these financial statements is based upon the 2018 - 2022 Financial Plan Bylaw 1414 approved by the Regional District Board on March 26 and Amending Bylaws 1418, 1422, 1429, and 1430 approved by the Board on April 23, October 11, December 10 2018 and February 14, 2019 respectively.

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

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

Revenue	Approved Budget	Capital Adjustments	Debt Adjustments	Transfers & Other	Presented Budget
Electoral Area tax & parcel tax	\$ 4,142,328				\$ 4,142,328
Members' requisitions	43,274,381				43,274,381
Grants	1,175,469	1,173,926			2,349,395
Sale of services	5,252,998	-			5,252,998
Water and Sewer fees	6,442,960			(2,400)	6,440,560
Gas tax revenue	600,000	71,753			671,753
Contributions	-	4,676,624			4,676,624
Transfers from reserves	583,791	(583,791)			-
Other revenue	1,764,990		(152,386)	41,747	1,654,351
Prior years' surplus	3,340,117			(3,340,117)	-
	<b>\$ 66,577,034</b>	<b>\$ 5,338,512</b>	<b>\$ (152,386)</b>	<b>\$ (3,300,770)</b>	<b>\$ 68,462,390</b>
<b>Expense</b>					
General government services	5,221,836		(18,000)	(3,439,721)	1,764,115
Protective services	8,851,277		(42,001)	(195,538)	8,613,738
Transportation services	657,113		(4,487)	(7,911)	644,715
Environmental health services	6,063,401		-	236,361	6,299,762
Development services	3,532,462		-	228,618	3,761,080
Recreation and cultural services	9,480,880		(2,655,521)	(1,926,572)	4,898,787
Water services	1,570,495		(227,141)	(636,352)	707,002
Sewer services	4,671,957		(37,717)	(270,505)	4,363,735
Fiscal services	26,527,613		382,869	-	26,910,482
Interest on long-term debt and debt issue expense	-		284,838		284,838
Transfers to local governments	-			112,438	112,438
	<b>\$ 66,577,034</b>	<b>\$ -</b>	<b>\$ (2,317,160)</b>	<b>\$ (5,899,182)</b>	<b>\$ 58,360,692</b>

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## Regional District of Central Okanagan

### Notes to the Financial Statements

December 31, 2018

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#### 18. Segmented Information

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

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

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

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

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

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

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

**Fiscal Services** is responsible for MFA Financing for 2 electoral areas and 4 member municipalities.

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

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

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

**December 31, 2018**

**18. Segmented Information**

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

	General		Environmental		Environmental	Recreation/	Fiscal		Water	Sewer	Other	Total	Total
	Government	Protective	Transportation	Health	Development	Cultural	Services	Services	Services	Services		2018	2018
	Services	Services	Services	Services	Services	Services	Services	Services	Services	Services		Actual	Budget
<b>Revenues</b>													
General taxes	\$ 690,286	\$ 5,902,459	\$ 45,098	\$ 2,362,178	\$ 3,353,484	\$ 8,273,718	\$ 26,473,948	\$ 221,839	\$ 37,756	\$ -		\$ 47,360,766	\$ 47,416,709
Utility Charges	-	-	-	-	-	-	-	1,418,303	5,071,649	-		6,489,952	6,440,560
Government grants - Federal	130,000	6,000	-	-	29,955	70,893	-	1,835	-	-		238,683	193,100
Government grants - Provincial	22,696	853,209	-	3,000	9,575	98,931	-	810,960	-	-		1,798,371	2,156,295
Sales of services	347,501	946,011	12,129	3,042,260	90,121	696,181	-	-	-	-		5,134,203	5,252,998
Other revenue	335,340	1,223,516	4,228	335,648	42,237	363,406	79,690	21,475	4,083,676	1,011,138		7,500,354	7,002,728
	<b>1,525,823</b>	<b>8,931,195</b>	<b>61,455</b>	<b>5,743,086</b>	<b>3,525,372</b>	<b>9,503,129</b>	<b>26,553,638</b>	<b>2,474,412</b>	<b>9,193,081</b>	<b>1,011,138</b>		<b>68,522,329</b>	<b>68,462,390</b>
<b>Expenses</b>													
<b>Operating</b>													
Goods and services (net)	(2,077,229)	5,575,499	45,506	5,496,690	2,357,089	2,087,785	27,132,574	422,390	3,047,684	(324,378)		43,763,610	46,916,034
Wages and benefits	2,886,477	2,501,330	851	535,730	1,030,347	2,525,381	-	194,381	1,130,065	-		10,804,562	11,444,658
	809,248	8,076,829	46,357	6,032,420	3,387,436	4,613,166	27,132,574	616,771	4,177,749	(324,378)		54,568,172	58,360,692
<b>Capital</b>													
Amortization	450,000	545,253	-	97,605	9,659	568,409	-	426,289	1,864,527	-		3,961,742	-
	1,259,247	8,622,082	46,357	6,130,025	3,397,095	5,181,578	27,132,574	1,043,060	6,042,274	(324,378)		58,529,914	58,360,692
<b>Excess (deficiency) in revenues over expenses</b>	\$ 266,576	\$ 309,113	\$ 15,098	\$ (386,939)	\$ 128,277	\$ 4,321,551	\$ (578,936)	\$ 1,431,352	\$ 3,150,807	\$ 1,335,516		\$ 9,992,415	\$ 10,101,698

