



Regional District of
Central Okanagan

2024

Annual Report





We acknowledge our presence on the traditional, ancestral and unceded [tínxwúla?xw](#) (land) of the syilx / Okanagan people who have resided here since time immemorial. We recognize, honour and respect the syilx / Okanagan lands upon which we live, work and play.



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Where to find it

Message from the Chair	3 - 4	Growth and development	23 - 24
The region	5 - 6	Health and wellness	25 - 28
What we do	7 - 10	Transportation	29 - 30
Regional Board	11 - 12	Truth and reconciliation	31 - 32
Strategic priorities	13 - 14	RDCO Financial statements	33 - 65
Emergency preparedness	15 - 18	Central Okanagan Regional Hospital District (CORHD)	66 - 68
Environment and climate	19 - 22	CORHD financial statements	69 - 81

Message from the Chair

If this past year has shown us anything, it's that when Central Okanagan communities come together, we move forward with purpose.

In 2024, our region continued to experience the realities of growth that impact evolving service demands and put new pressures on infrastructure and natural areas. Through it all, the Regional Board has remained focused on solutions — grounded in collaboration, long-term planning and care for the people and places that define the Central Okanagan.

There is much to be proud of.

The reopening of Rose Valley Regional Park following the McDougall Creek wildfire is a powerful symbol of recovery and community resilience. Emergency readiness was strengthened with expanded FireSmart efforts, new tools and technologies and the launch of a leading-edge marine rescue boat to improve safety on our lakes. We celebrated 50 years of regional parks and continued efforts to protect the natural spaces that improve quality of life in our region.

The Board also advanced forward-looking initiatives to make lives better for people. AI technology was piloted to reduce recycling contamination. Significant investment into long-term care progressed through the Central Okanagan Regional Hospital District.



Loyal Wooldridge
Chairperson of the Regional Board



Collaboration with Westbank First Nation deepened, helping shape a more equitable and inclusive approach to regional decision-making.

Hearing directly from residents remains a cornerstone of good governance. The 2024 Citizens Survey results told a clear story: people across the region feel positive about where they live and the services they receive. They expressed strong interest in social issues, enhanced transportation and community safety. More than just a snapshot, this feedback helps shape priorities, guide budget decisions and ensure alignment with what matters most to the people of this region.

This progress is possible with the dedicated professionals who deliver services every day with professionalism, care and a commitment to putting people first. From park maintenance to emergency operations, planning to communications, their efforts often happen behind the scenes, but their impact is felt across every community in the region. The Board sincerely thanks each team member for their hard work in the name of public service.

I'd like to extend heartfelt thanks to Director Blair Ireland, who provided steady and thoughtful leadership as Chair. His work helped maintain momentum on key initiatives and supported continuity across the organization. I'm incredibly grateful for his dedication and the excellent work he did guiding the Board during that time.

Strong regional governance is rooted in shared responsibility. When we work together, we can make real progress on what matters most to help make lives better today and for future generations.

A handwritten signature in black ink, reading "Loyal". The signature is fluid and cursive, with a long, sweeping tail that loops back under the name.

Loyal Wooldridge
Chairperson of the Regional Board

The region

Nestled in the heart of British Columbia's Southern Interior, the Central Okanagan is a region defined by natural beauty, diverse landscapes and a vibrant, growing population.

Bordered by mountains and enriched by orchards, vineyards and the iconic Okanagan Lake, the area covers more than 314,000 hectares.

The Central Okanagan continues to be one of Canada's fastest-growing regions, with an estimated population exceeding 251,723 as of July 2024. The region's population increased by 2.0% from the year before (based on Statistics Canada Annual Population Estimates). This dynamic growth is supported by a strong sense of community across eight unique and interconnected areas: City of Kelowna, City of West Kelowna, District of Lake Country, District of Peachland, Electoral Areas East and West, Westbank First Nation and Okanagan Indian Band.

Together, these communities form a diverse and resilient region that blends urban amenities with rural charm, innovation with tradition and development with deep respect for the natural environment.





314,000

hectares of land in the Central Okanagan



251,723

residents live in the Central Okanagan as of July 2024
(Statistics Canada Annual Population Estimates)



35,931

businesses in 2024 in the Central Okanagan. A 4.5% increase from 2023
(COEDC Data portal)

Population growth - percentage change

(Central Okanagan Economic Development Commission (COEDC) data portal)



What we do

Established in 1967, the Regional District of Central Okanagan (RDCO) is one of 27 regional districts in British Columbia. This unique model of local government supports collaboration, efficiency and community-focused service delivery.

The RDCO provides more than 70 services to residents, businesses and communities across the region. These services are customized based on where people live. They may be regional, shared between several communities or delivered at the local level within a specific area.

The RDCO brings together member municipalities and electoral areas to plan, deliver and coordinate services in a cost-effective and responsive way. By working together, we help strengthen and connect communities throughout the Central Okanagan.

Services include emergency management, regional parks, recycling and waste reduction, water systems, dog control, land use planning and more.

Regional services

All property owners within the Central Okanagan contribute to funding region-wide services such as regional parks, dog control and licensing, economic development, 9-1-1 and recycling.

Sub-regional services

Property owners within a participating area contribute to funding sub-regional services such as mosquito control, Westside Wastewater Treatment and crime prevention.

Local services

Acting as the local government for communities within the unincorporated electoral areas, the RDCO provides local services such as community parks, building inspection and bylaw enforcement, water systems and fire protection.



72
services provided to different
combinations of residents in
2024



92%
of residents satisfied with the
level and quality of services
(Citizen Survey, 2024)

Corporate Services

Corporate Services supports the work of the Regional Board and provides essential services that keep the organization running smoothly. This includes policy and bylaw development, legal and legislative services, Freedom of Information requests, records management and human resources. The department also oversees dog licensing and the Dog Ambassador program.

Every four years, Corporate Services manages the Local Government Elections for Directors in the Central Okanagan East and West Electoral Areas, as well as School District No. 23 Trustees. The next election will be held on October 17, 2026.

Communications and Information Services

Communications

The Communications team keeps residents informed and connected. Whether it's updates about services, emergency information or opportunities for public engagement, communications efforts are focused on transparency and accessibility. Channels include news releases, advertising, social media and RDCO's online platforms like rdco.com and yoursay.rdco.com.

Information Services

Information Services supports the organization's digital backbone. From Geographical Information Systems (GIS) to technical support and integration of corporate applications, this team helps all departments make the most of technology to better serve the community.

The Central Okanagan Economic Development Commission (COEDC)

The COEDC supports local businesses and fosters regional growth. Guided by an advisory body of more than 45 members representing government, industry and community sectors, the COEDC acts as a bridge between local leadership and the business community.

Development and Engineering Services

Development Services

Development Services helps shape the communities of the Central Okanagan. The team manages planning and land use, building inspections and business licensing for Electoral Areas East and West. They also lead regional planning initiatives such as the Regional Growth Strategy and Planning Labs.



173

RDCO employees, full time, part time, seasonal and casual





Engineering Services

Engineering Services delivers a range of essential infrastructure and environmental services. These include operating the Westside Regional Wastewater Treatment Plant, managing six RDCO water systems, maintaining community transfer stations in Traders Cove and North Westside and leading solid waste and recycling efforts. The team also oversees asset management, fleet and facility services and the Nuisance Mosquito Control Program.

Financial Services

Financial Services manages the financial operations of both the RDCO and the Central Okanagan Regional Hospital District (CORHD). The department works with the Board, staff and the public on budgeting, reporting, procurement and financial planning. It also supports performance-based budgeting to ensure financial strategies align with long-term goals and community priorities.

Protective Services

Bylaw and Enforcement

Protective Services promotes community safety and compliance through education and enforcement. The team handles bylaw enforcement, dog control and licensing, regional crime prevention programs and services like Crime Stoppers and Victim Services. Bylaw officers respond to issues such as noxious weeds, noise, smoke and zoning infractions across the electoral areas.

Fire Services

Fire Services oversees four paid-on-call fire departments in Ellison, Joe Rich, North Westside and Wilson's Landing. The department also delivers the FireSmart program, helping residents reduce wildfire risks around their properties.



21,713

dogs licensed in 2024



\$65.6 million

operating budget for 2024



Regional Emergency Program

Coordinated by the Kelowna Fire Department, the Regional Emergency Program supports residents across the Central Okanagan in times of crisis. It assists first responders during emergencies and leads recovery efforts afterward. The Emergency Support Services program is powered by trained volunteers who provide short-term housing and support to those displaced by emergencies.



2,100

hectares of parkland from
Peachland to Lake Country

Parks Services

Parks Services protects and manages more than 2,100 hectares of parkland from Peachland to Lake Country. The team maintains 30 Regional Parks and 20 community parks, along with rural recreation facilities such as the Ellison Heritage School Community Centre, Joe Rich Community Hall and Killiney Community Hall. Visitor Services staff deliver hundreds of events and programs each year to help residents and visitors connect with nature.



86 km

of formal trails in
30 regional parks

Regional Board 2024

The Regional Board is the governing body of the Regional District of Central Okanagan. It provides leadership on key local government matters, including financial oversight and policy direction. The Board is made up of both appointed and elected members who represent the RDCO's four member municipalities, two electoral areas and includes a non-voting representative from Westbank First Nation. Representation and voting strength are based on the population of each area.

Shown below is the Regional Board as of January 2024.



Loyal Wooldridge
Chair
Councillor, City of
Kelowna



Kevin Kraft
Vice Chair
Director, Central
Okanagan East
Electoral Area



Ron Cannan
Councillor, City of
Kelowna



Wayne Carson
Director, Central
Okanagan West
Electoral Area



Jordan Coble
Councillor, Westbank
First Nation (non-voting)



Tom Dyas
Mayor, City of Kelowna



Charlie Hodge
Councillor, City of
Kelowna



Blair Ireland
Mayor, District of Lake
Country



Stephen Johnston
Councillor, City of West
Kelowna



Gord Milsom
Mayor, City of West
Kelowna



Gail Covatone
Councillor, City of
Kelowna



Keri Singh
Councillor, City of Kelowna



Patrick Van Buren
Mayor, District of
Peachland



92%

of residents say quality of life is
good or very good.
(Citizen Survey, 2024)

Vision

The RDCO is a vibrant and resilient region, characterized by interconnected urban centres, robust rural communities and a stunning natural environment.

Member municipalities and electoral areas work together in a spirit of respect and collaboration, to address shared needs and pursue joint opportunities. The syilx/Okanagan people are true partners, helping to interpret the past, shape the present and define a common future. Citizens across the region are engaged in governance and invested in efforts taken to strengthen the broader community.

Mission

The RDCO brings together member municipalities and electoral areas to plan for the future by identifying shared needs and opportunities, and by delivering cost effective services.

We build strong relationships with our member municipalities, the syilx/Okanagan people and partners. We seek opportunities to partner with others in addressing shared needs and pursuing common interests. We develop practical and innovative solutions based on evidence and analysis. We anticipate, prepare for and adapt to challenges and changing circumstances. We are open and transparent in our decision-making and actions. We recognize the broader regional community and the importance of a regional perspective in planning and service delivery.

