

**REGIONAL DISTRICT  
OF THE CENTRAL OKANAGAN**  
**Financial Statements**  
**For the year ended December 31, 2004**

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## Auditors' Report

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

We have audited the consolidated statement of financial position of Regional District of the Central Okanagan as at December 31, 2004 and the consolidated statements of financial activities, current fund operations, capital fund operations, reserve fund operations, and cash flows for the year then ended. In the process, we have audited the General fund, the Water funds, the Sewer funds, and the Reserve funds balance sheets of Regional District of the Central Okanagan as at December 31, 2004 and their statements of operating surplus and equity in physical assets, operating revenue and expenditure and transactions for the year then ended in relation to the consolidated financial statements taken as a whole. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

"BDO Dunwoody LLP"

Kelowna, British Columbia  
March 18, 2005

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

<b>May 17, 2005</b>	<b>2004</b>	<b>2003</b>
<b>Financial Assets</b>		
Cash and funds on deposit (Note 1)	\$ 15,903,056	\$ 9,813,258
Accounts receivable (Note 2)	2,152,842	1,652,848
Deposit - Municipal Finance Authority (Note 3)	6,975,795	7,496,306
Agreements due from members (Note 4)	<u>90,681,803</u>	<u>89,116,024</u>
	<b>115,713,496</b>	<b>108,078,436</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	4,402,393	3,491,162
Development cost charges reserves (Exhibit 19)	3,724,626	2,665,737
Reserve - Municipal Finance Authority (Note 3)	6,975,795	7,496,306
Long term debt (Note 5)	<u>107,491,638</u>	<u>106,455,611</u>
	<b>122,594,452</b>	<b>120,108,816</b>
<b>Net Financial Assets (Liabilities)</b>	<b>(6,880,956)</b>	<b>(12,030,380)</b>
<b>Physical Assets</b>		
Capital assets (Note 7)	<u>83,941,618</u>	<u>79,295,274</u>
<b>Net Position</b>	<b>\$ 77,060,662</b>	<b>\$ 67,264,894</b>
<b>Municipal Position</b>		
Financial equity		
Current fund	\$ 1,628,320	\$ 1,701,303
Capital fund	731,571	(2,747,095)
Reserve fund	<u>7,568,988</u>	<u>6,354,999</u>
	<b>9,928,879</b>	<b>5,309,207</b>
Equity in physical assets	<u>67,131,783</u>	<u>61,955,687</u>
	<b>\$ 77,060,662</b>	<b>\$ 67,264,894</b>

Approved on behalf of the Board:

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Treasurer

## Regional District of the Central Okanagan Consolidated Statement of Financial Activities

For the year ended December 31	2004	2004	2003
	Actual	Budget	Actual
<b>Revenue</b>			
Electoral area tax requisitions	\$ 9,787,781	\$ 9,781,073	\$ 9,150,714
Electoral area parcel taxes	1,163,325	1,177,791	1,189,742
Members' requisitions			
General	7,488,837	7,495,564	6,443,526
Parcel taxes	450,222	450,222	449,261
Debt services	6,974,187	10,570,236	6,896,185
Federal government grants	2,261,212	8,500	76,268
Provincial government grants	575,516	2,491,993	457,482
Sale of services to other governments	1,664,685	1,674,528	1,992,483
Sale of services to others	3,807,440	2,964,826	3,089,919
Water and sewer fees	2,551,111	2,287,165	2,306,937
Contribution from property owners and developers	1,364,020	1,018,333	733,679
Other revenue	3,201,721	2,287,076	3,069,765
Contributions from other	74,247	-	58,759
Contributions from sewer DCC reserve	-	-	301,187
Proceeds on sale of assets	22,001	10,000	275,089
Contributions from other governments	2,075,000	-	-
	<b>43,461,305</b>	<b>42,207,307</b>	<b>36,490,996</b>
<b>Expenditures (Note 12)</b>			
General government services	1,246,575	1,319,464	935,856
Protective services	5,209,124	4,954,875	4,564,877
Transportation services	1,530,390	1,547,261	1,393,227
Environmental health services	5,624,621	5,349,550	5,227,613
Environmental development services	3,816,315	3,804,836	3,421,653
Recreation and cultural services	6,216,100	6,113,074	5,478,374
Water services	401,531	392,054	369,529
Sewer services	1,431,278	1,653,070	1,459,719
Interest and bank charges	7,918,624	8,090,618	8,298,930
Transfer to local governments	67,900	67,900	67,900
Feasibility studies	79,794	-	73,639
Capital expenditures	4,747,537	9,111,956	4,415,563
Debt issue expense	22,092	-	34,294
	<b>38,311,881</b>	<b>42,404,658</b>	<b>35,741,174</b>
<b>Net revenues</b>	<b>5,149,424</b>	<b>(197,351)</b>	<b>749,822</b>
New debt issued	1,262,379	-	1,959,644
Member municipality debt repayment contributions	3,252,590	-	4,010,812
Debt principal repayments	(4,827,065)	(4,495,182)	(5,069,550)
Reallocation of deferred revenue	(217,656)	-	-
<b>Change in fund balances</b>	<b>4,619,672</b>	<b>(4,692,533)</b>	<b>1,650,728</b>
<b>Financial Equity, beginning of year</b>	<b>5,309,207</b>	<b>3,915,126</b>	<b>2,264,398</b>
<b>Financial Equity, end of year</b>	<b>9,928,879</b>	<b>(777,407)</b>	<b>3,915,126</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>-</b>	<b>1,394,081</b>
<b>Financial Equity, after restatement</b>	<b>\$ 9,928,879</b>	<b>\$ (777,407)</b>	<b>\$ 5,309,207</b>