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

**December 31, 2018**

**18. Segmented Information (continued)**

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

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation/ Cultural Services	Fiscal Services	Water Services	Sewer Services	Other	Total 2017 Actual	Total 2017 Budget
<b>Revenues</b>												
General taxes	\$ 697,868	\$ 5,749,897	\$ 46,500	\$ 2,368,205	\$ 3,257,254	\$ 8,043,976	\$ 26,786,544	\$ 228,226	\$ 32,468	\$ -	\$ 47,210,938	\$ 47,100,998
Utility Charges	-	-	-	-	-	-	-	1,424,423	5,045,614	-	6,470,037	6,382,737
Government grants - Federal	150,000	5,000	-	-	30,000	217,214	-	-	3,838	-	406,052	185,600
Government grants - Provincial	17,856	5,373,937	-	7,100	-	139,890	-	1,265,800	-	-	6,804,583	8,208,722
Sales of services	291,448	972,332	11,202	3,027,945	179,205	703,689	-	-	-	-	5,185,821	5,170,134
Other revenue	196,547	1,273,901	22	361,846	45,170	548,403	70,594	(140,899)	249,301	932,635	3,537,520	5,503,923
	1,353,719	13,375,067	57,724	5,765,096	3,511,629	9,653,172	26,857,138	2,777,550	5,331,221	932,635	69,614,951	72,552,114
<b>Expenses</b>												
<b>Operating</b>												
Goods and services (net)	(2,269,168)	10,219,988	41,510	4,965,860	2,602,218	2,196,634	27,458,581	454,660	3,118,290	(159,939)	48,628,634	51,498,342
Wages and benefits	2,851,882	2,469,585	821	553,986	970,878	2,329,426	-	237,283	1,074,662	-	10,488,523	11,142,386
	582,714	12,689,573	42,331	5,519,846	3,573,096	4,526,060	27,458,581	691,943	4,192,952	(159,939)	59,117,157	62,640,728
<b>Capital</b>												
Amortization	412,950	562,038	-	96,752	9,257	443,103	-	419,438	1,798,855	-	3,742,393	-
	995,664	13,251,611	42,331	5,616,598	3,582,353	4,969,163	27,458,581	1,111,381	5,991,807	(159,939)	62,859,550	62,640,728
<b>Excess (deficiency) in revenues over expenses</b>	\$ 358,055	\$ 123,456	\$ 15,393	\$ 148,498	\$ (70,724)	\$ 4,684,009	\$ (601,443)	\$ 1,666,169	\$ (660,586)	\$ 1,092,574	\$ 6,755,401	\$ 9,911,386

**Regional District of Central Okanagan  
Consolidated Statement of Current Fund Operations  
(Unaudited)**

For the year ended December 31	2018		2017
	Actual	Budget	Actual
<b>Revenues</b>			
Electoral area tax requisitions	\$ 3,720,890	\$ 3,720,979	\$ 3,624,735
Electoral area parcel taxes	421,349	421,349	436,144
Members' requisitions			
General	16,269,444	16,273,194	15,890,847
Parcel Taxes	473,574	473,574	471,295
Debt Services	26,475,509	26,527,613	26,787,917
Federal government grants	238,683	193,100	206,052
Provincial government grants	889,880	982,369	5,455,379
Sale of services to other governments	3,383,600	3,536,460	3,398,244
Sale of services to others	1,750,603	1,716,538	1,787,577
Water and sewer fees	6,489,952	6,440,560	6,470,037
Gas tax revenue	-	600,000	-
Other Revenue	2,229,297	1,806,737	1,966,160
	<b>62,342,781</b>	<b>62,692,473</b>	<b>66,494,387</b>
<b>Expenses</b>			
General government services	819,765	1,764,115	582,714
Protective services	8,072,940	8,613,738	12,689,573
Transportation services	46,357	644,715	42,331
Environmental health services	6,032,420	6,299,762	5,519,846
Development services	3,387,436	3,761,080	3,573,096
Recreation and cultural services	4,596,672	4,898,787	4,526,060
Water services	595,730	707,002	691,943
Sewer services	4,177,749	4,363,735	4,192,952
Fiscal services	27,132,579	27,195,319	27,458,581
Transfer to local governments	112,256	112,438	118,706
Reallocation of insurance reserve (recovery)	(436,633)	-	(278,644)
	<b>54,537,271</b>	<b>58,360,691</b>	<b>59,117,158</b>
<b>Net revenues</b>	<b>7,805,510</b>	<b>4,331,782</b>	<b>7,377,229</b>
<b>Regional District - debt principal repayments</b>	<b>(152,384)</b>	<b>(152,386)</b>	<b>(153,717)</b>
- short term debt repayments	<b>(2,165,838)</b>	<b>(2,164,775)</b>	<b>(2,530,056)</b>
<b>Net interfund transfers</b>			
Capital Fund	<b>(581,283)</b>	<b>(561,930)</b>	<b>598,388</b>
Reserve fund	<b>(4,932,308)</b>	<b>(4,792,807)</b>	<b>(4,784,860)</b>
<b>Change in current fund</b>	<b>(26,303)</b>	<b>(3,340,116)</b>	<b>506,984</b>
<b>Balance, beginning of year</b>	<b>4,141,918</b>	<b>4,141,918</b>	<b>3,634,934</b>
<b>Balance, end of year</b>	<b>\$ 4,115,615</b>	<b>\$ 801,802</b>	<b>\$ 4,141,918</b>