Values

Relationships:

We build strong relationships with our member municipalities, the syilx / Okanagan people and partners.

Collaboration:

We seek opportunities to partner with others in addressing shared needs and pursuing common interests.

Regional perspective:

We recognize the broader regional community and the importance of a regional perspective in planning and service delivery.

Transparency

We are open and transparent in our decision-making and actions.

Resiliency:

We anticipate, prepare for and adapt to challenges and changing circumstances.

Good governance:

We develop practical and innovative solutions based on evidence and analysis.



Strategic priorities

Strategic priorities guide the decisions and direction of the Regional Board, helping ensure RDCO programs and services reflect the needs of our growing and diverse communities.

In August 2023, the Board adopted its 2023–2026 Strategic Priorities. This framework outlines key focus areas along with specific actions and success measures.

These priorities help guide responsible decision-making and ensure taxpayer resources are invested wisely. Each priority includes both region-wide and electoral area-specific actions, along with

advocacy efforts that support meaningful dialogue with provincial and federal partners on behalf of Central Okanagan residents.

As one of the fastest growing census metropolitan areas in Canada, the RDCO is committed to balancing the needs of both urban and rural communities.

The strategic priorities reflect that commitment, with a strong focus on building safe, healthy and inclusive communities while taking action to protect our environment in a time of rapid change.

Regional and electoral area priorities

Growth and development (electoral area only)

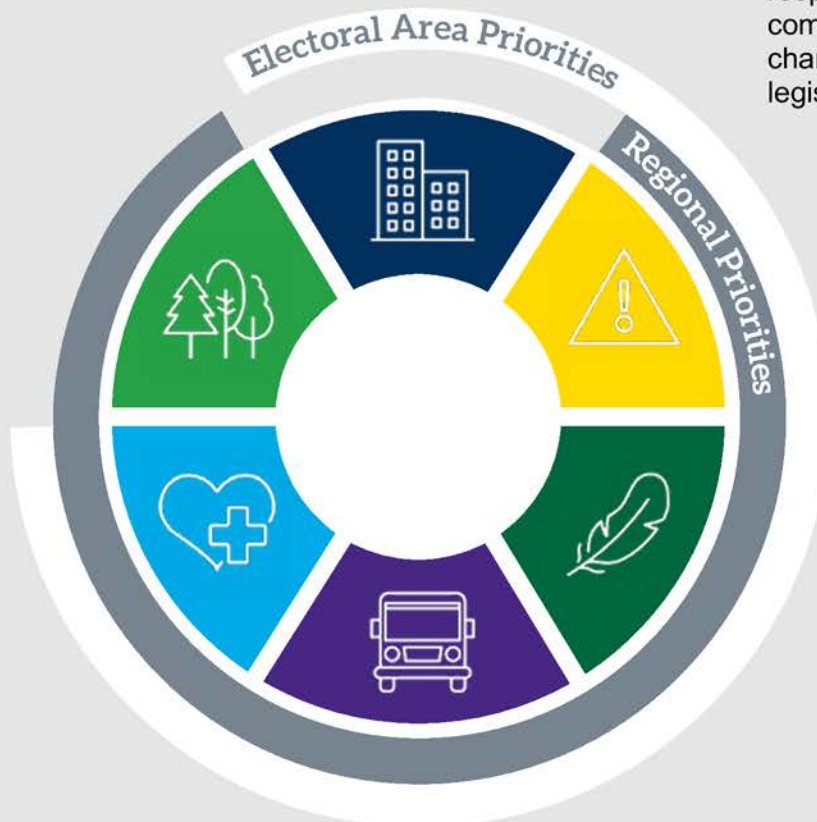
The Electoral Area Services Committee (EASC) identified responsible land use planning as a strategic priority to safeguard the environment and climate.

Emergency preparedness

The RDCO will build on emergency response strengths while positioning the organization to respond to growing community needs and changes in provincial legislation.

Environment and climate (regional only)

The RDCO is committed to climate action and the environment by reducing our corporate impact, adapting to climate change and delivering innovative services that better manage greenhouse gas emissions.



Health and wellness

The RDCO will make purposeful investments in health care for physical and mental health benefits.

Transportation

The RDCO will encourage the efficient and safe movement of people and goods within the Central Okanagan.

Truth and reconciliation

The RDCO is actively committed to reconciliation with the syilx / Okanagan people within the Central Okanagan. The RDCO strives for collaboration through a meaningful and ethical government-to-government working relationship with the syilx / Okanagan people.



Emergency preparedness

The RDCO will build on emergency response strengths while positioning the organization to respond to growing community needs and changes in provincial legislation.

With recent wildfire seasons underscoring the urgency of preparedness, the RDCO continues to strengthen regional resilience through strategic investments, community engagement and enhanced emergency response capabilities.

Investing in regional readiness

In 2024, the RDCO pursued multiple grants through the Union of BC Municipalities (UBCM) Community Emergency Preparedness Fund, securing significant support to bolster emergency planning, training and response across the region. This included \$172,000 for Emergency Operations Centre (EOC) equipment and training,

\$160,000 to improve equipment and training for the four RDCO paid on-call fire departments and \$148,100 for Emergency Support Services (ESS) equipment and training.

These investments ensure that emergency responders have the tools and training needed to protect Central Okanagan communities in times of crisis.

In addition, the Regional Board approved an amended application for \$297,470.90 under the UBCM Community Resiliency Investment Fund to expand the FireSmart Community Funding and Supports Program.



45

recommendations
outlined in the Fire
Services Review



1,464

residents completed a
Community Readiness
questionnaire



78

FireSmart property
assessments completed in
the Electoral Areas in 2024



To help residents reduce wildfire risk around their homes, the RDCO increased FireSmart rebates to up to \$1,000, covering 50 percent of eligible labour and supply costs for property owners in Central Okanagan East and Central Okanagan West Electoral Areas. In 2024, 78 FireSmart home assessments were completed, with 27 rebates issued in Electoral Area West and 13 in Electoral Area East, totaling \$37,551 in rebates.

Wildfire mitigation in Regional Parks

In January, FireSmart fuel mitigation work began in Kalamo Regional Park. This project, developed by a registered forester and approved by BC Wildfire Service, involved mechanical thinning and prescribed pile burning across 8.7 hectares. The goal: reduce wildfire risk in a high-use area near interface neighborhoods.

This work builds on years of RDCO-led mitigation projects in regional parks, particularly those closest to residential areas and are a key part of the RDCO's commitment to environmental stewardship and public safety.



8.7

hectare pile burn to
reduce fuel load in
Kalamo Regional Park

Enhancing response capabilities on the water

A new marine rescue and fire suppression boat was unveiled in September 2024, an important addition to the RDCO's emergency program. Fire protection in rural foreshore areas presents unique challenges, including access issues and limited water supply. This new vessel, which replaced an aging rescue boat, is the only one in the regional fleet equipped with onboard fire suppression capabilities. Operated by the Kelowna Fire Department, this state-of-the-art vessel strengthens the region's ability to respond to wildfires, boating accidents, medical incidents and water rescues.



3

Marine rescue boats
in the Regional
Emergency program

Learning from the 2023 wildfire season

To guide future emergency planning, the Regional Board received the After-Action Report for the 2023 wildfire season. Prepared by Strategic Alliance for Emergency Resilience, the report outlines lessons learned from the McDougall Creek wildfire and provides strategic recommendations.

Public engagement also played a key role in 2024. The Community Readiness Public Engagement initiative, open from April 15 to May 31, 2024, provided valuable insight into residents' and businesses' preparedness levels. The findings will inform a strategic communication plan to be launched ahead of the 2025 hazard season.

Advancing Fire Services

Progress continues by implementing the recommendations from the RDCO Fire Services Review. In 2024, staff presented an updated assessment that prioritized recommendations by urgency and grouped similar actions for more efficient implementation. Regular updates on this work will be provided to the Board as part of strategic priorities reporting.

As the Central Okanagan grows and climate conditions evolve, the RDCO remains committed to building a safer, more prepared region, investing in the people, plans and tools that will protect communities when they need it most.





**VOLUNTEER
FIRE DEPARTMENT**





Environment and climate

The RDCO is committed to climate action and the environment by reducing our corporate impact, adapting to climate change and delivering innovative services that better manage greenhouse gas emissions.

From waste reduction and recycling innovation, to habitat restoration and climate resilience, the RDCO continues to lead environmental stewardship efforts that protect the Central Okanagan's natural beauty and support long-term sustainability.

Curbside food waste collection

In 2024, more than 4,200 residents participated in a second round of engagement for a future curbside food waste collection program. Feedback showed that 76% of respondents support a curbside program, and 70% are willing to move to bi-weekly garbage collection if organics are collected weekly. Next steps include seeking formal commitments to participate in the potential service from municipal councils in July 2025.

Smart technology reduces recycling contamination

In 2024, the region took an innovative step forward in the fight against recycling contamination. A five-month pilot program introduced artificial intelligence (AI) to recycling trucks, launching a data-driven approach to improving what residents place in their bins.

Using smart cameras and GPS technology, the trucks scanned curbside recycling carts to detect contamination, identifying items that don't belong in recycling. When contamination was found, the system triggered personalized postcards sent directly to residents' homes.



8203

tonnes of recyclables
picked up curbside
in 2024



44,366

tonnes of yard waste
diverted from the landfill
in 2024



12.8

tonnes of materials
collected at Peachland
and Lake Country pop-ups



Each postcard included a photo of the actual issue spotted in their cart, along with simple, actionable tips to recycle better. The impact was immediate and impressive. Contamination levels fell by 23%, and among households identified as needing improvement, known as “learners,” 35.6% adjusted their habits after receiving just one postcard.

Pop-Up Depots keep recycling convenient

16 Pop-Up Recycling Depot events were held in Lake Country and Peachland in 2024, collecting more than 12.8 tonnes of materials.

The pop-up program makes it easier for residents to recycle depot-only items such as flexible plastics, foam packaging and glass.

Residents responded positively to the convenience, and RDCO plans to continue the program in 2025.

Backyard composter sale continues

In partnership with the Okanagan Basin Water Board, the RDCO hosted its annual composter and rain barrel sale to help residents cut down on waste and conserve water.

Residents purchased backyard composters and rain barrels at significantly reduced prices, encouraging sustainable gardening practices. Nearly half of the region’s household waste is compostable, making composting one of the most effective ways to reduce garbage in the region.

Investing in parks, restoration and conservation

In March 2024, 25 regional parks were added to the Canadian Protected and Conserved Areas Database, affirming the RDCO's commitment to protecting sensitive ecosystems and biodiversity.

In Woodhaven Nature Conservancy Regional Park, the RDCO began a multi-year groundwater monitoring and restoration project to assess ecosystem health and climate resilience. Four monitoring wells were installed with support from the Okanagan Basin Water Board.

In collaboration with the City of Kelowna and the Mission Creek Restoration Initiative, in 2024 the RDCO also supported flood protection efforts along Mission Creek. Crews constructed four riffles,

shallow, rocky features that help control water flow and support Kokanee spawning. This work is part of the larger Mill Creek Flood Protection project, supported by \$22 million in federal funding.