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

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

For the year ended December 31	2004	2004	2003
	Actual	Budget	Actual
<b>Revenues</b>			
Electoral area tax requisitions	\$ 9,787,781	\$ 9,781,073	\$ 9,150,714
Electoral area parcel taxes	1,163,325	1,177,791	1,189,742
Members' requisitions			
General	7,488,837	7,495,564	6,443,526
Parcel taxes	450,222	450,222	449,261
Debt services	10,226,777	10,570,236	10,906,997
Federal government grants	144,682	8,500	76,268
Provincial government grants	575,516	515,493	457,482
Sale of services to local governments	1,664,685	1,674,528	1,992,483
Sale of services to others	3,807,440	2,964,826	3,089,919
Water and sewer user fees	2,551,111	2,287,165	2,306,937
Contribution from property owners and developers	66,000	-	132,470
Other revenue	3,008,561	2,287,076	2,890,623
	<b>40,934,937</b>	<b>39,212,474</b>	<b>39,086,422</b>
<b>Expenditures</b>			
General government services	1,246,575	1,319,464	935,856
Protective services	5,209,124	4,954,875	4,564,877
Transportation services	1,530,390	1,547,261	1,393,227
Environmental health services	5,624,621	5,349,550	5,227,613
Environmental development services	3,816,315	3,804,836	3,421,653
Recreational and cultural services	6,216,100	6,113,074	5,478,374
Water services	401,531	392,054	369,530
Sewer services	1,431,278	1,653,070	1,459,719
Interest and bank charges	7,918,624	8,090,618	8,298,930
Transfer to local governments	67,900	67,900	67,900
	<b>33,462,458</b>	<b>33,292,702</b>	<b>31,217,679</b>
<b>Net revenues</b>	<b>7,472,479</b>	<b>5,919,772</b>	<b>7,868,743</b>
<b>Debt principal repayments</b>	<b>(4,827,065)</b>	<b>(4,495,182)</b>	<b>(5,069,550)</b>
<b>Reallocation of deferred revenue</b>	<b>(217,656)</b>	<b>-</b>	<b>-</b>
<b>Net interfund transfers</b>			
Capital	(1,125,783)	(1,746,706)	(640,031)
Reserve	(1,374,958)	-	(1,173,752)
<b>Change in current fund</b>	<b>(72,983)</b>	<b>(322,116)</b>	<b>985,410</b>
<b>Balance, beginning of year</b>	<b>1,701,303</b>	<b>1,701,303</b>	<b>715,893</b>
<b>Balance, end of year</b>	<b>\$ 1,628,320</b>	<b>\$ 1,379,187</b>	<b>\$ 1,701,303</b>

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

## Regional District of the Central Okanagan Consolidated Statement of Capital Financial Equity

For the year ended December 31	2004	2004	2003
	Actual	Budget	Actual
<b>Revenues</b>			
Contributions from property owners and developers	\$ 1,298,255	\$ 1,018,333	\$ 601,208
Contribution from other governments	2,075,000	-	-
Government grants	2,116,530	1,976,500	-
Proceeds on sale of assets	22,001	10,000	275,089
Issue of long-term debt	1,262,379	-	1,959,644
Actuarial adjustment on long term debt	676,355	-	1,344,945
	<b>7,450,520</b>	<b>9,246,721</b>	<b>4,180,886</b>
<b>Expenditures</b>			
Capital expenditures			
Land	82,869	285,000	163,017
Buildings	574,652	3,353,244	51,804
Machinery, equipment & other	623,757	832,000	293,811
Engineering structures	3,466,259	4,641,712	3,906,931
Debt issue expense	22,092	-	34,294
Reduction in debt	5,503,469	4,495,182	6,414,504
	<b>10,273,098</b>	<b>13,607,138</b>	<b>10,864,361</b>
<b>Net expenditures</b>	<b>(2,822,578)</b>	<b>(4,360,417)</b>	<b>(6,683,475)</b>
<b>Net interfund transfers</b>			
Current fund - acquisitions and debt reduction	1,125,783	1,746,706	640,031
Current fund - MFA debt reduction	4,827,065	4,495,182	5,069,550
Reserve funds	348,396	-	146,632
Contributions received from sewer DCC reserve	-	-	301,187
<b>Change in capital fund</b>	<b>3,478,666</b>	<b>1,881,471</b>	<b>(526,075)</b>
<b>Balance, beginning of year</b>	<b>(2,747,095)</b>	<b>(4,141,176)</b>	<b>(3,615,101)</b>
<b>Balance, end of year</b>	<b>731,571</b>	<b>(2,259,705)</b>	<b>(4,141,176)</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>-</b>	<b>1,394,081</b>
<b>Balance, after restatement</b>	<b>\$ 731,571</b>	<b>\$ (2,259,705)</b>	<b>\$ (2,747,095)</b>

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

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

<b>For the year ended December 31</b>	<b>2004</b>	2004	2003
	<b>Actual</b>	Budget	Actual
<b>Revenues</b>			
Contributions from other	74,247	-	58,760
Recoveries	50,789	-	31,932
Interest income	142,185	-	147,220
	<u>267,221</u>	-	<u>237,912</u>
<b>Expenditures</b>			
Feasibility studies	79,794	-	73,639
<b>Net revenues</b>	<b>187,427</b>	-	<b>164,273</b>
<b>Net interfund transfers</b>			
Current fund	1,374,958	-	1,173,752
Capital fund	(348,396)	-	(146,632)
<b>Change in reserve fund</b>	<b>1,213,989</b>	-	<b>1,191,393</b>
<b>Balance</b> , beginning of year	<u>6,354,999</u>	6,354,999	<u>5,163,606</u>
<b>Balance</b> , end of year	<b>\$ 7,568,988</b>	<b>\$ 6,354,999</b>	<b>\$ 6,354,999</b>
<b>Summary of Reserve Funds positions</b>			
Feasibility Reserve Fund	\$ 104,061		\$ 130,306
Equipment Replacement Reserve Fund	5,161,503		4,241,282
Park Reserve Fund	543,006		458,220
Capital Projects Reserve Fund	1,760,418		1,525,191
	<u>\$ 7,568,988</u>		<u>\$ 6,354,999</u>

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

For the year ended December 31	2004	2003
<b>Operating Activities</b>		
Cash receipts from grants, other governments, and own sources	\$ 45,930,161	\$ 41,106,355
Cash paid to employees and suppliers	(23,893,021)	(23,557,682)
Interest paid	(7,918,624)	(8,298,930)
Interest received	283,505	330,240
	<u>14,402,021</u>	<u>9,579,983</u>
<b>Investing Activities</b>		
Purchase of capital assets	<u>(4,747,537)</u>	<u>(4,415,563)</u>
<b>Financing Activities</b>		
Long term debt reduction	(4,827,065)	(5,069,550)
Issuance of long term debt	1,262,379	1,959,644
	<u>(3,564,686)</u>	<u>(3,109,906)</u>
<b>Increase in cash during year</b>	<b>6,089,798</b>	<b>2,054,514</b>
<b>Cash, beginning of year</b>	<u><b>9,813,258</b></u>	<u><b>7,758,744</b></u>
<b>Cash, end of year</b>	<u><b>\$ 15,903,056</b></u>	<u><b>\$ 9,813,258</b></u>

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

December 31, 2004

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

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

December 31, 2004

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<b>Financial Instruments</b>	Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.
<b>Budget Figures</b>	The budget figures are from the Annual Budget Bylaw to be adopted each year. They have been reallocated to conform to PSAB Financial Statement Presentation. Subsequent amendments have been made by the board to reflect changes in the budget as required by law.
<b>Comparative Figures</b>	Certain comparative figures have been restated to conform to the presentation adopted for the current year.
<b>Use of Estimates</b>	The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
<b>Revenue Recognition</b>	Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service or product is provided by the Regional District. Grant revenues are recognized when the funding becomes receivable.