**Regional District of Central Okanagan**  
**Consolidated Statement of Capital Fund Operations**  
**(Unaudited)**

For the year ended December 31	2018		2017
	Actual	Budget	Actual
<b>Revenues</b>			
Federal government grants	\$ -	\$ -	\$ 200,000
Provincial government grants	908,491	97,536	1,349,204
Gain on disposals of tangible capital assets	-	-	273,678
Contributions from others	55,391	93,450	74,249
Retirement of long term debt	232,074	-	224,311
Gas tax revenue	71,753	71,753	-
	<u>1,267,709</u>	<u>262,739</u>	<u>2,121,442</u>
<b>Expenses</b>			
Land	-	16,020	-
Buildings	-	359,602	-
Machinery, equipment & other	-	9,143,287	-
Engineering structures	-	5,917,638	-
Amortization	3,961,742	-	3,742,393
Loss on disposals of tangible capital assets	30,906	-	-
	<u>3,992,648</u>	<u>15,436,547</u>	<u>3,742,393</u>
<b>Net revenues (expenses)</b>	<b>(2,724,939)</b>	<b>(15,173,808)</b>	<b>(1,620,951)</b>
<b>Net interfund transfers</b>			
Current fund	664,700	561,930	(567,715)
Current fund - Landfill	(83,417)	-	(30,672)
Current fund - Retirement of short term debt	2,165,838	2,164,775	2,530,056
Reserve funds	2,096,793	7,596,318	6,185,577
Contributions received from sewer DCC reserve	4,083,090	-	245,204
<b>Change in capital fund</b>	<b>6,202,065</b>	<b>(4,850,785)</b>	<b>6,741,499</b>
<b>Balance, beginning of year</b>	<u><b>100,066,969</b></u>	<u>100,066,969</u>	<u>93,325,470</u>
<b>Balance, end of year</b>	<u><b>\$ 106,269,034</b></u>	<u><b>\$ 95,216,184</b></u>	<u><b>\$ 100,066,969</b></u>

**Regional District of Central Okanagan**  
**Consolidated Statement of Reserve Fund Operations**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>		<b>2017</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>Revenues</b>			
Gas tax revenue	\$ 705,850		\$ 682,387
Interest Income	275,286		225,248
	<b>981,136</b>	-	907,635
<b>Net interfund transfers</b>			
Current fund	4,932,308	4,792,807	4,784,860
Capital fund	(2,096,793)	(7,596,318)	(6,185,577)
<b>Change in capital fund</b>	<b>3,816,651</b>	(2,803,511)	(493,082)
<b>Balance, beginning of year</b>	<b>17,116,287</b>	17,116,285	17,609,369
<b>Balance, end of year</b>	<b>\$ 20,932,938</b>	\$ 14,312,774	\$ 17,116,287
<b>Summary of Reserve Funds positions</b>			
Feasibility Reserve Fund	\$ 160,486		\$ 148,105
Equipment Replacement Reserve Fund	5,795,961		5,330,103
Park Reserve Fund	1,579,995		1,554,986
Capital Projects Reserve Fund	10,886,850		8,021,053
Operating Reserve Fund	2,509,646		2,062,040
	<b>\$ 20,932,938</b>		<b>\$ 17,116,287</b>

Exhibit 4  
**Regional District of Central Okanagan**  
**General Revenue Fund**  
**Statement of Financial Position**  
**(Unaudited)**

December 31	2018	2017
<b>Assets</b>		
<b>Cash</b>	\$ 29,005,115	\$ 28,122,990
<b>Accounts receivable</b>		
Federal government	-	30,000
Provincial government	710,766	1,717,391
Local governments and Hospital District	1,849,541	1,626,142
Other	1,505,189	1,369,648
<b>Prepaid expenses</b>	432,133	410,071
<b>Other assets</b>		
Municipal Finance Authority debt reserve fund		
Member municipalities	11,790,139	15,933,266
Regional District	260,422	263,536
	\$ 45,553,305	\$ 49,473,044
<b>Liabilities and Surplus</b>		
<b>Accounts payable</b>		
Accounts payable and accrued liabilities	\$ 4,295,717	\$ 5,449,533
Due to development cost charges reserve fund	3,968,968	6,158,546
Due to capital projects reserve fund	10,886,850	8,021,053
Due to equipment replacement reserve fund	5,795,961	5,330,103
Due to feasibility study reserve fund	160,486	148,105
Due to operating reserve fund	2,509,646	2,062,040
Due to park reserve fund	1,579,995	1,554,986
Due to sewer revenue fund	178,008	174,906
Due to water revenue fund	124,970	23,963
Due to water capital fund	144,776	148,916
<b>Other liabilities</b>		
Deferred revenue	136,544	351,803
Municipal Finance Authority debt reserve fund		
Member municipalities		
- cash requirements	3,333,403	4,504,237
- demand note requirement	8,456,736	11,429,029
Regional District		
- cash requirements	60,814	59,519
- demand note requirement	181,119	185,022
<b>Surplus</b>	3,739,312	3,871,283
	\$ 45,553,305	\$ 49,473,044