Expanding book recycling options

After a successful eight-month pilot, the RDCO's book recycling program became a permanent service in 2024. Originally launched to reduce contamination in curbside recycling carts, the program has already diverted more than 40,000 kg of books from the landfill. The initiative was also expanded to the North Westside Community Library in Killiney Beach, providing better access for residents in Electoral Area West.







Growth and development

Establish and enhance electoral area policies to manage growth, guide land use decisions and address community social needs.

As one of the fastest-growing regions in Canada, the Central Okanagan continues to plan proactively for population growth, housing needs, employment opportunities and sustainable infrastructure. In 2024, the RDCO advanced several regionally significant planning initiatives to support future-ready communities.

A coordinated approach to regional growth

To support informed growth management, new population and housing projections were presented to the Board in September 2024. By 2046, the Central Okanagan could welcome up to 119,000 new residents, requiring more than 53,000 additional housing units.

This growth is expected to boost the working-age population by 54%, reinforcing the region's economic capacity and supporting an aging demographic.

In December, the Regional Board endorsed the 2024–2028 Regional Growth Strategy (RGS) Priority Projects Plan, a roadmap of initiatives that require collaboration across jurisdictions and will shape the region's development.

At the same time, work began to update the RGS itself, with a scoping phase launched in October to help guide community planning and future Official Community Plan (OCP) updates for 2025.



236

building permits
issued in 2024



1521

building inspections
conducted in 2024



304

business licences
issued in 2024

Modernizing land-use planning in electoral areas

Recognizing the need for consistency and efficiency, the Board approved the development of one updated Official Community Plan (OCP) for each electoral area, replacing four existing OCPs and the Joe Rich Rural Land Use Bylaw. These new plans will align with growth projections, housing needs, infrastructure capacity and environmental considerations. The updated OCPs will also streamline development reviews and enhance service delivery, while honouring the distinct character and values of each rural community. Engagement to inform the OCPs is expected to begin in late 2025.

Addressing housing needs across the region

In alignment with provincial legislation (Bill 44), the RDCO also adopted Zoning Amendment Bylaw No. 871-288 in May, 2024, bringing zoning regulations in line with the Housing Statutes Amendment Act. This change supports the development of small-scale multi-unit housing in rural areas, helping to expand housing choice and affordability.

In November, the Board reviewed the 2024 Interim Housing Needs Report, which projects

that Electoral Area West will need approximately 1,004 new housing units by 2046, while Electoral Area East will require 1,245. These figures ensure that decisions about land use, infrastructure, and investment are rooted in solid, up-to-date data.

Strengthening infrastructure in North Westside

Infrastructure planning remained a top priority in 2024, particularly in rural communities. In November, the Board received a project plan for the North Westside Regional Water System—a critical step in ensuring long-term water security and service reliability for residents in the area.

Work starting in 2025 will focus on field investigations, securing land interests, obtaining regulatory approvals and completing design work. The goal is to bring the system to a "construction-ready" stage, allowing future grant applications to cover up to two-thirds of construction costs. This approach helps reduce the financial burden on residents while improving long-term service reliability.





Health and wellness

The RDCO will make purposeful investments in health care for physical and mental health benefits.

From wildfire recovery to park upgrades, the RDCO's commitment to health and wellness shines through in the places where people walk, hike, connect and recharge. In 2024, we celebrated 50 years of fostering outdoor recreation, nature education and community well-being in regional parks.

50 years of parks: A legacy of connection

In 2024, the Central Okanagan community came together to celebrate a major milestone, 50 years of RDCO regional parks. The anniversary was more than a birthday; it was a celebration of nature, connection and the deep-rooted love residents have for the parks that shape our region.

Throughout the year, park interpreters offered seasonal programs to help residents of all ages connect with the land and learn about the unique ecosystems that make the region so special. Over 39,865 people took part in the 687 events and programs hosted in regional parks in 2024, and 7000 students took part in 300 education programs.

In July at Kaloya Regional Park, families, friends and nature lovers gathered for a celebration held on Canada Parks Day. The event was filled with guided nature walks, hands-on crafts, fun games, and of course, birthday cake. It was a chance to reflect on how regional parks have grown over the past five decades to become essential spaces for recreation, education and conservation.



1.5 M

people visit regional parks each year



39,865

people took part in regional park events and programs in 2024



7000

students participated in regional park education programs in 2024

Commitment to safe, accessible parks year-round

Sometimes it's the small fixes that make the biggest difference. At Okanagan Safe Harbour Regional Park, parks staff completed a few straightforward repairs to the boat launch dock, including replacing rotten boards and installing a new aluminum ramp. These improvements significantly enhanced safety and accessibility for all visitors. Shortly after the work was done, a local resident, who uses a wheelchair, left a heartfelt voicemail to share her appreciation.

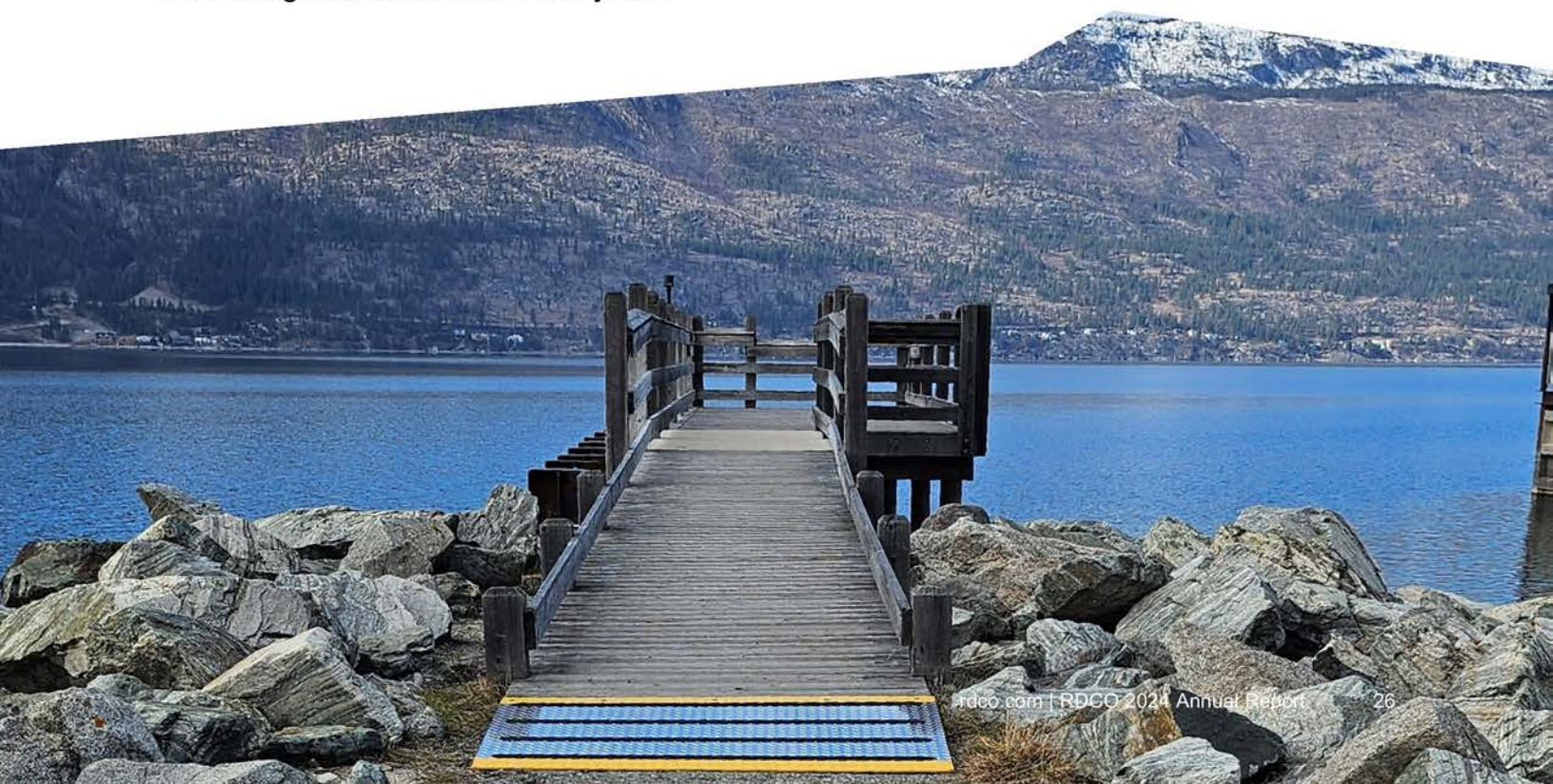
"I absolutely need to rave about the new dock... I'm so happy and so thrilled that you've made that dock accessible to me. I'm a new paraplegic and fishing is one thing that's helped me in my recovery immensely. Thank you so much."

It's a small action that's had a meaningful impact, helping ensure our parks remain welcoming and inclusive for everyone.

At Scotty Creek Community Park, construction began on new play features inspired by Grade 5 students from Ellison Elementary School. Their persuasive letters called for a gagaball pit —now proudly included alongside a 9 Square and rock wall climber.

In Mission Creek Greenway, Kopje and Hardy Falls Regional Parks, new accessible washrooms were built, improving amenities for park users.

In the 2024/25 winter season, the Parks Services department opened an additional 8 Regional Parks for year-round access, providing snow removal, improving accessibility and public safety, including a 12 km portion of the Mission Creek Greenway trail, and improved winter access to Kopje Regional Park. The Parks Services department continues to review additional regional parks for year-round access.



Rebuilding with resilience at Rose Valley

In December 2024, Rose Valley Regional Park welcomed visitors back for the first time in over a year, following a 16-month closure caused by damage from the 2023 McDougall Creek wildfire. The reopening marked a significant moment of recovery and resilience for both the land and the community.

The restoration effort was no small task. Over 660 hazard trees were removed, dangerous ashpits were filled and key trails were carefully rebuilt—particularly those near Rose Valley Elementary School, where the park plays an important role as an outdoor classroom for local students.

Though the landscape is still healing, the reopening of these sections represented an important milestone in the park's journey forward. Work continues into 2025, with salvage logging and replanting efforts planned.

Strengthening community connections through local programming

In 2024, the RDCO Visitor Services team delivered a total of 33 programs in the East Electoral Area, engaging 438 participants. Of these, 16 programs were held in an East Electoral Community Park or at the Joe Rich and Ellison Community Centres, with a total of 75 participants. The annual ice-skating rink at Joe Rich was also opened and maintained throughout the winter, attracting many community members from the surrounding region.







Transportation

The RDCO will encourage the safe movement of people and goods within the Central Okanagan.

Improving mobility and planning for growth are critical to the Central Okanagan's long-term livability. In 2024, the RDCO advanced key transportation initiatives that strengthen regional collaboration, data-informed planning and future-focused decision making.