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

**December 31, 2004**

### 1. Cash and Funds on Deposit

Included in cash and funds on deposit is \$10,044,129 (2003 - \$1,992,312) which has been specifically set aside for internally and externally restricted reserves. As at the year-end, the actual reserve liabilities are \$11,293,615 (2003 - \$9,020,736).

### 2. Accounts Receivable

	2004	2003
Local government	\$ 739,690	\$ 577,365
Provincial government	387,407	426,471
Federal government	100,300	-
Due from Okanagan basin water board	114,114	61,935
Other	811,331	587,077
	\$ 2,152,842	\$ 1,652,848

### 3. Reserve - Municipal Finance Authority

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

	Demand Notes	Cash Deposits	2004	2003
Regional District	\$ 771,440	\$ 306,793	\$ 1,078,233	\$ 1,216,296
Member Municipalities				
Kelowna	3,722,869	1,375,605	5,098,474	5,452,805
Peachland	151,460	75,007	226,467	262,274
Lake Country	410,905	161,716	572,621	564,931
	\$ 5,056,674	\$ 1,919,121	\$ 6,975,795	\$ 7,496,306

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

**December 31, 2004**

**4. Agreements Due From Members**

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

	2004	2003
City of Kelowna	<b>\$ 75,584,069</b>	\$ 73,502,891
District of Lake Country	<b>10,976,739</b>	11,248,938
District of Peachland	<b>4,120,995</b>	4,364,195
	<b>\$ 90,681,803</b>	\$ 89,116,024

**5. Long Term Debt**

Municipal Finance Authority Agreements

Security Issuing	Issue	Purpose	Year of Maturity	Interest Rate	Balance Outstanding	
By-law	Number				2004	2003
307	40	City of Kelowna	2006	9.750	-	353,566
339	43	Regional District - North Westside Road Fire	2007	8.050	-	42,680
		Johnson Bentley Pool	2007	8.050	-	441,032
		Regional Parks	2007	8.050	-	93,897
340	43	City of Kelowna	2007	8.050	-	377,195
340	43	District of Peachland	2007	8.050	-	108,124
357	44	Regional District - Westside Sewage System	2008	5.550	<b>241,856</b>	295,297
373	45	Regional District - Dog Control	2008	5.550	<b>51,885</b>	63,350
373	45	District of Lake Country	2008	5.550	<b>6,829</b>	8,338
394	47	City of Kelowna	2009	6.500	<b>18,928</b>	22,192
379 397	48	City of Kelowna	2010	6.500	<b>961,651</b>	1,235,014
Carried forward					<b>\$ 1,281,149</b>	\$ 3,040,685

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

**December 31, 2004**

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

Municipal Finance Authority Agreements  
Security

Issuing By-law	Issue Number	Purpose	Year of Maturity	Interest Rate	Balance Outstanding	
					2004	2003
Brought forward					<b>\$</b>	<b>1,281,149</b>
	\$ 3,040,685					
436	49	Regional District - Falconridge Water Westside Sewage System	2010 2010	6.500 6.500	<b>97,397</b> <b>276,770</b>	110,886 315,662
453	50	City of Kelowna	2011	10.310	<b>504,347</b>	624,123
488	51	City of Kelowna	2011	7.420	<b>114,899</b>	156,174
478	53	Regional District - Joe Rich Fire	2012	9.630	<b>178,148</b>	195,915
478	53	District of Lake Country	2012	9.630	<b>64,828</b>	71,294
500	53	City of Kelowna	2007	9.630	<b>216,713</b>	282,182
526	54	City of Kelowna	2013	8.300	<b>671,074</b>	1,106,989
527	54	Regional District - Westside Sewage System	2013	8.300	<b>12,402</b>	13,474
566	56	Regional District - Westside Sewage System	2003	8.040	<b>101,066</b>	109,795
566	56	District of Lake Country	2013	8.040	<b>267,494</b>	290,598
572	56	City of Kelowna	2013	8.040	<b>315,987</b>	375,116
602	59	Regional District - Sundance Street Lights Westside Sewage System	2004 2004	9.490 9.490	- <b>146,640</b>	740 179,579
603	59	District of Peachland	2019	9.490	<b>474,282</b>	495,214
603 605	59	City of Kelowna	2019	9.490	<b>1,923,915</b>	2,194,243
624	60	City of Kelowna	2015	8.880	<b>899,813</b>	960,134
640	61	Regional District - Westside Sewage System	2015	8.000	<b>295,093</b>	319,319
646	61	City of Kelowna	2010	8.000	<b>232,766</b>	265,357
647	63	City of Kelowna	2016	7.750	<b>2,835,227</b>	3,150,914
Carried forward					<b>\$ 10,910,010</b>	<b>\$ 14,258,393</b>