**Regional District of Central Okanagan**  
**General Revenue Fund**  
**Statement of Operations**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Electoral area tax requisitions	\$ 3,720,890	\$ 3,624,735
Electoral area parcel taxes	200,744	209,003
Members' requisitions		
General	16,269,444	15,890,847
Parcel taxes	436,145	439,115
Debt services	26,473,948	26,786,544
Federal government grants	236,848	202,214
Provincial government	889,880	5,455,379
Sale of services to local governments	3,383,600	3,398,244
Sale of services to others	1,750,603	1,787,577
Other revenue		
Licenses, fees and permits	1,190,335	1,234,775
Facility rentals	194,001	196,997
Other revenue	792,900	486,912
Other programs	30,000	25,000
Transfer from general capital fund	-	520,586
Transfer from capital projects reserve fund	340,746	65,171
Transfer from operating reserve fund	103,544	73,843
Surplus from previous year	3,871,283	3,330,077
	<b>59,884,911</b>	<b>63,727,019</b>
<b>Expenses</b>		
General government services	819,765	582,714
Protective services	8,072,940	12,689,573
Transportation services	46,357	42,331
Environmental health services	6,032,420	5,519,846
Development services	3,387,436	3,573,096
Recreational and cultural services	4,596,672	4,526,060
Fiscal services	27,020,105	27,343,042
Transfer to general capital fund	668,896	-
Transfer to equipment replacement reserve fund	458,896	512,128
Transfer to operating reserve fund	497,986	644,352
Transfer to capital projects reserve fund	2,776,082	2,433,603
Transfer to feasibility study reserve fund	10,000	15,000
Transfer to City of Kelowna	-	7,100
Transfer to District of Lake Country	55,000	55,000
Transfer to District of Peachland	12,000	12,000
Transfer to City of West Kelowna	45,256	44,606
Landfill closure and post-closure	(83,417)	(30,672)
Reallocation of insurance reserve (recovery)	(436,633)	(278,644)
Short term debt repayment	2,165,838	2,164,601
	<b>56,145,599</b>	<b>59,855,736</b>
<b>Surplus, end of year</b>	<b>\$ 3,739,312</b>	<b>\$ 3,871,283</b>

Exhibit 6  
**Regional District of Central Okanagan**  
**General Revenue Fund**  
**Surplus**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
Regional Board	\$ 69,697	\$ 88,833
Corporate Services/Administration	271,030	273,927
Finance	354,500	209,360
Engineering	191,277	187,651
Human Resources	63,457	55,685
Information Systems	161,116	161,773
General Government Services - Electoral Areas	7,140	9,933
Electoral Area Central Okanagan West	7,472	11,163
Electoral Area Central Okanagan East	4,428	2,636
Regional Grants in Aid	-	1
EA West Grants in Aid	1,748	2,420
EA East Grants in Aid	3,400	2,400
Upper Ellison Fire Protection	(3,648)	(3,696)
Electoral Areas Fire Protection	-	(904)
Lakeshore Road Fire Protection	-	(456)
Ellison Fire Protection	25,201	102,405
Joe Rich Road Fire Protection	625	(18,001)
North Westside Road Fire Protection	869	52,533
Wilson's Landing Fire Protection	628	20,597
Ridgeview Fire Protection	73	232
June Springs Fire Protection	575	(657)
Brent Road Fire Protection	1,009	3,641
Regional Rescue Service	189,860	146,012
911 Emergency Telephone Service	109,435	94,815
Shelter Cove Fire Protection	(544)	(636)
Crime Stoppers	195	5,025
Victims Services	577	3,970
Crime Prevention	27,074	44,235
Business Licenses	7,017	4,260
Building Inspection	52,426	120,165
Dog Control	274,888	162,498
Mosquito Control	16,138	32,774
Prohibited Animal Control	981	980
Transportation Demand Management	(2,164)	(83)
Lakeshore Road Improvements	26	22
Scotty Heights Street Lighting	945	10
Ellison Transit	11,733	11,003
Septic Tank Effluent Disposal	61,889	75,556
<b>Balance to be carried forward</b>	<b>\$ 1,911,073</b>	<b>\$ 1,862,082</b>

**Regional District of Central Okanagan**  
**General Revenue Fund (continued)**  
**Surplus**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Balance carried forward</b>	\$ 1,911,073	\$ 1,862,082
Westside Disposal & Recycling Centre	2,153	77,440
Solid Waste Management	5,058	5,449
Solid Waste Collection	52,836	69,802
Okanagan Basin Water Board	(3)	-
Air Quality Monitoring	(1)	1
Noise Abatement	3,298	3,526
Untidy Premises	3,373	2,760
Regional Planning	114,802	22,941
Electoral Area Planning	31,594	55,103
Noxious Insect Control	4,395	6,221
Weed Control	27,771	14,614
Starling Control	12	-
Economic Development Commission	3,636	5,658
Ellison Heritage Community Centre	23,576	19,420
Joe Rich Community Hall	4,303	2,005
Killiney Community Hall	(86)	(3)
Regional Parks	276,689	707,567
Westside Community Parks	18,146	207,479
Eastside Community Parks	13,914	3,081
Insurance	1,242,773	806,137
<b>Surplus, end of year</b>	<b>\$ 3,739,312</b>	<b>\$ 3,871,283</b>

**Regional District of Central Okanagan**  
**General Capital Fund**  
**Statement of Financial Position**  
**(Unaudited)**