Building a Regional Transportation Service

In 2024, the Central Okanagan took a major step toward a more connected future. In October, the Regional Board approved a concept for a new Regional Transportation Service; an initiative designed to strengthen how transportation is planned and coordinated across the region. This new service would bring essential

transportation planning functions under the RDCO, following the dissolution of the Sustainable Transportation Partnership of the Central Okanagan (STPCO). The transition ensures that the vision and momentum of the Regional Transportation Plan continue seamlessly, supporting long-term mobility solutions that reflect the needs of our growing communities.

Looking ahead, the Board has directed staff to develop a proposed financial plan and draft bylaw(s) for consideration in 2025, critical next steps in building a transportation system that is sustainable, collaborative and future ready.



90%

of citizens say it is important to have a regional transportation function
(Citizen Survey, 2024)



6.4 M

Annual boardings for Kelowna Regional Transit System in 2024



38.7%

increase in bicycle trips since 2007
(Okanagan Travel Survey, 2024)

Mapping movement: The 2024 Okanagan Travel Survey

In October 2024, a vital initiative launched to help shape the future of how the Central Okanagan moves. In partnership with Ipsos, the RDCO and the City of Vernon kicked off the 2024 Okanagan Travel Survey, reaching out to randomly selected households across the region.

The survey captured how residents travel to work, school, appointments, errands and even leisure activities. This detailed look at real travel patterns provides essential insight into how people get around and where improvements are needed most.

Understanding these patterns is critical for planning road upgrades, reducing traffic

congestion, improving transit routes and expanding options for walking and cycling.

The survey results will inform regional transit strategies and active transportation investments that support a more connected, efficient and accessible transportation network.

Supporting rural transit service

In 2024, the Regional Board approved the 2024/2025 Annual Operating Agreement (AOA) with BC Transit for the Ellison Area, helping ensure rural communities continue to have access to reliable, coordinated public transit options. These partnerships help maintain vital service coverage while supporting broader sustainability and accessibility goals.





Truth and reconciliation

The RDCO is actively committed to reconciliation with the syilx / Okanagan people within the Central Okanagan. The RDCO strives for collaboration through a meaningful and ethical government-to-government working relationship with the syilx / Okanagan people.

In 2024, the RDCO deepened its commitment to reconciliation through ongoing relationship building, inclusive governance exploration and cultural education initiatives in partnership with Westbank First Nation (WFN) and with support from the province.

Walking a shared path toward inclusive governance

In 2024, the RDCO and WFN continued meaningful work toward building a more inclusive model of regional governance, one that acknowledges the inherent rights of Indigenous peoples and supports self-determination.

In January, the Regional Board received a comprehensive discussion paper on Inclusive Regional Governance. Developed by JWR Business Group in collaboration with WFN and RDCO staff, the paper outlines five potential governance models, including the opportunity for WFN to become a full voting participant on the Regional Board.

WFN, a self-governing nation, and the RDCO, remain committed to working alongside the Ministry of Municipal Affairs to find a respectful, collaborative solution. The goal is to develop a regional governance model that reflects syilx / Okanagan governance traditions while enabling meaningful participation in decisions that shape the region.



\$45,000

in provincial funding to explore inclusive governance



5

potential regional governance models to explore



\$237,000

funding from UBCM to deliver Indigenous Cultural Safety and Humility Training for emergency management staff



This important initiative reflects RDCO's ongoing commitment to reconciliation and to creating a more equitable future. WFN Chief and Council and the Regional Board endorsed a proposed decision-making framework and Joint Working Group composition to move forward with inclusive governance work.

This work was supported by a \$45,000 Restructure Planning Grant from the Ministry of Municipal Affairs, part of a broader provincial effort to foster inclusive governance under the Declaration on the Rights of Indigenous Peoples Act.

Supporting cultural safety and understanding

In October, the RDCO secured \$237,000 through the Union of BC Municipalities Community Emergency Preparedness Fund to deliver Indigenous Cultural Safety and Humility Training for emergency management staff. This training will equip teams with a deeper understanding of Indigenous histories, lived experiences and community strengths, ensuring that emergency response efforts are guided by cultural awareness, respect and trauma-informed practices.

Financial statements

For the year ended December 31, 2024

In accordance with Section 376 of the Local Government Act and Section 167 of the Community Charter, the Audited Financial Statements were presented and approved by the Regional Board on May 15, 2025. The format and presentation of these financial statements are in accordance with Generally Accepted Accounting Principles (GAAP) for local government as recommended by the Public Sector Accounting Board (PSAB) standards (PSAS) of the Chartered Professional Accountants of Canada and have been applied on a basis that is consistent with that of the preceding year.

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

The Financial Statements are comprised of the following:

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

The RDCO is in a Net Asset position. This means that the district has sufficient financial assets (\$203.5M) to settle existing liabilities (\$134.4M). As the RDCO's total assets exceed total liabilities, the RDCO is in an accumulated surplus position, having net positive resources that will be used to provide future services. The RDCO's annual surplus was \$7.5M (2023 \$18.5M). The RDCO generated approximately \$6.7M in cash from operations and those funds were used to acquire \$4.5M in tangible capital assets, repay \$132K in financing. The remaining was transferred to reserves for future capital project funding.

Regional District of Central Okanagan
Table of Contents

Management's Responsibility for Financial Reporting	35
Independent Auditor's Report	36 - 37
Financial Statements	
Statement of Financial Position	38
Statement of Operations	39
Statement of Change in Net Financial Assets and Remeasurement Losses	40
Statement of Cash Flows	41
Summary of Significant Accounting Policies	42 - 45
Notes to Financial Statements	46 - 63
Unaudited Supplemental Financial Information	64 - 65

Management's Responsibility for Financial Reporting

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 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.

Signed by:

Sally Ginter

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Chief Administrative Officer

DocuSigned by:

Jim Cobe

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Director of Financial Services

May 15, 2025

Independent Auditor's Report

To the Director 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, 2024, and the statements of operations, change in net financial assets and remeasurement gains, 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, 2024, 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 the supplemental financial information to the 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.

BDO Canada LLP

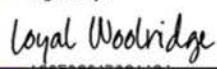
Chartered Professional Accountants

Kelowna, British Columbia
May 15, 2025

Regional District of Central Okanagan
Statement of Financial Position

December 31	2024	2023
Financial Assets		
Cash	\$ 68,664,228	\$ 61,936,266
Portfolio Investments (Note 2)	27,309,991	21,442,859
Accounts receivable (Note 3)	5,601,231	7,310,722
Deposits - Municipal Finance Authority (Note 4)	8,492,305	8,914,676
Agreements due from members (Note 5)	93,399,909	105,588,116
	<u>203,467,664</u>	<u>205,192,639</u>
Financial Liabilities		
Accounts payable and accrued liabilities	7,603,588	7,236,094
Deferred revenue (Note 6)	885,152	443,034
Development cost charges (Note 7)	19,092,349	16,937,529
Reserve - Municipal Finance Authority (Note 4)	8,419,878	8,844,686
Long term debt (Note 8)	96,968,903	109,316,379
Equipment Financing (Note 9)	449,084	-
Asset retirement obligation (Note 10)	964,276	1,245,567
	<u>134,383,230</u>	<u>144,023,289</u>
Net Financial Assets	<u>69,084,434</u>	<u>61,169,350</u>
Non-Financial Assets		
Prepaid expenses	539,358	547,975
Tangible capital assets (Note 11)	115,755,543	116,088,258
	<u>185,379,335</u>	<u>177,805,583</u>
Accumulated remeasurement losses (Note 2)	<u>(255,840)</u>	<u>(342,335)</u>
Accumulated Surplus (Note 12)	<u>\$ 185,635,175</u>	<u>\$ 178,147,918</u>

Approved on behalf of the Board:

Signed by:

 _____ Chair

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

Regional District of Central Okanagan
Statement of Operations

For the year ended December 31	2024		2023	
	Actual	Budget (Note 17)	Actual	
Revenues				
Electoral area tax requisitions	\$ 6,241,950	\$ 6,235,351	\$ 5,247,519	
Electoral area parcel taxes	567,532	566,034	528,734	
Members' requisitions				
General	23,828,096	23,855,916	21,846,127	
Parcel taxes	370,818	377,970	377,970	
Debt services	13,997,942	12,621,896	14,065,492	
Federal government grants	356,005	260,904	788,427	
Provincial government grants	1,650,490	1,004,625	10,436,953	
Sale of services to other governments	5,096,030	5,379,540	4,855,462	
Sale of services to others	3,527,874	3,683,275	3,362,474	
Water and sewer fees	9,142,691	9,054,011	8,562,740	
Community Works Funds revenue	969,626	-	818,058	
Contributions from others	515,861	2,545,194	39,121	
Contributions from sewer DCC reserve	35,720	-	35,002	
Interest earned	4,372,878	-	3,805,054	
Other revenue	1,405,252	-	1,307,317	
		1,427,530		
	72,078,765	67,012,246	76,076,450	
Expenses (Note 16)				
General government services Protective	1,886,262	1,749,983	836,975	
services Transportation services Environmental	13,532,658	13,248,544	14,019,645	
health services Development services	61,071	72,115	53,507	
Recreation and cultural services Fiscal services	7,769,466	8,111,214	8,049,790	
Water services Sewer services Contribution to	4,491,617	4,973,367	4,621,086	
indigenous government project	8,491,818	7,616,616	7,355,901	
	14,993,086	13,635,803	14,877,174	
	1,563,798	971,066	1,617,450	
	6,801,732	5,025,911	6,163,615	
	5,000,000	-	-	
	64,591,508	55,404,619	57,595,143	
Annual Surplus	7,487,257	11,607,627	18,481,307	
Accumulated surplus, beginning of the year	178,147,918	178,147,918	159,666,611	
Accumulated surplus, end of year	\$ 185,635,175	\$ 189,755,545	\$ 178,147,918	

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

Regional District of Central Okanagan
Statement of Change in Net Financial Assets and Remeasurement Losses

For the year ended December 31	2024	2023
Annual Surplus	\$ 7,487,257	\$ 18,481,307
Acquisition of tangible capital assets	(4,466,514)	(4,074,734)
Amortization of tangible capital assets	4,698,575	4,317,948
(Gain) loss on disposal of tangible capital assets	18,321	(66,218)
Proceeds from disposal of tangible capital assets	57,192	87,487
Gain on change in ARO estimate	(297,472)	-
Acquisition (reduction) of prepaid expenses	8,617	(108,099)
Net change in ARO liability	322,613	-
Net remeasurement losses	86,495	(342,335)
Increase in net financial assets	7,915,084	18,295,356
Net Financial Assets, beginning of year	61,169,350	42,873,994
Net Financial Assets, end of year	\$ 69,084,434	\$ 61,169,350
Accumulated Remeasurement Loss, Beginning of Year	\$ (342,335)	\$ -
Unrealized gain (loss) on investments	86,495	(342,335)
Accumulated Remeasurement Loss, End of Year (Note 2)	\$ (255,840)	\$ (342,335)