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

**December 31, 2004**

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

Municipal Finance Authority Agreements  
Security

Issuing By-law	Issue Number	Purpose	Year of Maturity	Interest Rate	Balance Outstanding	
					2004	2003
Brought forward						<b>\$ 10,910,010</b>
\$ 14,258,393						
667	64	Regional District - Regional Parks	2016	7.420	<b>1,432,173</b>	1,521,813
692	64	Regional District - Westside Sewage System	2016	7.420	<b>101,347</b>	107,411
694	64	City of Kelowna	2021	7.420	<b>4,094,325</b>	4,421,225
710	65	District of Lake Country	2017	6.900	<b>353,516</b>	372,523
739	66	Regional District - Westside Sewage System	2022	5.850	<b>633,542</b>	668,823
743	66	City of Kelowna	2017	5.850	<b>335,575</b>	367,157
740	66	District of Peachland	2022	5.850	<b>156,758</b>	162,064
764	68	District of Peachland	2023	5.550	<b>3,489,957</b>	3,598,794
768	69	City of Kelowna	2018	5.550	<b>168,628</b>	176,823
809	70	Regional District - Regional Parks	2014	5.490	<b>159,945</b>	172,056
		Westside Sewage System	2014	5.490	<b>139,093</b>	145,232
811	70	City of Kelowna	2019	5.490	<b>172,094</b>	183,312
818	70	District of Lake Country	2024	5.490	<b>5,832,625</b>	5,891,441
839	71	Regional District - Tamarack Fire	2009	5.990	<b>117,744</b>	138,038
		Westside Sewage System	2009	5.990	<b>1,332,625</b>	1,391,441
841	71	City of Kelowna	2019	5.990	<b>6,487,735</b>	6,962,040
886	73	Regional District - Shamrock/Ensign Street Lights	2020	6.350	<b>13,633</b>	15,542
		Westside Sewage System	2020	6.350	<b>1,441,337</b>	1,499,361
887	73	District of Lake Country	2020	6.350	<b>907,046</b>	943,561
912	74	Regional District - Ellison Fire Hall	2021	5.930	<b>542,796</b>	562,802
912	74	Regional District - Glenrosa Sewer	2021	5.930	<b>1,880,788</b>	598,445
		Lakeview Sewer	2021	5.930	-	963,986
		Gellatly Sewer	2021	5.930	-	316,857
		West Kelowna Sewer	2021	5.930	-	70,820
Carried forward					<b>\$ 40,703,292</b>	<b>\$ 45,509,960</b>

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

**December 31, 2004**

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

Municipal Finance Authority Agreements  
Security

Issuing By-law	Issue Number	Purpose	Year of Maturity	Interest Rate	Balance Outstanding	
					2004	2003
Brought forward					\$ 40,703,292	\$ 45,509,960
931	75	Regional District - Gellatly Sewer	2021	5.690	<b>1,228,529</b>	22,374
		Glenrosa Sewer	2021	5.690	-	892,539
		Mt. Boucherie Sewer	2021	5.690	-	358,895
931	75	Westbank Works & Services	2011	5.690	<b>29,000</b>	32,393
932	75	City of Kelowna	2021	5.690	<b>452,330</b>	469,001
933	75	District of Lake Country	2021	5.690	<b>2,261,651</b>	2,345,007
939	76	City of Kelowna	2018	4.550	<b>26,520,241</b>	45,794,571
957	77	City of Kelowna	2022	6.050	<b>37,004</b>	38,257
964	77	Regional District - Lakeview Sewer	2022	6.050	<b>1,796,275</b>	1,857,085
973	78	District of Lake Country	2022	5.860	-	550,371
983	78	City of Kelowna	2022	5.380	<b>3,818,841</b>	3,948,122
984	78	District of Lake Country	2022	5.380	<b>1,282,852</b>	775,806
1007	79	Regional District - Lakeview Sewer	2023	5.491	<b>1,900,379</b>	1,959,644
1023	80	City of Kelowna	2023	4.775	<b>38,001</b>	39,186
1069	85	City of Kelowna	2024	4.975	<b>7,410,215</b>	-
1070	85	Regional District - Jenny Creek/Brent Road fire	2024	4.975	<b>250,254</b>	-
		Lakeview/Westbank sewer	2024	4.975	<b>1,012,125</b>	-
0	89	City of Kelowna	2024	-	<b>17,353,849</b>	-
Total Municipal Finance Authority Agreements					<b>106,094,838</b>	\$ 104,593,211
Loan payable to CIBC Bank, with monthly interest payments of approximately \$9,580 at 4.98%, due May 17, 2007.					<b>1,396,800</b>	1,862,400
Total long term debt					<b>\$ 107,491,638</b>	\$ 106,455,611

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

**December 31, 2004**

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**6. Landfill Closure and Post-Closure Care**

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

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

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**7. Capital Assets**

	<u>2004</u>	<u>2003</u>
Land	\$ 9,996,023	\$ 9,913,154
Buildings	12,343,009	11,768,357
Equipment	7,662,662	7,140,098
Engineering structures	542,914	542,914
Sewer system	49,676,389	46,210,131
Water system	1,160,942	1,160,941
Other	2,559,679	2,559,679
	<u>\$ 83,941,618</u>	<u>\$ 79,295,274</u>

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**8. Prior Period Adjustment**

A prior period adjustment of \$1,394,081 has been made to capital financial equity and comparative amounts have been restated, to properly reflect revenues that were previously reported as deferred revenues.

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**9. Credit Facility**

The Regional District has a credit facility agreement with a financial institution which provides for a total commitment of \$14,591,842. At December 31, 2004, the Regional District had drawn an amount of \$nil on this agreement.

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

**December 31, 2004**

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### 10. Pension Liability

The Regional District of the Central Okanagan and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 130,000 active members and approximately 45,000 retired members. Active members include approximately 29,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of \$789 million for the basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The Regional District of the Central Okanagan paid \$386,486 for employer contributions to the plan in fiscal 2004.

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### 11. Commitment

The Regional District has entered into an operating lease for equipment. The equipment is leased at \$3,688 per month at an interest rate of prime less 1%.

The minimum annual lease payments for the next five years are as follows:

2005	\$	44,255
2006		44,255
2007		44,255
2008		44,255
2009		44,255

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

**December 31, 2004**

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### 12. Expenditures by Object

	<u>2004</u>	<u>2003</u>
Advertising and promotion	\$ 208,524	\$ 200,400
Capital acquisitions and materials	4,747,537	4,415,563
Contract services	4,032,932	3,836,780
Education and training	377,042	343,749
Emergency services	673,872	539,718
Grants and other programs	590,094	337,793
Insurance, licences and memberships	542,427	467,654
Interest and bank charges	7,918,624	8,298,930
Leases and rentals	43,372	50,493
Office and administration	544,839	474,100
Planning and development	689,871	534,024
Professional fees	173,036	142,927
Repairs and maintenance	1,699,367	1,590,060
Supplies	439,014	404,237
Telephone and utilities	1,065,179	937,730
Transit services	1,150,524	1,051,009
Travel	220,351	197,339
Transfers to other agencies and governments	4,257,704	3,945,933
Wages and benefits	8,937,572	7,972,735
	<u>\$ 38,311,881</u>	<u>\$ 35,741,174</u>

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### 13. Comparative Figures

Certain comparative figures have been restated to conform to the presentation adopted for the current year.