December 31	2018	2017
<b>Assets</b>		
<b>Tangible capital assets (net of accumulated amortization)</b>		
Land	\$ 40,096,228	\$ 40,096,228
Land improvements	3,814,331	3,138,548
Buildings	5,683,523	6,059,254
Fleet	2,237,471	2,463,349
Machinery and equipment	2,165,618	1,664,911
Assets under construction	453,220	741,800
	54,450,391	54,164,090
<b>Debt recoverable from other authorities for debentures</b>		
City of Kelowna	109,344,318	128,332,609
City of West Kelowna	12,817,246	14,422,168
District of Lake Country	8,766,410	9,911,155
District of Peachland	3,190,262	3,626,442
OK Regional Library	2,685,663	2,900,750
	136,803,899	159,193,124
	\$ 191,254,290	\$ 213,357,214
<b>Liabilities and Equity in Capital Assets</b>		
Temporary borrowings	\$ 2,154,006	\$ 4,319,842
<b>Long term debt</b>		
Landfill closure and post closure	753,493	670,077
Municipal Finance Authority	137,098,623	159,562,550
<b>Equity in capital assets</b>	51,248,168	48,804,745
	\$ 191,254,290	\$ 213,357,214

**Regional District of Central Okanagan**  
**General Capital Fund**  
**Statement of Equity in Capital Assets**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Balance, beginning of the year</b>	<b>\$ 48,804,745</b>	<b>\$ 44,270,867</b>
<b>Add:</b>		
Assets acquired and debt retired by transfer from own funds		
Transfer from general revenue fund	668,896	-
Park reserve fund	-	2,169,363
Equipment replacement reserve fund	384,317	436,000
Capital projects reserve fund	736,472	992,885
Gain on disposal of tangible capital assets	-	432,957
Grant from Federal government	-	200,000
Grant from Provincial government	97,531	83,404
Other contributions	55,391	74,249
Gas tax revenue	71,753	-
Retirement of long term debt	74,703	73,471
Retirement of short term debt	2,165,838	2,164,601
	<b>4,254,901</b>	<b>6,626,930</b>
<b>Deduct:</b>		
Amortization	1,670,926	1,524,100
Landfill closure cost transfer	83,417	30,672
Loss on disposal of tangible capital assets	9,865	-
Transfer to general revenue fund	-	520,586
Transfer to equipment replacement reserve fund	653	-
Transfer to capital projects reserve fund	46,617	-
Transfer to water capital fund	-	17,694
	<b>1,811,478</b>	<b>2,093,052</b>
<b>Balance, end of year</b>	<b>\$ 51,248,168</b>	<b>\$ 48,804,745</b>

Exhibit 9  
**Regional District of Central Okanagan**  
**Water Revenue Fund**  
**Statement of Financial Position**  
**(Unaudited)**

December 31	2018	2017
<b>Assets</b>		
Due from general revenue fund	\$ 124,970	\$ 23,963
<b>Other assets</b>		
Municipal Finance Authority debt reserve fund	<u>123,029</u>	121,795
	<b>\$ 247,999</b>	<b>\$ 145,758</b>
<b>Liabilities and Surplus</b>		
<b>Other liabilities</b>		
Municipal Finance Authority debt reserve fund - demand note requirement	\$ 65,067	\$ 65,066
<b>Surplus</b>	<u>182,932</u>	80,692
	<b>\$ 247,999</b>	<b>\$ 145,758</b>

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Exhibit 10  
**Regional District of Central Okanagan**  
**Water Revenue Fund**  
**Statement of Operations**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Connection charges	\$ 24,545	\$ 30,510
Debt service fee	1,234	1,085
Parcel taxes	220,605	227,141
User fees and maintenance fees	1,393,758	1,393,913
Federal government grants	1,835	-
Other revenue	21,475	21,930
Transfer from general revenue fund	-	3,000
Transfer from water capital fund	-	5,047
Surplus from previous year	80,692	87,156
	<b>1,744,144</b>	<b>1,769,782</b>
<b>Expenses</b>		
Falcon Ridge water system	45,434	39,398
Killiney Beach water system	153,691	182,714
Sunset Ranch water system	114,087	133,145
Trepanier Bench water system	24,465	22,270
Upper Fintry/Shalal/Valley Of The Sun water system	96,625	103,951
Westshore water system	161,428	213,465
Transfer to water capital fund	314	7,918
Transfer to capital projects reserve fund	28,141	61,476
Transfer to equipment replacement reserve fund	709,886	697,612
Fiscal Services	227,141	227,141
	<b>1,561,212</b>	<b>1,689,090</b>
<b>Surplus</b>	<b>\$ 182,932</b>	<b>\$ 80,692</b>

Exhibit 11  
**Regional District of Central Okanagan**  
**Water Capital Fund**  
**Statement of Financial Position**  
**(Unaudited)**

December 31	2018	2017
<b>Assets</b>		
Due from general revenue fund	\$ 144,776	\$ 148,916
<b>Tangible capital assets (net of accumulated amortization)</b>		
Land	228,536	228,536
Fleet	53,350	14,155
Water system	14,556,491	14,008,202
Asset under construction	2,427,160	2,097,277
	\$ 17,410,313	\$ 16,497,086
<b>Liabilities and Equity in Capital Assets</b>		
<b>Long term debt</b>		
Deferred Revenue	\$ 144,776	\$ 148,916
Municipal Finance Authority	4,276,685	4,381,902
<b>Equity in capital assets</b>	<b>12,988,852</b>	11,966,268
	\$ 17,410,313	\$ 16,497,086

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Exhibit 12  
**Regional District of Central Okanagan**  
**Water Capital Fund**  
**Statement of Equity in Capital Assets**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Balance, beginning of the year</b>	\$ 11,966,268	\$ 9,032,796
Add:		
Provincial government grant	810,960	1,265,800
Retirement of debenture debt	105,218	101,171
Transfer from water revenue fund	314	7,918
Transfer from equipment replacement reserve fund	399,688	1,097,530
Transfer from capital project reserve fund	153,734	1,030,673
Transfer from general capital fund	-	17,694
	<b>1,469,914</b>	<b>3,520,786</b>
Deduct:		
Amortization	426,289	419,438
Loss on disposal of tangible capital assets	21,041	162,829
Transfer to water revenue fund	-	5,047
	<b>447,330</b>	<b>587,314</b>
<b>Balance, end of year</b>	<b>\$ 12,988,852</b>	<b>\$ 11,966,268</b>