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

Regional District of Central Okanagan
Statement of Cash Flows

For the year ended December 31	2024	2023
Operating transactions		
Annual surplus	7,487,257	18,481,307
Items not involving cash		
Amortization	\$ 4,698,575	\$ 4,317,947
Accretion expense	41,323	44,442
Actuarial addition to sinking fund	(51,116)	(45,374)
(Gain) loss on disposal of assets	18,321	(66,218)
Gain on change in ARO estimate	(297,472)	-
	<u>4,409,631</u>	<u>4,250,797</u>
Changes in non-cash items		
Accounts receivable	1,709,491	(1,210,572)
Accounts payable and accrued liabilities	367,493	1,095,809
Deferred revenue	442,118	(17,413)
Development cost charges	2,154,820	5,582,799
Prepaid expenses	8,620	(108,099)
	<u>4,682,542</u>	<u>5,342,524</u>
Capital Activities		
Purchase of tangible capital assets	(4,466,514)	(4,074,734)
Proceeds from sale of tangible capital assets	57,193	87,487
	<u>(4,409,321)</u>	<u>(3,987,247)</u>
Investing Activities		
Net portfolio investments sold (purchased)	(5,009,418)	1,000,000
Interest earned, not received	(771,218)	(666,337)
	<u>(5,780,636)</u>	<u>333,663</u>
Financing Activities		
Repayment of long-term debt	(131,841)	(110,713)
Issuance of long-term debt	470,330	-
	<u>338,489</u>	<u>(110,713)</u>
Increase in cash during year	6,727,962	24,310,331
Cash, beginning of the year	<u>61,936,266</u>	<u>37,625,935</u>
Cash, end of year	<u>\$ 68,664,228</u>	<u>\$ 61,936,266</u>

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

Regional District of Central Okanagan Summary of Significant Accounting Policies

Nature of Business	The Regional District of Central Okanagan (the "Regional District") provides local government services such as protective, transportation, environmental health, environmental development, parks, water, sewer, and other general government services.
Basis of Presentation	The financial statements of the Regional District are the representations of management and are prepared in accordance with Canadian Public Sector Accounting Standards
Development Cost Charges	Development Cost Charge ("DCC") levies are restricted by bylaw in their use and the revenue is deferred until the expenses are incurred. When DCC expenses are made, a corresponding amount is recorded as "Contribution from DCC reserve".
Reserve Fund Balances	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 bylaw directives.
Government Transfers	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. When the Regional District is deemed the transferee, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring use of management estimates relate to the determination of employee future benefit liabilities, measurement of contributed capital assets, measurement of certain revenue items associated with performance obligations of the Regional District, provisions for litigation and claims, provisions for asset retirement obligations, collectability of accounts receivable and the useful lives of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Regional District of Central Okanagan

Summary of Significant Accounting Policies

Financial Instruments

The Regional District has elected to measure other specific financial instruments at fair value, to correspond with how they are evaluated and managed. These financial instruments includes MFA bond portfolio and guaranteed investment certificates.

Cash and equity instruments quoted in an active market are measured at fair value. All other financial instruments, are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

For portfolio measurements measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Non-Financial Assets

Non-financial assets are held for use in the provision of services and are not normally available to discharge liabilities. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the net surplus (deficit) for the year, provides the change in net debt for the year.

Regional District of Central Okanagan

Summary of Significant Accounting Policies

Asset Retirement Obligations

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

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset determined using present value calculation, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. The changes in the liability for the passage of time are recorded as accretion expense in the Statement of Operations and Accumulated Surplus and all other changes are adjusted to the tangible capital asset. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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. Contributed tangible capital assets are recorded at their fair value on the date of contribution, except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. 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 - 50 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.

Regional District of Central Okanagan Summary of Significant Accounting Policies

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. Contributions of capital assets are recognized when the transfer occurs.

Revenues from transactions with performance obligations are recognized as the Regional District satisfies the performance obligations, which occurs when control of the benefits associated with the promised good or services have passed to the payor.

The Regional District recognizes revenue from users of the water, sewer, solid waste disposal, building permits, and rental of Regional District properties on a straight line basis over a period of time that the relevant performance obligations are satisfied by the Regional District.

The Regional District recognizes revenue from administrative services, development permits, sale of goods and other licenses and permits at the point in time that the Regional District has performed the related performance obligations and control of the related benefits has passed to the payors.

Revenue from transactions without performance obligation is recognized at the realizable value when the Regional District has the authority to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

The Regional District recognizes revenue from tax penalties and interest, fines, and other revenue without associated performance obligations at the realizable value at the point in time when the Regional District is authorized to collect these revenues.

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

1. Change in Accounting Policy - PSAS 3400 Revenue

Effective January 1, 2024, the Regional District adopted the new Public Sector Accounting Handbook Standard, PS 3400 - Revenue. The standard provides guidance on the recognition, measurement, and presentation of revenue in the public sector. The standard was adopted on a prospective basis at the date of adoption. Under the prospective method the Regional District assessed the timing of revenue recognition for any transactions involving performance obligations, revenue recognition policies and the classification of revenues and estimates.

2. Portfolio Investments

	2024		2023	
	Fair Market Value	Amortized Cost	Fair Market Value	Amortized Cost
Guaranteed investment certificates	\$ 15,686,114	\$ 15,686,114	\$ 15,355,247	\$ 15,355,247
MFA Bond Investments	6,410,575	6,626,011	6,087,612	6,429,948
Bond Investments	5,213,302	5,253,706	-	-
	<u>\$ 27,309,991</u>	<u>\$ 27,565,831</u>	<u>\$ 21,442,859</u>	<u>\$ 21,785,195</u>

Portfolio investments are all carried at fair market value. The difference between fair market value and amortized cost of \$255,840 (2023 -\$342,335) reflects the accumulated remeasurement losses at the end of the year. The effective interest method is used to calculate the amortized cost of portfolio investments above.

Guaranteed investment certificates earn fixed rates of interest ranging from 4.64% to 6% (5.98% to 6% in 2023) with maturity dates ranging from August 2025 to May 2027 (July 2024 to August 2025 in 2023).

MFA pooled bond fund earn rates of return that are based on the market performance of the baskets of bonds, with no fixed rate of return.

Bond investments were purchased June 2024 and earn a rate of return of 5.23% with a maturity date of June 2030.

3. Accounts Receivable

	2024	2023
Local governments and Hospital District	\$ 2,931,909	\$ 3,296,050
Provincial government	690,092	2,686,555
Federal Government	254,707	311,196
Other	<u>1,724,523</u>	<u>1,016,921</u>
	<u>\$ 5,601,231</u>	<u>\$ 7,310,722</u>

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

4. Deposit / Reserve - Municipal Finance Authority

Deposits:

The MFA provides financing for regional districts and member municipalities. The MFA is required to establish a Debt Reserve Fund for each debenture issue equal to one-half the average annual instalment of principal and interest. The debt reserve fund is comprised of cash deposits equal to 1% of the principal amount borrowed and a non-interest bearing demand note for the remaining requirement. Cash deposits held by the MFA are payable with interest to the ultimate borrower when the final obligations under the respective loan agreements have been made.

If, at any time, the Regional District has insufficient funds to meet payments due on its obligations to the MFA, the payments will be made from the debt reserve fund. The demand notes are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund. At December 31, 2024, \$5,697,646 (2023 - \$6,011,118) in callable demand notes were outstanding and have not been recorded in the statement of financial position.

	Demand Notes	Cash Deposits	2024	2023
Regional District	\$ 73,499	\$ 72,427	\$ 145,926	\$ 143,487
Member Municipalities				
Kelowna	3,906,670	1,852,424	5,759,094	5,867,392
Peachland	271,497	157,593	429,090	423,787
Lake Country	599,188	257,519	856,707	1,145,097
West Kelowna	542,783	298,173	840,956	879,646
Okanagan Regional Library	304,009	156,522	460,532	455,267
	<u>\$ 5,697,646</u>	<u>\$ 2,794,658</u>	<u>\$ 8,492,305</u>	<u>\$ 8,914,676</u>

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:

	2024	2023
Regional District Reserves	\$ 73,499	\$ 73,497
Member Municipalities Reserves and Demand Notes		
Kelowna	5,759,094	5,867,392
Peachland	429,090	423,787
Lake Country	856,707	1,145,097
West Kelowna	840,956	879,646
Okanagan Regional Library Reserves and Demand Notes	460,532	455,267
	<u>\$ 8,419,878</u>	<u>\$ 8,844,686</u>

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

5. 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.

	2024	2023
City of Kelowna	\$ 53,695,504	\$ 62,427,286
District of Lake Country	16,974,915	18,345,449
District of Peachland	9,769,313	10,203,197
City of West Kelowna	4,072,487	5,274,772
Okanagan Regional Library District	8,887,690	9,337,412
	<u>\$ 93,399,909</u>	<u>\$ 105,588,116</u>

6. Deferred Revenue

The Regional District recognizes deferred revenue for amounts received in advance for services that will be provided or obligations that will be fulfilled, in future periods. Deferred revenue includes amounts collected for alarm licenses, building permits, business licenses, dog licenses and conditional grants received from government and non-government entities. Various fees collected in advance for these services are recognized as revenue over the period in which the related service or regulatory oversight is provided. Any amounts received for multi-year licenses or permits are recognized on a performance basis over the applicable license or permit period. Conditional grants are recognized as revenue when all criteria have been met.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled.

	2024	2023
Balance, beginning of the year	\$ 443,034	\$ 460,447
Receipts		
Alarm licenses	201,972	-
Building permits	298,306	-
Business licenses	62,955	43,963
Conditional grants	220,464	399,071
Dog licenses	101,455	-
Recognized as revenue	<u>(443,034)</u>	<u>(460,447)</u>
Balance, end of the year	<u>\$ 885,152</u>	<u>\$ 443,034</u>

Regional District of Central Okanagan
Notes to the Financial Statements

December 31, 2024

7. Development Cost Charges

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

	2024	2023
Balance, beginning of the year	\$ 16,937,529	\$ 11,354,729
Interest earned	919,575	726,634
DCC's collected in the year	1,270,965	4,891,168
DCC's recognized as revenue	(35,720)	(35,002)
Balance, end of the year	<u>19,092,349</u>	<u>16,937,529</u>

Developmental cost charges are allocated as follows:

	2024	2023
Westside Sewer Plant	13,252,111	11,777,843
East Trunk Sewer	5,840,238	5,159,686
	<u>\$ 19,092,349</u>	<u>\$ 16,937,529</u>

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

8. Long Term Debt

Municipal Finance Authority Agreements

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

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

Debentures issued mature at various dates ranging from October 2025 to October 2053 with interest rates ranging from 0.895% to 4.970%. The weighted average interest rate on long-term debt was 3.17% (2023 - 3.11%) and interest expense was \$6,446,177 (2023 - \$6,529,919).