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

**May 17, 2005** **2004** **2003**

**Assets**

<b>Cash</b>	<b>\$ 5,858,927</b>	<b>\$ 7,820,946</b>
<b>Accounts receivable</b>		
Federal government	100,300	-
Provincial government	387,407	413,746
Local government	739,690	577,365
Due from own funds		
Sewer capital fund	-	3,341,732
Water capital fund	1,508	3,169
Other	811,331	587,077
<b>Other assets</b>		
Municipal Finance Authority debt reserve fund		
Member municipalities	5,897,561	6,280,011
Regional District	245,770	434,709
	<b>\$ 14,042,494</b>	<b>\$ 19,458,755</b>

**Liabilities and Surplus**

<b>Accounts payable</b>		
Trade accounts payable and accrued liabilities	\$ 2,720,755	\$ 2,215,581
Due to general capital fund	586,680	608,693
Due to park reserve fund	-	458,220
Due to sewer development cost charge reserve fund	-	673,425
Due to equipment replacement reserve fund	1,249,486	4,241,282
Due to water revenue fund	66,240	37,492
Due to sewer revenue fund	244,461	221,392
Due to sewer capital fund	153,702	-
Due to capital projects reserve fund	-	1,525,191
Due to feasibility reserve fund	-	130,306
<b>Other liabilities</b>		
Insurance and sick pay reserve	1,674,333	1,264,695
Municipal Finance Authority debt reserve fund		
Member municipalities		
- cash requirements	1,612,327	1,839,649
- demand note requirement	4,285,234	4,440,362
Regional District		
- cash requirements	67,399	147,505
- demand note requirement	178,371	287,203
<b>Surplus</b>	<b>1,203,506</b>	<b>1,367,759</b>
	<b>\$ 14,042,494</b>	<b>\$ 19,458,755</b>

Exhibit 2

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

For the year ended December 31	2004	2003
<b>Revenue</b>		
Electoral area tax requisitions	\$ 9,787,781	\$ 9,150,714
Electoral area parcel taxes	655,472	649,449
Members' requisitions		
General	7,488,837	6,443,526
Parcel taxes	450,222	449,261
Debt services	10,226,777	10,906,997
Federal government grant	144,682	76,268
Provincial government grant	476,491	370,095
Sale of services to local governments	1,664,685	1,992,483
Sale of services to others	3,807,440	3,089,919
Other revenue		
Licenses, fees and permits	1,258,512	1,261,795
Facility rentals	453,449	541,322
Other	518,098	423,982
Surplus from previous year	1,367,759	746,521
	<b>38,300,205</b>	<b>36,102,332</b>
<b>Expenditure</b>		
General government services	1,246,575	935,856
Protective services	5,209,124	4,564,877
Transportation services	1,530,390	1,393,227
Environmental health services	5,624,621	5,227,613
Environmental development services	3,816,315	3,421,653
Recreational and cultural services	6,216,100	5,478,374
Fiscal services	11,409,756	11,641,383
Transfer to equipment replacement reserve fund	848,566	622,135
Transfer to parkland reserve fund	-	70,105
Transfer to general capital fund	542,511	1,062,538
Transfer to feasibility reserve fund	-	20,817
Transfer to capital projects reserve fund	367,185	228,095
Transfer to District of Lake Country	55,000	55,000
Transfer to District of Peachland	12,900	12,900
Reallocation of deferred revenue	217,656	-
	<b>37,096,699</b>	<b>34,734,573</b>
<b>Surplus, end of year</b>	<b>\$ 1,203,506</b>	<b>\$ 1,367,759</b>

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
Legislative	\$ (2,300)	\$ (13,753)
Administration	(6,151)	3,548
Finance	39,926	65,763
Engineering	31,192	78,792
Personnel	(28,360)	3,312
Information Systems	36,493	9,697
General government services - electoral areas	78,128	29,310
Westbank office	(857)	47,399
Regional grants-in-aid	3,324	1,060
Westbank electoral grants	(265)	15,835
Area I grants-in-aid	-	5,769
Westside community policing office	41,180	21,753
Ellison/Joe Rich Area expenses	(761)	906
Lakeshore Road fire protection	(2,804)	-
Ellison fire protection	(15,356)	62,837
Joe Rich hall / fire protection	510	32,131
North Westside Road fire protection	-	219
Wilson's Landing fire protection	35,557	1,895
Tamarack fire protection	(2,928)	(2,928)
June Springs fire protection	(4,246)	(2,213)
Brent Road fire protection	989	-
Regional rescue service	(14,400)	907
911 emergency telephone service	191,751	103,032
Crime stoppers	(7,395)	(1,484)
Victims assistance program	(3,793)	(12,736)
Crime prevention programs	255	(919)
Business Licenses	12,757	(895)
Building inspection	420,743	571,520
Dog control	6,597	7,580
Mosquito control	(7,833)	2,782
Prohibited animal control	3,500	-
Transportation Demand Management	19,563	25,000
Casa Loma street lighting	651	523
Pritchard Drive street lighting	478	302
Westbank street lighting	12,745	7,896
Shannon Lake street lighting	(3,952)	(1,607)
Shamrock/Ensign street lighting	31	2
Scotty Heights street lighting	1,244	943
Green Bay street lighting	306	242
Westside Road street lighting	46	31
Sundance Drive street lighting	1,286	-
Westside street lighting	5,321	(4,604)
Westside regional street lighting	(1,750)	-
Westside transit services	17,924	(80,114)
Handi-dart transit	(15,040)	6,944
Ellison transit services	-	(351)
<b>Balance to be carried forward</b>	<b>\$ 844,306</b>	<b>\$ 986,326</b>