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Exhibit 13  
**Regional District of Central Okanagan**  
**Sewer Revenue Fund**  
**Statement of Financial Position**  
**(Unaudited)**

December 31	2018	2017
<b>Assets</b>		
Due from general revenue fund	\$ 178,008	\$ 174,906
<b>Other assets</b>		
Municipal Finance Authority debt reserve fund	42,996	42,669
	<b>\$ 221,004</b>	<b>\$ 217,575</b>
<b>Liabilities and Surplus</b>		
<b>Other liabilities</b>		
Municipal Finance Authority debt reserve fund - demand note requirement	\$ 27,633	\$ 27,632
<b>Surplus</b>	<b>193,371</b>	<b>189,943</b>
	<b>\$ 221,004</b>	<b>\$ 217,575</b>

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**Regional District of Central Okanagan**  
**Sewer Revenue Fund**  
**Statement of Operations**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Debt service fee	\$ 327	\$ 288
Parcel tax	37,429	32,180
User fees and municipal services	5,071,649	5,045,614
Federal government grant	-	3,838
Other revenue	2,986	2,947
Transfer from sewer capital fund	4,510	50,000
Surplus from previous year	189,943	217,701
	<b>5,306,844</b>	<b>5,352,568</b>
<b>Expenses</b>		
Westside sewer system	4,076,734	4,077,563
Ellison sewer system	103,415	117,789
Fiscal services	37,717	42,115
Transfer to capital projects reserve fund	812,544	431,182
Transfer to equipment replacement reserve fund	63,063	77,521
Transfer to operating reserve fund	20,000	51,000
Temporary borrowings repayment	-	365,455
	<b>5,113,473</b>	<b>5,162,625</b>
<b>Surplus</b>	<b>\$ 193,371</b>	<b>\$ 189,943</b>

**Regional District of Central Okanagan  
Sewer Capital Fund  
Statement of Financial Position  
(Unaudited)**

<b>December 31</b>	<b>2018</b>	<b>2017</b>
<b>Tangible capital assets (net of accumulated amortization)</b>		
Land	\$ 63,739	\$ 63,739
Fleet	119,144	110,528
Sewer system	42,020,520	39,058,570
Asset under construction	1,242	287,903
	<u>\$ 42,204,645</u>	<u>\$ 39,520,740</u>
<b>Liabilities and Equity in Capital Assets</b>		
<b>Long term debt</b>		
Municipal Finance Authority	\$ 172,631	\$ 224,784
<b>Equity in capital assets</b>	<u>42,032,014</u>	39,295,956
	<u>\$ 42,204,645</u>	<u>\$ 39,520,740</u>

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**Regional District of Central Okanagan**  
**Sewer Capital Fund**  
**Statement of Equity in Capital Assets**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Balance, beginning of the year</b>	\$ 39,295,956	\$ 40,021,807
Add:		
Gain on disposal of tangible capital assets	-	3,550
Retirement of debenture debt	52,153	49,669
Retirement of short term debt	-	365,455
Transfer from development cost charge reserve fund	4,083,090	245,204
Transfer from capital projects reserve fund	401,491	428,936
Transfer from equipment replacement reserve fund	68,361	30,190
	<u>4,605,095</u>	<u>1,123,004</u>
Deduct:		
Amortization	1,864,527	1,798,855
Transfer to sewer revenue fund	4,510	50,000
<b>Balance, end of year</b>	<u>\$ 42,032,014</u>	<u>\$ 39,295,956</u>

**Regional District of Central Okanagan  
Development Cost Charge Reserve Fund  
Statement of Financial Position  
(Unaudited)**

December 31	2018	2017
<b>Assets</b>		
Due from general revenue fund	\$ 3,968,968	\$ 6,158,546
<b>Fund Balance</b>		
Westside wastewater treatment plant	\$ 1,934,560	\$ 4,255,283
East trunk treatment plant	2,034,408	1,903,263
	\$ 3,968,968	\$ 6,158,546

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**Regional District of Central Okanagan  
Development Cost Charge Reserve Fund  
Statement of Changes in Fund Balance  
(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Balance, beginning of the year</b>	<b>\$ 6,158,546</b>	<b>\$ 4,304,300</b>
Add:		
Interest earned	99,050	55,060
Development cost charge levies	1,794,462	2,044,390
	<b>1,893,512</b>	<b>2,099,450</b>
Deduct:		
Transfer to sewer capital fund	4,083,090	245,204
<b>Balance, end of year</b>	<b>\$ 3,968,968</b>	<b>\$ 6,158,546</b>

## Note:

Development Cost Charge (DCC) levies are restricted by by-law in their use for sewer expansion and the revenue is deferred until the expenses are incurred. When DCC expenses are made, a corresponding amount is recorded as "Contribution from sewer DCC reserve" on the statement of operations.