	2024	2023
Municipal Finance Authority	\$ 96,968,903	\$ 109,316,379
Less: Regional District portion	(3,568,994)	(3,728,263)
Total Municipal Portion	\$ 93,399,909	\$ 105,588,116

Principal repayments and sinking fund installments due in the next five years and thereafter are as follows:

	Total Payment	Total Recoverable from member municipalities	Net Payment
2025 \$	8,306,844	\$ 8,194,188	\$ 112,656
2026	7,182,889	7,081,111	101,778
2027	6,322,802	6,221,024	101,778
2028	4,382,943	4,284,487	98,456
2029	3,747,745	3,649,289	98,456
Thereafter	31,632,260	30,352,332	1,279,928
Total principal payments	61,575,483	59,782,431	1,793,052
Expected actuarial adjustment	35,393,420	33,617,478	1,775,942
Total	\$ 96,968,903	93,399,909	\$ 3,568,994

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

9. Equipment Financing Loan - Municipal Finance Authority

Equipment financing is repayable to Municipal Finance Authority and bears interest at 4.44% per annum and matures on September 30, 2029.

The Regional District's cash payments for interest in 2024 was \$6,059.

The estimated principal payments required until maturity, on the equipment financing debt, are as follows:

2025	91,786
2026	95,365
2027	98,776
2028	102,295
2029	60,862
	449,084

10. Asset Retirement Obligations

The Regional District's asset retirement obligation consists of the following obligations:

a) Asbestos obligation

The Regional District owns and operates several buildings that are known or suspected to have asbestos which represents a health hazard upon remediation, that creates a legal obligation to remove it. The buildings all have an estimated useful life of 40 to 80 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 4.44% (2023 – 3.7%) and inflation rate of 2.18% (2023 - 1.99%) per annum

b) Lease agreements

The Regional District entered into a lease agreement for the use of land as a regional park. The leases require that the Regional District perform retirement activities upon termination of the agreements. The lease term is 5 years. Estimated costs have been discounted to the present value using a discount rate of 4.44% per annum (2023 – 3.7%) and inflation rate of 2.18% (2023 - 1.99%) per annum

c) Septic tanks

The Regional District owns and operates septic tanks that it is legally required to remove or fill once the tanks are no longer being used. Septic tanks have estimated useful lives between 5 to 80 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 4.44% per annum (2023 – 3.7%) and inflation rate of 2.18% (2023 - 1.99%) per annum

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

10. Asset Retirement Obligations (Continued)

d) Wells

The Regional District owns and operates wells that it is legally required to be filled once the wells are no longer being used. Wells have estimated useful lives between 38 to 114 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 4.4% per annum (2023 - 3.7%) and inflation rate of 2.18% (2023 - 1.99%) per annum

d) Landfill

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 involved covering the site with topsoil and vegetation, drainage control, and installing groundwater monitoring wells. Post-closure cost 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. Estimated costs have been discounted to the present value using a discount rate of 4.44% per annum (2023 - 3.7%) and inflation rate of 2.18% (2023 - 1.99%) per annum

Changes in asset retirement obligations in the year are as follows:

	Asbestos obligations	Lease agreements	Septic tanks	Wells	Landfill	2024
Opening balance	208,445	132,104	111,415	11,968	781,635	1,245,567
Additions	-	-	8,718	-	-	8,718
Accretion Expense	7,712	4,888	4,510	443	23,770	41,323
Change in estimate	(21,457)	(22,976)	(18,427)	(3,668)	(264,804)	(331,332)
Closing balance	194,700	114,016	106,216	8,743	540,601	964,276

	Asbestos obligations	Lease agreements	Septic tanks	Wells	Landfill	2023
Opening balance	201,008	127,391	107,440	11,541	753,746	1,201,126
Accretion Expense	7,437	4,713	3,975	427	27,889	44,441
Closing balance	208,445	132,104	111,415	11,968	781,635	1,245,567

Regional District of Central Okanagan
Notes to the Financial Statements

December 31, 2024

11. Tangible Capital Assets

	2024						
	Land	Buildings	Fleet	Machinery and Equipment	Sewer System	Water System	Assets Under Construction
Cost, beginning of year	\$ 43,673,941	\$ 11,781,970	\$ 14,430,700	\$ 8,053,668	\$ 5,925,289	\$ 66,575,406	\$ 24,617,631
Additions	305,416	414,361	325,949	1,191,026	469,494	417,145	634,166
Additions due to ARO	-	-	8,718	-	-	-	-
Disposals	-	-	(5,000)	(149,497)	(296,063)	(100,768)	(77,941)
Change in ARO Estimate	-	(2,081)	(29,168)	-	-	-	(2,611)
Reallocation of Assets Under Construction	14,592	179,273	32,653	-	-	506,753	(25,573)
Cost, end of year	43,993,949	12,373,523	14,763,852	9,095,197	6,098,720	67,398,536	25,145,672
Accumulated amortization, beginning of year	-	5,123,340	8,808,691	5,582,383	3,154,163	29,669,603	7,973,785
Amortization	-	774,613	513,819	560,619	669,198	1,660,044	520,282
Disposals	-	-	(5,000)	(143,611)	(296,063)	(100,768)	(54,910)
Accumulated amortization, end of year	-	5,897,953	9,317,510	5,999,391	3,527,298	31,228,879	8,439,157
Net carrying amount, end of year	\$ 43,993,949	\$ 6,475,570	\$ 5,446,342	\$ 3,095,806	\$ 2,571,422	\$ 36,169,657	\$ 16,706,515
							\$ 1,296,282
							\$ 115,755,543

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

December 31, 2024

11. Tangible Capital Assets (Continued)

	2023						
	Land Improvements	Land	Buildings	Fleet	Machinery and Equipment	Sewer System	Water System
							Assets Under Construction
							Total
Cost, beginning of year	\$ 43,673,941	\$ 11,396,917	\$ 14,166,498	\$ 7,481,114	\$ 5,361,618	\$ 66,595,366	\$ 24,192,522
Additions	-	363,829	262,102	901,181	915,255	145,587	330,632
Disposals	-	(94,820)	-	(328,627)	(351,584)	(197,520)	(26,361)
Reallocation of Assets Under Construction	-	116,044	2,100	-	-	31,973	120,838
Cost, end of year	43,673,941	11,781,970	14,430,700	8,053,668	5,925,289	66,575,406	24,617,631
Accumulated amortization, beginning of year	-	4,491,926	8,310,102	5,475,342	2,954,029	28,236,662	7,503,600
Amortization	-	726,234	498,589	414,399	551,718	1,630,461	496,546
Disposals	-	(94,820)	-	(307,358)	(351,584)	(197,520)	(26,361)
Accumulated amortization, end of year	-	5,123,340	8,808,691	5,582,383	3,154,163	29,669,603	7,973,785
Net carrying amount, end of year	\$ 43,673,941	\$ 6,658,630	\$ 5,622,009	\$ 2,471,285	\$ 2,771,126	\$ 36,905,803	\$ 16,643,846
							\$ 1,341,618
							\$ 116,088,258

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

12. Accumulated Surplus

	2024	2023
Current Funds		
General revenue fund	\$ 2,345,489	\$ 2,435,108
Capital Funds		
General capital fund	60,649,441	60,032,411
Water capital fund	13,501,097	13,235,998
Sewer capital fund	36,622,655	37,846,016
	<u>110,773,193</u>	<u>111,114,425</u>
Reserve Funds		
Feasibility reserve fund	204,225	193,708
Equipment replacement reserve fund	6,263,014	5,721,510
Park reserve fund	2,823,305	1,898,642
Capital projects reserve fund	36,402,145	29,790,042
Community works fund	3,238,260	7,006,951
Operating reserve fund	15,583,954	12,817,368
Growing communities fund	8,001,590	7,170,164
	<u>72,516,493</u>	<u>64,598,385</u>
Accumulated surplus total	<u>\$ 185,635,175</u>	<u>\$ 178,147,918</u>

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.

13. Credit Facility

The Regional District has a credit facility agreement with a financial institution which provides for a total maximum borrowing of \$3,000,000 (2023 - \$3,000,000). At December 31, 2024, the Regional District had drawn an amount of \$Nil on this agreement (2023 - \$Nil).

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

14. 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, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Regional District paid \$1,008,424 (2023 - \$884,067) for employer contributions to the plan in fiscal 2024.

The next valuation will be as at December 31, 2024, with results available in 2025.

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

Compensated Absences

Sick Leave After ten years of employment, 50% of 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 expense 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 (EARSLS) of the related employee group in accordance with Paragraph .061 of PS 3250.

The sick leave benefits are adequately funded by an account reserved for employee benefits and insurance. The projected sick leave liability in 2024 is \$921,600 (2023 - \$828,900).

Vacation

Vacation is accrued as it is earned by employees for all full-time union and exempt staff.

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

15. 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 but is not expected to be material. These claims have not been 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.

The Regional District is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible the Regional District, along with other participants would be required to contribute towards the deficit.

16. Expense by Object

	2024	2023
Accretion	\$ 41,323	\$ 44,441
Advertising and promotion	209,113	191,847
Amortization	4,698,574	4,317,948
Contract Services	4,724,355	5,344,294
Contribution to indigenous government project	5,000,000	-
Education and training	1,467,777	1,408,215
Emergency services	2,687,212	3,636,510
Grants and other programs	394,170	333,303
Insurance, licenses and memberships	845,936	301,596
Interest on long-term debt and debt issue expense	185,464	191,798
Fiscal services for members	14,817,710	14,685,378
Leases and rentals	20,773	20,858
Office and administration	601,742	827,155
Planning and development	568,863	393,841
Professional fees	355,731	264,632
Repairs and maintenance	3,338,036	3,030,224
Supplies	1,253,841	1,231,571
Telephone and utilities	1,132,410	1,228,135
Transit services	33,173	24,054
Travel	117,714	118,513
Transfers to other agencies and governments	4,931,801	4,317,251
Wages and benefits	17,165,790	15,683,579
	<u>\$ 64,591,508</u>	<u>\$ 57,595,143</u>

Regional District of Central Okanagan
Notes to the Financial Statements

December 31, 2024

17. Budget

The budget data presented in these financial statements is based upon the 2024 - 2028 Financial Plan Bylaw 1525 approved by the Regional District Board on March 14, 2024.

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 accounting standards.

		2024
Financial Plan Bylaw surplus for the year		\$ -
Add:		
	Capital expenditures	21,198,299
	Principal repayments	205,743
	Budgeted transfers to reserves	10,019,233
Less:		
	Budgeted transfers from reserves	(18,548,198)
	Proceeds from borrowing	(1,267,450)
		<u>\$ 11,607,627</u>

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

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 with in 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 includes the delivery of 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 comments.

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 includes MFA debt servicing costs 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.

Contributions to indigenous government projects: comprised of funding provided to local indigenous governments through the Community Works Fund program.