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Balance carried forward</b>	<b>\$ 844,306</b>	<b>\$ 986,326</b>
Septic tank effluent disposal	(88,239)	889
Westside sanitary landfill	261,930	66,504
Solid waste management	(20,273)	(12,935)
Solid waste collection	3,896	39,873
Recycling Depots	39,282	(7,043)
N.O.W.E.S.I. Transfer Station	-	(2,195)
Okanagan Basin water board	9,887	9,463
Noise abatement	251	1,658
Unsanitary and untidy premises	(818)	(1,684)
Regional planning	6,674	7,696
Electoral area planning	37,013	176,001
Noxious insect control	(228)	141
Weed control	4,643	12,671
Sterile insect release	11,547	10,003
Economic development commission	(1,019)	6,710
Ellison heritage hall	613	4,882
Mount Boucherie Community Centre	19,096	19,816
Johnson Bentley Aquatic Centre	79,623	55,386
Mount Boucherie Arena	(57,777)	15,047
Regional parks	(13,103)	(66,406)
Westside community parks	34,496	(2,436)
Eastside community parks	8,818	13,030
Westside Senior Citizens Activity Centre	(1,048)	30,995
Westside Youth Programs	28,195	4,765
Okanagan Regional Library	(2,862)	-
Traders Cove Gas Line	(1,401)	(1,401)
Brown Road sidewalks	4	2
<b>Surplus, end of year</b>	<b>\$ 1,203,506</b>	<b>\$ 1,367,758</b>

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

**May 17, 2005** **2004** **2003**

**Assets**

**Due from general revenue fund** **\$ 586,680** **\$ 608,847**

**Capital assets**

Land **9,996,023** 9,913,154

Buildings **12,343,009** 11,768,357

Machinery and equipment **7,662,662** 7,140,098

Engineering structures **542,914** 542,914

Other **2,559,679** 2,559,679

**33,104,287** **31,924,202**

**Debt recoverable from other authorities for debentures**

City of Kelowna **75,584,069** 73,502,891

District of Lake Country **10,976,739** 11,248,938

District of Peachland **4,120,995** 4,364,195

**90,681,803** **89,116,024**

**\$124,372,770** **\$121,649,073**

**Liabilities and Equity in Capital Assets**

**Accounts payable**

**Long term debt**

CIBC loan payable **1,396,800** 1,862,400

Municipal Finance Authority **93,457,535** 92,396,587

**Equity in capital assets**

**29,518,435** **27,390,086**

**\$124,372,770** **\$121,649,073**

Exhibit 5

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Balance</b> , beginning of year	<b>\$ 27,390,086</b>	\$ 24,836,040
Add:		
Assets acquired and debt retired by transfers from own funds		
General revenue fund	<b>542,511</b>	596,800
Equipment replacement reserve fund	<b>190,627</b>	144,438
Capital projects reserve fund	<b>163,285</b>	-
Donations and other contributions	<b>100,483</b>	-
Retirement of long term debt	<b>1,220,532</b>	828,168
	<b>29,607,524</b>	26,405,446
Deduct:		
Transfer to Equipment replacement reserve fund	<b>5,516</b>	20,865
Debentures issue expense	<b>4,380</b>	-
Assets sold or abandoned	<b>79,193</b>	(27,054)
<b>Balance</b> , end of year	<b>29,518,435</b>	26,411,635
<b>Prior period adjustment</b>	<b>-</b>	978,451
<b>Balance</b> , after restatement	<b>\$ 29,518,435</b>	\$ 27,390,086

Exhibit 6

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Finances Acquired</b>		
Due from general revenue fund	\$ 608,693	\$ -
Debentures incurred		
Member municipality's portion	24,764,064	39,186
Regional District portion	250,254	-
Donations and other contributions	100,483	-
Proceeds on sale of assets	22,001	275,089
Transfer from equipment replacement reserve fund	190,627	144,438
Transfer from general revenue fund	542,511	596,800
Transfer from capital projects reserve fund	163,285	-
	<b>\$ 26,641,918</b>	<b>\$ 1,055,513</b>
<b>Finances Applied</b>		
Receivable from general revenue fund	\$ 586,680	\$ 608,693
Payable to general revenue fund	-	856,726
Expenditures for capital assets	1,281,278	508,632
Retirement of long term debt	-	465,600
Transfer to equipment replacement reserve fund	5,516	20,865
Payment to member municipalities for their portion of debentures:		
City of Kelowna	24,764,064	39,186
Debenture issue expense		
Own portion	4,380	-
	<b>\$ 26,641,918</b>	<b>\$ 2,499,702</b>

Exhibit 7

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

For the year ended December 31	Buildings	Machinery and Equipment	Other Assets	Land	Total 2004	Total 2003
Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,251
Finance	-	-	-	-	-	28,612
Engineering	-	22,000	-	-	<b>22,000</b>	-
Regional rescue	-	-	-	-	-	23,892
Ellison fire protection	50,379	41,839	-	-	<b>92,218</b>	-
Joe Rich Volunteer fire protection	-	178,897	-	-	<b>178,897</b>	-
North Westside Road fire protection	-	104,927	-	-	<b>104,927</b>	9,007
Jenny Creek fire protection	211,257	-	-	-	<b>211,257</b>	-
Ridgeview fire protection	105,998	89,848	-	-	<b>195,846</b>	-
Wilson's Landing fire protection	-	-	-	-	-	20,546
Brent Road fire protection	-	2,223	-	-	<b>2,223</b>	-
Building inspection	-	74,147	-	-	<b>74,147</b>	29,006
Dog control	-	-	-	-	-	29,166
Mount Boucherie arena	207,018	-	-	-	<b>207,018</b>	-
Regional parks	-	-	-	82,869	<b>82,869</b>	102,239
Westside community parks	-	-	-	-	-	142,462
Electoral planning area	-	32,985	-	-	<b>32,985</b>	-
Ellison Heritage community centre	-	3,976	-	-	<b>3,976</b>	-
Johnson Bentley aquatic centre	-	24,224	-	-	<b>24,224</b>	60,345
Westside community parks	-	36,335	-	-	<b>36,335</b>	-
Okanagan Regional Library	-	12,356	-	-	<b>12,356</b>	-
Victims Assistance	-	-	-	-	-	21,106
Solid Waste Management	-	-	-	-	-	15,000
	<b>\$ 574,652</b>	<b>\$ 623,757</b>	<b>\$ -</b>	<b>\$ 82,869</b>	<b>\$ 1,281,278</b>	<b>\$ 508,632</b>

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

<b>May 17, 2005</b>	<b>2004</b>	<b>2003</b>
<b>Assets</b>		
<b>Accounts receivable</b>		
Due from provincial government	\$ -	\$ 12,725
<b>Other assets</b>		
Municipal Finance Authority debt reserve fund	<b>27,939</b>	27,481
Due from general revenue fund	<b>66,240</b>	37,492
	<b>\$ 94,179</b>	<b>\$ 77,698</b>
<b>Liabilities and Surplus</b>		
<b>Other liabilities</b>		
Municipal Finance Authority debt reserve fund		
- cash requirement	\$ 9,603	\$ 9,145
- demand note requirement	<b>18,336</b>	18,336
<b>Surplus</b>	<b>66,240</b>	50,217
	<b>\$ 94,179</b>	<b>\$ 77,698</b>