**Regional District of Central Okanagan  
Feasibility Study Reserve Fund  
Statement of Financial Position  
(Unaudited)**

December 31	2018	2017
<b>Assets</b>		
Due from general revenue fund	\$ 160,486	\$ 148,105
<b>Fund Balance</b>		
Feasibility Study Reserve - Electoral Areas	\$ 67,753	\$ 61,760
Feasibility Study Reserve - Regional	92,733	86,345
	\$ 160,486	\$ 148,105

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**Regional District of Central Okanagan  
Feasibility Study Reserve Fund  
Statement of Changes in Fund Balance  
(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Balance, beginning of the year</b>	<b>\$ 148,105</b>	<b>\$ 131,423</b>
Add:		
Interest Income	2,381	1,682
Transfer from general revenue fund	10,000	15,000
	<b>12,381</b>	<b>16,682</b>
<b>Balance, end of year</b>	<b>\$ 160,486</b>	<b>\$ 148,105</b>

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**Regional District of Central Okanagan  
Equipment Replacement Reserve Fund  
Statement of Financial Position  
(Unaudited)**

December 31	2018	2017
<b>Assets</b>		
<b>Due from general revenue fund</b>	\$ 5,795,961	\$ 5,330,103
<b>Statement of Fund Balance</b>		
Regional Board	\$ 561	\$ 553
Corporate Services/Administration	124	7,718
Finance	238,873	225,969
Engineering	82,935	73,105
Information Systems	116,452	217,986
Ellison Fire Protection	15,237	14,996
Joe Rich Fire Protection	24,815	24,422
North Westside Road Fire Protection	172,757	170,023
Wilson's Landing Fire Protection	107,731	116,808
Brent Road Fire Protection	179	176
Regional Rescue Service	503,890	426,367
Alarm Control	5,675	3,958
Crime Stoppers	42,194	41,526
Victims Services	22,872	17,589
Crime Prevention	40,456	34,894
Business Licenses	28,831	27,390
Business Inspection	137,648	135,469
Dog Control	123,624	135,150
Mosquito Control	37,859	37,260
Lakeshore Road Improvements	72,431	71,284
Septic Tank Effluent Disposal	5,258	5,174
Westside Sanitary Landfill	3,645	3,587
Solid Waste Management	48,828	41,166
Solid Waste Collection	197,391	194,267
Noise Abatement	110	108
Unsightly & Untidy Premises	504	496
Electoral Area Planning	56,182	56,154
Noxious Insect Control	15,901	15,650
Weed Control	42,200	38,670
Economic Development Commission	14,815	8,183
Ellison Heritage Community Centre	60,012	59,062
Regional Parks	165,468	93,100
Westside Community Parks	46,095	45,366
Eastside Community Parks	50,404	49,606
Okanagan Regional Library	3,190	3,140
Equipment Pool / Fleet	130,423	103,755
Killiney Beach Water	681,926	536,078
Falcon Ridge Water	15,769	72,035
Sunset Ranch Water	373,081	348,343
Trepanier Water	1,008	3,019
Westshores Water	1,487,166	1,216,271
Upper Fintry/Shalal/Valley Of The Sun water system	159,215	194,106
Westside Wastewater Treatment Plant	275,592	284,380
Ellison sewer	186,634	175,744
<b>Fund Balance</b>	<b>\$ 5,795,961</b>	<b>\$ 5,330,103</b>

**Regional District of Central Okanagan  
Equipment Replacement Reserve Fund  
Statement of Changes in Fund Balance  
(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Balance, beginning of the year</b>	<b>\$ 5,330,103</b>	<b>\$ 5,535,755</b>
Add:		
Interest Income	85,726	70,807
Transfer from general revenue fund	458,896	512,128
Transfer from general capital fund	653	-
Transfer from sewer revenue fund	63,063	77,521
Transfer from water revenue fund	709,886	697,612
	<u>1,318,224</u>	<u>1,358,068</u>
Deduct:		
Transfer to general capital fund	384,317	436,000
Transfer to sewer capital fund	68,361	30,190
Transfer to water capital fund	399,688	1,097,530
	<u>852,366</u>	<u>1,563,720</u>
<b>Balance, end of year</b>	<b>\$ 5,795,961</b>	<b>\$ 5,330,103</b>

Exhibit 23  
**Regional District of Central Okanagan**  
**Park Reserve Fund**  
**Statement of Financial Position**  
**(Unaudited)**

December 31	2018	2017
<b>Assets</b>		
<b>Due from general revenue fund</b>	<b>\$ 1,579,995</b>	<b>\$ 1,554,986</b>
<b>Statement of Fund Balance</b>		
Regional Parks	\$ 1,316,560	\$ 1,295,720
Westside Parks	173,866	171,114
Eastside Parks	62,826	61,832
Regional Parks Legacy	26,743	26,320
<b>Fund Balance</b>	<b>\$ 1,579,995</b>	<b>\$ 1,554,986</b>

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Exhibit 24  
**Regional District of Central Okanagan**  
**Park Reserve Fund**  
**Statement of Changes in Fund Balance**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Balance, beginning of the year</b>	<b>\$ 1,554,986</b>	<b>\$ 3,677,311</b>
Add:		
Interest Income	25,009	47,038
Deduct:		
Transfer to general capital fund	-	2,169,363
<b>Balance, end of year</b>	<b>\$ 1,579,995</b>	<b>\$ 1,554,986</b>

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**Regional District of Central Okanagan**  
**Capital Projects Reserve Fund**  
**Statement of Financial Position**  
**(Unaudited)**