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

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	Contributions to indigenous government projects	Total 2024 Actual
Revenues											
General taxes	\$ 1,071,938	\$10,644,413	\$	66,249	\$ 2,898,637	\$ 4,447,575	\$11,616,702	\$13,997,942	\$ 262,882	\$ -	\$ 45,006,338
Utility Charges	-	-	-	-	-	-	-	2,039,949	7,102,742	-	9,142,691
Government grants - Federal	188,753	-	-	-	121,439	45,813	-	-	-	-	356,005
Government grants - Provincial	517,142	780,728	-	-	352,620	-	-	-	-	-	1,650,490
Sales of services	344,266	1,437,966	31,798	5,480,673	124,970	1,204,231	-	-	-	-	8,623,904
Other revenue	4,494,641	1,958,464	45	313,578	45,000	721,598	(421,656)	151,224	36,443	-	7,299,337
	6,616,740	14,821,571	98,092	8,692,888	5,091,604	13,588,344	13,576,286	2,454,055	7,139,185	-	72,078,765
Expenses											
Goods and services (net)	(4,111,866)	8,690,939	59,908	6,727,326	2,962,260	3,861,472	14,993,086	752,101	3,791,920	5,000,000	42,727,146
Wages and benefits	5,501,562	4,122,203	1,163	970,518	1,521,452	3,441,249	-	285,311	1,322,330	-	17,165,788
Capital	1,389,696	12,813,142	61,071	7,697,844	4,483,712	7,302,721	14,993,086	1,037,412	5,114,250	5,000,000	59,892,934
Amortization	496,566	719,516	-	71,622	7,905	1,189,097	-	526,386	1,687,482	-	4,698,574
	1,886,262	13,532,658	61,071	7,769,466	4,491,617	8,491,818	14,993,086	1,563,798	6,801,732	5,000,000	64,591,508
Excess (deficiency) in revenues over expenses	\$ 4,730,478	\$ 1,288,913	\$ 37,021	\$ 923,422	\$ 599,987	\$ 5,096,526	\$ (1,416,800)	\$ 890,257	\$ 337,453	\$ (5,000,000)	\$ 7,487,257

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

18. Segmented Information (continued)

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation/ Cultural Services	Fiscal Services	Water Services	Sewer Services	Contributions to indigenous government projects	Total 2023 Actual
Revenues											
General taxes	\$ 961,208	\$ 8,933,378	\$ 63,923	\$ 2,840,830	\$ 4,232,018	\$10,741,851	\$14,065,492	\$ 227,141	\$ -	\$ -	\$ 42,065,841
Utility Charges	-	-	-	-	-	-	-	1,951,938	6,610,802	-	8,562,740
Government grants - Federal	145,728	2,802,849	-	-	331,350	261,349	-	-	50,000	-	788,427
Government grants - Provincial	7,170,164	1,423,116	-	-	448,373	568	-	-	15,000	-	10,436,954
Sales of services	352,999	1,667,818	45,821	5,270,975	108,479	1,016,546	-	-	-	-	8,217,936
Other revenue	4,002,130	-	39	10,660	111,028	101,202	43,264	29,651	38,760	-	6,004,552
	12,632,229	14,827,161	109,783	8,122,465	5,231,248	12,121,516	14,108,756	2,208,730	6,714,562	-	76,076,450
Expenses											
Goods and services (net)	(4,501,382)	9,262,601	52,750	7,201,665	3,230,199	3,274,849	14,877,174	837,458	3,358,302	-	37,593,616
Wages and benefits	4,953,127	4,127,767	757	779,194	1,385,892	3,008,293	-	279,111	1,149,439	-	15,683,580
Capital Amortization	451,745	13,390,368	53,507	7,980,859	4,616,091	6,283,142	14,877,174	1,116,569	4,507,741	-	53,277,196
	385,230	629,277	-	68,931	4,995	1,072,759	-	500,881	1,655,874	-	4,317,947
	836,975	14,019,645	53,507	8,049,790	4,621,086	7,355,901	14,877,174	1,617,450	6,163,615	-	57,595,143
Excess (deficiency) in revenues over expenses	\$11,795,254	\$ 807,516	\$ 56,276	\$ 72,675	\$ 610,162	\$ 4,765,615	\$ (768,418)	\$ 591,280	\$ 550,947	\$ -	\$ 18,481,307

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

19. Financial Instruments

The Regional District is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Regional District's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit risk Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Regional District is exposed to credit risk through its cash, accounts receivable, and portfolio investments.

The Regional District manages its credit risk by holding cash at federally regulated chartered banks with cash accounts insured up to \$100,000. The Regional District measures its exposure to credit risk based on how long amounts have been outstanding and historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as outlined in Notes and 3. Accounts receivable are with residents for services such as utilities, other local governments, and grants receivable from the provincial and federal government. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

The Regional District manages exposure to credit risk for portfolio investments by ensuring adequate diversification and by maintaining its investments in the Ministry of Finance Authority which meets the investment requirements of Section 183 of the Community Charter of the Province of BC. As a result, the Regional District has reduced exposure to market or value risk.

Liquidity risk Liquidity risk is the risk that the Regional District will not be able to meet its financial obligations as they become due. The Regional District is exposed to liquidity risk through its accounts payable and accrued liabilities, long-term debt, and portfolio investments.

The Regional District manages this risk by maintaining a balance of short-term, highly liquid investments, holds a credit facility with its primary banking institution, staggers maturity dates of its investment portfolio for cash flow needs and monitors cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash flows arise. Also to help manage the risk, the Regional District has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Regional District's five-year financial plan is approved by the Board of Directors, which includes operational activities and capital investments. The Regional District measures its exposure to liquidity risk based on the results of cash forecasting and expected outflows and extensive budgeting.

Regional District of Central Okanagan Notes to the Financial Statements

December 31, 2024

19. Financial instruments (continued)

Interest rate risk Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Regional District is exposed to interest rate risk through its long-term debt and the value of portfolio investments.

The Regional District manages interest rate risk on its long-term debt by holding all debt through MFA at a fixed rate, with refinancing typically being completed at the ten or fifteen year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt. See Note 8 for interest rates and maturity dates for long-term debt.

Investments that are subject to interest rate risk are MFA pooled investment funds (see Note 2). The risk is caused by changes in interest rates. As interest rates rise, the fair value of the MFA pooled investment funds decrease and, as interest rates fall, the fair value of these investments increase.

As a result of diversification by security type, only a portion of the overall investment portfolio is exposed to interest rate risk. As at December 31, 2024, the amount of the investment portfolio exposed was \$6,410,575 (2023 - \$6,087,612) per Note 2.

To mitigate interest rate risk and market risk on its portfolio investments, the Regional District holds its MFA long term pooled investment funds for 10 years or longer.

Financial instrument classification

The carrying value of the Regional District's financial instruments is provided in the following table.

	Fair value	Cost	2024
Cash	\$ -	\$ 68,664,228	\$ 68,664,228
Accounts receivable	-	5,601,231	5,601,231
Guaranteed investment certificates	15,686,114	15,686,114	15,355,247
Bond investments	6,410,575	6,626,011	6,410,575
Accounts payable and accrued liabilities	-	7,603,588	7,603,588
Long-term debt	-	97,417,987	97,417,987
	Fair value	Cost	2023
Cash	\$ -	\$ 61,936,266	\$ 61,936,266
Accounts receivable	-	7,310,722	7,310,722
Guaranteed investment certificates	15,355,247	15,355,247	15,355,247
MFA pooled investment funds	6,087,612	6,429,948	6,087,612
Accounts payable and accrued liabilities	-	7,236,094	7,236,094
Long-term debt	-	109,316,379	109,316,379

Schedule 1
Regional District of Central Okanagan
Growing Communities Fund
(Unaudited)

December 31, 2024

The Growing Communities Fund was a one-time, conditional grant created by the Province of BC in March 2023 with the principal objective of increasing the local housing supply through investments in community infrastructure and amenities. The funding is for one-off costs to build required infrastructure and amenities and is intended to accelerate the delivery of capital projects. The funding may be used for public water supply, affordable housing; childcare facilities, wastewater, stormwater, and solid waste management, active transportation, natural hazard mitigation, parks and recreation related amenities. Funds are accounted for as an unconditional grant and have been recognized as revenue and transferred to capital reserves to be used in future years.

	2024	2023
Opening balance of unspent funds	\$ 7,170,164	\$ -
Add: Amount received during the year	475,518	7,170,164
Interest earned	389,284	-
Less: Amount spent on projects	(33,376)	-
Closing balance of unspent growing communities fund	\$ 8,001,590	\$ 7,170,164

Schedule 2
Regional District of Central Okanagan
Local Government Housing Initiatives
(Unaudited)

December 31, 2024

Local Government Housing Initiative (LGHI) funds are provided by the Provincial Government under the Local Government Housing Initiative. The use of the funding is established by a funding agreement between the Regional District and the Province of BC. LGHI funding will be used to support local government planning capacity to adopt local government housing initiative requirements for small-scale multi unit housing, pro-active planning and transit orientated development areas, as well as adopt development finance tools. Funds are accounted for as an unconditional grant and have been recognized as revenue and transferred to operating reserves to be used in future years.

	<u>2024</u>
Opening balance of unspent funds	\$ -
Add: Amount received during the year	198,749
Interest earned	-
Less: Amount spent on projects	<u>(45,780)</u>
Closing balance of unspent community works funds	<u>\$ 152,969</u>

Central Okanagan Regional Hospital District (CORHD)

In 2024, the Central Okanagan Regional Hospital District (CORHD) continued its commitment to improving health outcomes by supporting vital infrastructure and planning for the health care needs. With a focus on collaboration, innovation and fiscal responsibility, this year's investments reflect a shared vision for healthier communities across the region.

Planning for regional health with Interior Health

Early in the year, Interior Health presented its 2024–2025 capital funding request to the Board, seeking \$8.6 million to support a series of regional health projects. These priorities were carefully reviewed and incorporated into CORHD's 2024–2028 Financial Plan, adopted in March.

The five-year plan emphasizes high-impact investments that improve access, reduce wait times, and enhance care through technology, particularly by expanding digital health tools that connect patients with services more efficiently.

The 2024 Financial Plan included \$32.4 million in capital funding, a reduction of \$6 million compared to the previous year, reflecting a balance between continued investment and fiscal responsibility.



Key projects funded in 2024 included:

- MRI replacement and addition at Kelowna General Hospital – \$3.1 million
- Interior Health-wide digital health initiative – \$1.4 million
- Pharmacy upgrades at KGH – \$1.1 million
- Medical equipment under \$100,000 – \$1.1 million

Each year, ratepayers contribute up to 40% of approved capital and equipment costs. In 2024, the average household contributed \$19.19 per \$100,000 of assessed property value—a modest increase of just \$0.10 from the previous year.

Reimagining long-term care at Cottonwoods

One of the most significant milestones of the year was the announcement of a major redevelopment at the Cottonwoods Care Centre in Kelowna. The aging facility will be replaced with a modern, four-storey care home designed to support 314 residents, up from the current 221.

This new space will offer home-like environments, culturally sensitive design, dementia-friendly features, and an on-site child care centre with 37 spaces, creating a true community of care for residents, staff, and families alike.

The \$186.87 million project will be co-funded by the Province and CORHD, with Interior Health leading construction at the existing Ethel Street location. Construction is expected to begin in 2026 and be completed by 2029.

The Cottonwoods project represents more than just bricks and mortar, it's a long-term investment in the health and well-being of our most vulnerable residents and the dedicated professionals who support them every day.