Exhibit 9

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Revenue</b>		
Conditional transfers from other governments		
Water facilities assistance grant	\$ -	\$ 25,452
Connection charges	<b>26,300</b>	16,750
Contribution from property owners and developers	<b>66,000</b>	132,470
Parcel tax	<b>24,190</b>	67,590
User fees	<b>454,679</b>	478,149
Surplus (deficit) from previous year	<b>50,217</b>	(7,915)
	<b>621,386</b>	712,496
<b>Expenditures</b>		
Falcon Ridge water system	<b>13,770</b>	14,246
Green Bay water circulation	<b>45</b>	-
Killiney Beach water system	<b>80,208</b>	77,809
Pritchard Drive water system	<b>20,417</b>	18,257
Sunset Ranch water system	<b>14,568</b>	12,574
Trepanier Bench water system	<b>5,549</b>	5,182
West Kelowna Estates water system	<b>202,804</b>	182,353
Westshore water system	<b>64,170</b>	59,109
Fiscal services	<b>22,529</b>	58,488
Transfer to equipment reserve fund	<b>129,425</b>	232,600
Transfer to water capital fund	<b>1,661</b>	1,661
	<b>555,146</b>	662,279
<b>Surplus</b>	<b>\$ 66,240</b>	<b>\$ 50,217</b>

Exhibit 10

**Regional District of the Central Okanagan  
Water Capital Fund  
Statement of Financial Position**

May 17, 2005	2004	2003
<b>Assets</b>		
<b>Capital assets</b>		
Engineering structures	\$ 1,125,950	\$ 1,125,950
Machinery and equipment	34,991	34,991
	<b>\$ 1,160,941</b>	<b>\$ 1,160,941</b>
<b>Liabilities and Equity in Capital Assets</b>		
Due to general revenue fund	\$ 1,508	\$ 3,169
<b>Long term debt</b>		
Municipal Finance Authority	97,397	110,886
<b>Equity in capital assets</b>	<b>1,062,036</b>	1,046,886
	<b>\$ 1,160,941</b>	<b>\$ 1,160,941</b>

Exhibit 11

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Balance</b> , beginning of year	<b>\$ 1,046,886</b>	<b>\$ 982,572</b>
Add:		
Payable to general revenue fund	<b>13,489</b>	39,594
Transfer from water revenue fund for short term debt repayment	<b>1,661</b>	1,661
Transfer from equipment replacement reserve fund	<b>-</b>	23,059
<b>Balance</b> , end of year	<b>\$ 1,062,036</b>	<b>\$ 1,046,886</b>

Exhibit 12

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Finances Acquired</b>		
Payable to general revenue fund	\$ 1,508	\$ 3,169
Transfer from water revenue fund for short term debt repayment	1,661	1,661
Transfer from equipment replacement reserve fund	-	23,059
	<u>\$ 3,169</u>	<u>\$ 27,889</u>
<b>Finances Applied</b>		
Payable to general revenue fund	\$ 3,169	\$ 4,830
Expenditures for engineering structures	-	23,059
	<u>\$ 3,169</u>	<u>\$ 27,889</u>

Exhibit 13  
**Regional District of the Central Okanagan  
 Sewer Revenue Fund  
 Balance Sheet**

May 17, 2005	2004	2003
<b>Assets</b>		
<b>Accounts receivable</b>		
Due from Okanagan Basin water board	\$ 114,114	\$ 61,935
<b>Other assets</b>		
Municipal Finance Authority debt reserve fund	804,524	754,107
Due from general revenue fund	244,461	221,392
	<b>\$ 1,163,099</b>	<b>\$ 1,037,434</b>
<b>Liabilities and Surplus</b>		
<b>Other liabilities</b>		
Municipal Finance Authority debt reserve fund		
- cash requirement	\$ 229,791	\$ 209,276
- demand note requirement	574,733	544,831
<b>Surplus</b>	<b>358,575</b>	<b>283,327</b>
	<b>\$ 1,163,099</b>	<b>\$ 1,037,434</b>

Exhibit 14

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Revenue</b>		
Debt service fee	\$ 757,425	\$ 663,522
Okanagan Basin water board	99,025	61,935
Parcel tax	483,663	472,703
User fees	2,070,131	1,812,038
Other revenue	21,077	-
Surplus from previous year	283,327	(22,713)
	<u>3,714,648</u>	<u>2,987,485</u>
<b>Expenditure</b>		
Westside sewer system	1,423,099	1,453,544
Ellison sewer system	8,177	6,175
Fiscal services	1,313,404	1,202,869
Transfer to equipment replacement reserve fund	29,782	-
Transfer to sewer capital fund	581,611	41,570
	<u>3,356,073</u>	<u>2,704,158</u>
<b>Surplus</b>	<u>\$ 358,575</u>	<u>\$ 283,327</u>

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

**May 17, 2005** **2004** **2003**

**Assets**

**Accounts receivable**

Due from general revenue fund \$ 153,702 \$ -

**Capital assets**

Engineering structures 49,542,501 46,076,242  
 Land 133,889 133,889

**\$ 49,830,092** **\$ 46,210,131**

**Liabilities and Equity in Capital Assets**

**Accounts payable**

Trade accounts payable and accrued liabilities \$ 7,341 \$ 10,740  
 Due to general revenue fund - 3,341,732

7,341 3,352,472

**Long term debt - Municipal Finance Authority**

12,539,868 12,086,039

**Equity in capital assets**

37,282,883 30,771,620

**\$ 49,830,092** **\$ 46,210,131**

Exhibit 16

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Balance, beginning of year</b>	<b>\$ 30,771,620</b>	<b>\$ 28,989,538</b>
Add:		
Contribution from property owners	686,934	543,187
Contribution from developers and others	510,603	58,021
Contributions from other governments	2,075,000	-
Conditional government grants	2,116,530	-
Retirement of debenture debt	558,297	456,781
Transfer from sewer development cost charge reserve fund	-	301,187
Transfer from sewer revenue fund	581,611	41,570
	<u>37,300,595</u>	<u>30,390,284</u>
Deduct:		
Debenture issue expense	17,712	34,294
<b>Balance, end of year</b>	<b>\$ 37,282,883</b>	<b>\$ 30,355,990</b>
<b>Prior period adjustment</b>	<u>-</u>	<u>415,630</u>
<b>Balance, end of year</b>	<b>\$ 37,282,883</b>	<b>\$ 30,771,620</b>