December 31	2018	2017
<b>Assets</b>		
<b>Due from general revenue fund</b>	<b>\$ 10,886,850</b>	<b>\$ 8,021,053</b>
<b>Statement of Fund Balance</b>		
Community Works Fund	\$ 1,816,627	\$ 1,297,236
Regional Board	11,325	58,950
Corporate Services/Administration	485,026	322,543
Electoral Areas	111,418	92,924
Ellison Fire Protection	509,121	324,258
Joe Rich Fire Protection	319,674	146,511
North Westside Road Fire Protection	409,714	243,715
Wilson's Landing Fire Protection	128,174	80,614
Brent Road Fire Protection	26,875	23,300
911 Emergency Telephone Service	79,645	97,270
Dog Control	98,650	98,912
Septic Tank Effluent Disposal	189,303	137,098
Westside Disposal & Recycling Centre	97,216	75,994
Westside Sanitary Landfill Closure	348,249	663,327
Solid Waste Management	28,084	35,663
Ellison Heritage Community Centre	311,198	292,177
Joe Rich Community Hall	19,010	13,959
Regional Parks	4,143,336	2,818,437
Westside Community Parks	307,307	223,839
Eastside Community Parks	126,836	112,322
Joe Rich Water System	5,000	-
Upper Fintry/Shalal/Valley Of The Sun water system	145,494	115,495
Westside Wastewater Treatment Plant	624,129	318,583
RDCO Lift Station/Collector System	408,497	310,890
Peachland Lift Station/Collector System	136,942	117,036
<b>Fund Balance</b>	<b>\$ 10,886,850</b>	<b>\$ 8,021,053</b>

**Regional District of Central Okanagan  
Capital Projects Reserve Fund  
Statement of Changes in Fund Balance  
(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Balance, beginning of the year</b>	<b>\$ 8,021,053</b>	<b>\$ 6,842,541</b>
Add:		
Gas tax revenue (Note 16)	705,850	682,387
Interest earned	129,006	87,529
Transfer from general capital fund	46,617	-
Transfer from general revenue fund	2,776,082	2,433,603
Transfer from sewer revenue fund	812,544	431,182
Transfer from water revenue fund	28,141	61,476
	<b>4,498,240</b>	<b>3,696,177</b>
Deduct:		
Transfer to general revenue fund	340,746	65,171
Transfer to general capital fund	736,472	992,885
Transfer to water capital fund	153,734	1,030,673
Transfer to sewer capital fund	401,491	428,936
	<b>1,632,443</b>	<b>2,517,665</b>
<b>Balance, end of year</b>	<b>\$ 10,886,850</b>	<b>\$ 8,021,053</b>

**Regional District of Central Okanagan**  
**Operating Reserve Fund**  
**Statement of Financial Position**  
**(Unaudited)**

**December 31** **2018** **2017**

**Assets**

**Due from general revenue fund** **\$ 2,509,646** **\$ 2,062,040**

**Statement of Fund Balance**

Regional Board	\$	51,872	\$	30,384
Corporate Services/Administration		61,639		45,901
Finance		24,193		12,000
Engineering		108,129		8,000
Human Resources		15,000		-
Information Systems		96,435		65,384
Electoral Areas		22,558		42,868
Electoral Area Central Okanagan West		6,129		2,588
Electoral Area Central Okanagan East		2,629		2,588
Electoral Area Fire Prevention		469		10,052
Lakeshore Road Fire Protection		120		1,545
Ellison Fire Protection		129,077		82,746
Ridgeview Fire Protection		232		-
June Springs Fire Protection		9		9
Brent Road Fire Protection		7,203		3,505
Regional Rescue		152,091		130,000
911 Emergency Telephone Service		223,726		290,405
Crime Stoppers		5,471		5,384
Victim Services		3,974		4
Crime Prevention		29,500		-
Business Licenses		26,648		26,226
Business Inspection		249,634		245,682
Dog Control		300,222		295,469
Mosquito Control		19,919		19,603
Lakeshore Road Improvements		1,612		1,565
Scotty Heights Street Lights		143		141
Ellison Transit		15,845		4,766
Septic Tank Effluent Disposal		135,110		89,793
Westside Disposal & Recycling Centre		43,047		-
Solid Waste Collection		125,802		55,114
Air Quality Monitoring		4,064		4,000
Noise Abatement		5,666		5,120
Untidy & Unsightly Premises		7,028		6,917
Regional Planning		32,992		32,470
Electoral Area Planning		98,328		73,808
Insect Control		4,879		2,243
Weed Control		39,236		35,662
Economic Development Commission		20,582		20,256
Ellison Heritage Community Hall		26,955		26,528
Regional Parks		207,994		204,702
Westside Wastewater Treatment Plant		195,310		172,535
RDCO Lift Station/Collector System East Boundary		-		6,077
RDCO Lift Station/Collector System		6,174		-
Bylaw Enforcement		2,000		-
<b>Fund Balance</b>	<b>\$</b>	<b>2,509,646</b>	<b>\$</b>	<b>2,062,040</b>



**Regional District of Central Okanagan  
Operating Reserve Fund  
Statement of Changes in Fund Balance  
(Unaudited)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Balance, beginning of the year</b>	\$ 2,062,040	\$ 1,422,339
Add:		
Interest earned	33,164	18,192
Transfer from general revenue fund	497,986	644,352
Transfer from sewer revenue fund	20,000	51,000
	<u>2,613,190</u>	<u>2,135,883</u>
Deduct:		
Transfer to general revenue fund	103,544	73,843
<b>Balance, end of year</b>	<u>\$ 2,509,646</u>	<u>\$ 2,062,040</u>

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