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CORHD Financial statements

For the year ended December 31, 2024

	Contents
Management's Responsibility for Financial Reporting	71
Independent Auditor's Report	72 - 73
Financial Statements	
Statement of Financial Position	74
Statement of Operations	75
Statement of Cash Flows	76
Summary of Significant Accounting Policies	77 - 82

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Central Okanagan Regional Hospital District have been approved by the Board. The preparation of these financial statements are the responsibility of management.

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. Management has reviewed these financial statements and has taken responsibility for them.

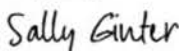
The Central Okanagan Regional Hospital District maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Central Okanagan Regional Hospital District'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 consolidated financial statements and the external auditor's report.

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

Signed by:

Sally Ginter

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Chief Administration Officer

DocuSigned by:

Jim Cobe

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Director of Financial Services

May 15, 2025

Independent Auditor's Report

To the Directors of Central Okanagan Regional Hospital District Opinion

We have audited the financial statements of the Central Okanagan Regional Hospital District (the "District"), which comprise the statement of financial position as at December 31, 2024, and the statements of financial operations 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 Central Okanagan Regional Hospital District as at December 31, 2024, and its financial operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the 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 District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 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 District to cease to continue as a going concern.
- ☐ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
May 15, 2025

Central Okanagan Regional Hospital District

Statement of Financial Position

December 31	2024	2023
Financial Assets		
Cash (Note 1)	\$ 24,236,025	\$ 36,652,330
Portfolio Investments (Note 2)	20,670,075	5,050,417
Investment funds - Municipal Finance Authority (Note 3)	4,789,300	4,731,527
	<u>49,695,400</u>	<u>46,434,274</u>
Financial Liabilities		
Accounts payable and accrued liabilities	3,629,583	2,315,876
Long Term Debt (Note 4)	54,702,408	61,176,915
Reserve - Municipal Finance Authority (Note 3)	3,072,458	3,072,458
	<u>61,404,449</u>	<u>66,565,249</u>
Accumulated Deficit (Note 5)	<u>\$ (11,709,049)</u>	<u>\$ (20,130,975)</u>

Approved on behalf of the Board:

Signed by:



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Chairperson

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

Central Okanagan Regional Hospital District

Statement of Financial Operations

For the year ended December 31	2024	2024	2023
	Actual	Budget (Note 5)	Actual
Revenues			
Requisition on Member Municipalities			
City of Kelowna	\$ 15,611,771	\$ 15,621,832	\$ 14,668,908
City of West Kelowna	3,360,417	3,344,784	3,301,064
District of Lake Country	1,481,592	1,490,783	1,453,550
District of Peachland	549,097	547,122	543,045
Electoral Areas	739,978	738,334	740,914
	<u>21,742,855</u>	<u>21,742,855</u>	<u>20,707,481</u>
 Actuarial earnings	 2,098,022	 2,118,325	 1,894,454
Interest income	2,301,131	1,181,606	2,104,879
	<u>26,142,008</u>	<u>25,042,786</u>	<u>24,706,814</u>
 Expenses			
Administration	49,018	51,000	49,607
Capital funding expenditure	15,263,160	32,418,112	13,739,143
Long term debt issue expense and interest	2,396,904	2,247,075	2,247,075
Professional fees	11,000	11,843	11,288
	<u>17,720,082</u>	<u>34,728,030</u>	<u>16,047,113</u>
 Annual surplus (deficit)	 8,421,926	 (9,685,244)	 8,659,701
 Accumulated deficit, beginning of the year	 (20,130,975)	 (20,130,975)	 (28,790,676)
 Accumulated deficit, end of year	 \$ (11,709,049)	 \$ (29,816,219)	 \$ (20,130,975)

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

Central Okanagan Regional Hospital District

Statement of Cash Flows

For the year ended December 31	2024	2023
Cash provided by (used in)		
Operating activities		
Cash from tax requisitions	\$ 21,742,855	\$ 20,707,481
Cash from MFA actuarial additions	2,098,022	1,894,454
Cash paid to supplies and for grants	(16,406,375)	(13,783,312)
Interest grants and other income received	1,681,473	2,054,462
	<u>9,115,975</u>	<u>10,873,085</u>
Investing activities		
Change in MFA cash reserves	(57,773)	(50,011)
Net portfolio investments purchased	(15,000,000)	(5,000,000)
	<u>(15,057,773)</u>	<u>(5,050,011)</u>
Financing activities		
Repayment of MFA long term debt	(6,474,507)	(6,238,913)
	<u>(6,474,507)</u>	<u>(6,238,913)</u>
Change in cash during the year	<u>(12,416,305)</u>	<u>(415,839)</u>
Cash, beginning of the year	<u>36,652,330</u>	<u>37,068,169</u>
Cash, end of year	<u>\$ 24,236,025</u>	<u>\$ 36,652,330</u>

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

Central Okanagan Regional Hospital District Summary of Significant Accounting Policies

Nature of Business	The Central Okanagan Regional Hospital District ("The District") is responsible for granting aid for the establishment, acquisition, reconstruction, enlargement, operation and maintenance of hospitals and hospital facilities in accordance with the Hospital District Act. The District typically funds 40% share of projects and major equipment purchases to the Interior Health Authority for projects with the Region.
Basis of Presentation	The financial statements of the District are the representations of management and are prepared in accordance with Canadian generally accepted accounting policies for local government entities using guidelines issued by the Public Sector Accounting Board ("PSAB").
Portfolio Investments	Portfolio investments consist of deposits held at financial institutions.
Revenue Recognition	Taxation revenues are recognized at the time of the property tax acquisitions for the fiscal year they become receivable. Interest income is recognized as it is earned.
Government Transfers	Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Central Okanagan Regional Hospital District Summary of Significant Accounting Policies

Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. The District has elected to measure financial instruments at fair value, to correspond with how they are evaluated and managed. These financial instruments include guaranteed investment certificates. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Use of Estimates

The preparation of financial statements in conformity 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 those estimates.

Central Okanagan Regional Hospital District
Summary of Significant Accounting Policies

1. Cash

Cash is held in a financial institution earning interest at a rate of 5.28% (2023 - 4.92%) per annum. Included in cash, a portion has been specifically set aside for internally and externally restricted reserves.

2. Portfolio Investments

Guaranteed investment certificates earning a fixed rate ranging from 4.08% to 6.05% (2023 - 6.10%) per annum with maturity dates ranging from March, 2026 to August, 2029. Portfolio investments are all carried at fair market value. There was no difference between fair market value and amortized cost in 2024.

3. Investment Funds/Reserve - Municipal Finance Authority

The 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 District also executes demand notes in connection with each debenture whereby the District may be required to loan certain amounts to the Municipal Finance Authority. Demand notes are reflected as an asset and a corresponding liability.

The details of cash deposits and demand note at year end are as follows:

	Demand Notes	Cash Deposits	2024	2023
Investment funds - Municipal Finance Authority	3,072,458	1,716,841	4,789,300	4,731,527
Reserve - Municipal Finance Authority	3,072,458	-	3,072,458	3,072,458

Central Okanagan Regional Hospital District
Summary of Significant Accounting Policies

4. Long Term Debt

Borrowing Bylaw	MFA Debt Issue	Maturity Date	Rate	Original Debt Amount	2024 Net Debt	2023 Net Debt
112	110	2030	1.28%	\$ 43,699,187	\$ 16,709,963	\$ 19,174,775
112	117	2031	1.47%	38,826,220	17,036,565	19,152,465
113	117	2031	1.47%	8,638,211	3,790,362	4,261,116
113	126	2033	3.91%	10,071,396	5,498,385	6,010,749
113	127	2034	4.52%	13,500,000	8,056,988	8,702,251
113	133	2035	2.75%	5,700,000	3,610,145	3,875,559
				120,435,014	54,702,408	61,176,915

Future principal repayments on existing long-term debt:

2025	2026	6,720,056
2027	2028	6,955,258
2029		7,198,692
Thereafter		7,450,646
		7,711,419
		18,666,337
		54,702,408

5. Accumulated Deficit

The accumulated deficit consists of individual funds as follows:

	2024	2023
Reserves for future expenditures	\$ 41,276,517	\$ 39,386,871
Net long term debt to be recovered from future requisitions	(52,985,566)	(59,517,846)
	\$ (11,709,049)	\$ (20,130,975)

Central Okanagan Regional Hospital District Summary of Significant Accounting Policies

6. Budget information

The budget data presented in these financial statements is based upon the 2024 - 2028 Financial Plan Bylaw, approved by the District Board on March 14, 2024. The legislative requirement of the Financial Plan are that the cash inflows for the period must at a minimum equal cash outflows.

Budgeted cash inflows include transfers from prior year surplus carried forward. These transactions are not recognized as revenues in the District's statement of operations as they do not meet the inclusion requirements under PSAB.

PSAB requires that budget amounts be presented in the financial statements on the same basis of accounting for actual amounts. The reconciliation below shows the difference between the operating budgets per the approved Financial Plan and the budget figures reported in these statements.

	2024
Surplus - statement of operations	\$ (9,685,244)
Adjust for budgeted items not included in statement of operations:	
Interest Earned on Reserves	(1,181,606)
Principal debt reduction from actuarial earnings	(2,118,325)
Principal portion of debt payments	(4,344,458)
Transfer from accumulated surplus reserve	32,418,109
Transfer to accumulated surplus reserve	(15,088,476)
	<u>-</u>

7. Approved and Unexpended Capital Expenditures

The following table outlines the capital costs for bylaw approved projects from 2025-2029 and the projects that are planned for the same period:

	Approved Bylaw Amount: Typically 40% District Share	Funded in Prior Years	Unexpended Funding
Approved Capital Projects			
Committed Costs	\$ 132,451,100	\$ 33,135,856	\$ 99,315,244

8. Financial Instruments

The District is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the District's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit risk Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The District is exposed to credit risk through its cash, portfolio investments and investment fund with Municipal Finance Authority.

The District manages its credit risk by holding its cash and investments held at federally regulated chartered banks with cash accounts insured up to \$100,000. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash as outlined in Note 1. Based on this knowledge, credit risk of cash accounts are assessed as low.

The District manages exposures to credit risk for portfolio investments and investment funds by ensuring adequate diversification and by maintaining its investments in the Ministry of Finance Authority which meets the investment requirements of Section 183 of the Community Charter of the Province of BC. As a result, the District has reduced its exposure to market or value risk.

Liquidity risk Liquidity risk is the risk that the District will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The District is exposed to liquidity risk through its accounts payable and accrued liabilities, long-term debt, and portfolio investments.

The District manages its liquidity risk by staggering maturity dates of investment portfolio for cash flow needs and monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash flows arise. Also to help manage the risk, the district has a planning, budgeting, and forecasting process in place to help determine the funds required to support the normal operating requirements. The District's five-year financial plan is approved by the Board of Directors, which includes operational activities and capital investments. The District measures its exposure to liquidity risk based on the results of cash forecasting and expected outflows and extensive budgeting.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The District is exposed to interest rate risk through its long-term debt and the value of its portfolio investments.

The District manages interest rate risk on its long-term debt by holding all debt through MFA at a fixed rate, with refinancing typically being completed at the ten or fifteen year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt. See Note 5 for interest rates and maturity dates for long-term debt.



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