Exhibit 17

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Finances Acquired</b>		
Accounts receivable	\$ -	\$ 5,511
Trade accounts payable and accrued liabilities	7,341	10,740
Due to general revenue fund	-	3,341,732
Conditional government grants	2,116,530	-
Contributions from property owners	686,934	543,187
Contributions from developers	510,603	122,521
Contribution from other governments	2,075,000	-
Long term debt incurred - debentures	1,012,126	1,959,644
Transfer from sewer development cost charge reserve	-	301,187
Transfer from sewer revenue fund	581,611	41,570
	<b>\$ 6,990,145</b>	<b>\$ 6,326,092</b>
<b>Finances Applied</b>		
Due from general revenue fund	\$ 153,702	\$ -
Trade accounts payable and accrued liabilities	10,740	254,829
Due to general revenue fund	3,341,732	2,153,097
Debenture issue expense	17,712	34,294
Expenditures for engineering structures	3,466,259	3,883,872
	<b>\$ 6,990,145</b>	<b>\$ 6,326,092</b>

Exhibit 18

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

May 17, 2005	2004	2003
<b>Assets</b>		
Term deposit	\$ 3,724,626	\$ 1,992,312
Due from general revenue fund	-	673,425
	<b>\$ 3,724,626</b>	<b>\$ 2,665,737</b>
<b>Fund Balance</b>		
Fund balance	<b>\$ 3,724,626</b>	<b>\$ 2,665,737</b>

Exhibit 19

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Balance, beginning of year</b>	<b>\$ 2,665,737</b>	<b>\$ 2,037,766</b>
Add:		
Interest earned	45,827	50,553
Development cost charge levies	1,013,062	878,605
	<u>3,724,626</u>	<u>2,966,924</u>
Deduct:		
Transfer to sewer capital fund	-	301,187
<b>Balance, end of year</b>	<b>\$ 3,724,626</b>	<b>\$ 2,665,737</b>

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

<u>May 17, 2005</u>	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Term deposit	\$ 104,061	\$ -
Due from general revenue fund	<u>-</u>	<u>130,306</u>
	<b>\$ 104,061</b>	<b>\$ 130,306</b>
<b>Fund Balance</b>		
<b>Fund balance</b>	<b>\$ 104,061</b>	<b>\$ 130,306</b>

Exhibit 21

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Balance, beginning of year</b>	<b>\$ 130,306</b>	<b>\$ 149,002</b>
Add:		
Interest income	2,760	2,194
Contributions from developers, recoveries	50,789	31,932
Transfer from general revenue fund	-	20,817
	<u>183,855</u>	<u>203,945</u>
Deduct expenditures:		
Boucherie second ice sheet	-	14,247
Evelyn Road sewer	2,882	(98)
Green Bay water	1,800	-
Jennens / Hitchner sewer	-	1,873
Sussex Road sewer	2,400	-
Lakeview Heights drainage	64,962	44,871
Sunnyside water system	5,174	-
Urban trails and servicing strategy	458	3,874
D.C.C. review	2,118	8,872
	<u>79,794</u>	<u>73,639</u>
<b>Balance, end of year</b>	<b>\$ 104,061</b>	<b>\$ 130,306</b>

Exhibit 22

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

**May 17, 2005** **2004** **2003**

**Assets**

<b>Term deposits</b>	\$ 3,912,017	\$ -
<b>Due from general revenue fund</b>	1,249,486	4,241,282
	<b>\$ 5,161,503</b>	<b>\$ 4,241,282</b>

**Statement of Fund Balance**

Regional Board	\$ 11,315	\$ 11,052
Administration and finance	328,932	243,131
Information systems	51,983	50,771
Planning	40,945	48,209
Economic development commission	146	142
911 emergency number	99,604	97,282
Regional rescue service	414,160	316,604
Victims witness	13,194	8,003
Brent road fire protection	5,516	-
Ellison fire protection	144,228	49,574
Joe Rich hall / fire protection	78,705	68,425
North Westside Road fire protection	21,553	33,297
Wilson's Landing fire protection	71,158	60,948
Building inspection	24,758	31,535
Noise abatement	86	84
Unsightly and untidy premises	395	386
Dog control	36,417	16,034
Engineering	28,072	25,000
Noxious insect control	3,078	2,029
Weed control	14,775	12,477
Okanagan Regional Library	41,202	41,855
Johnson Bentley aquatic centre	392,275	295,229
Westside Seniors activity centre	146,860	117,117
Westside recreation complex	781,395	747,554
Regional parks	178,459	174,299
Eastside community parks	30,403	21,881
Westside community parks	75,217	70,731
Westside sanitary landfill	605,145	395,392
Falconridge water system	34,814	34,003
Killiney Beach water system	169,801	155,022
Pritchard Drive water system	139,243	122,870
Sunset Ranch water system	6,257	2,000
Trepanier Bench water system	7,815	7,633
West Kelowna Estates water system	734,523	691,473
Westshores water system	175,972	99,450
Septic tank effluent disposal	50,597	25,000
Solid waste management	102,048	99,669
Chieftain Road sewer	2,396	2,340
Westside sewage plant	76,920	46,039
Ellison heritage hall	21,141	16,742
<b>Fund Balance</b>	<b>\$ 5,161,503</b>	<b>4,241,282</b>

Exhibit 23

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Balance, beginning of year</b>	<b>\$ 4,241,282</b>	<b>\$ 3,434,160</b>
Add:		
Interest earned	97,558	99,019
Transfer from general revenue fund	848,566	622,135
Transfer from general capital fund	5,516	20,865
Transfer from water revenue fund	129,425	232,600
Transfer from sewer revenue fund	29,782	-
	<u>5,352,129</u>	<u>4,408,779</u>
Deduct:		
Transfer to general capital fund	190,626	144,438
Transfer to water capital fund	-	23,059
	<u>190,626</u>	<u>167,497</u>
<b>Balance, end of year</b>	<b>\$ 5,161,503</b>	<b>\$ 4,241,282</b>

Exhibit 24

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

May 17, 2005	2004	2003
<b>Assets</b>		
Term deposit	\$ 543,006	\$ -
Due to general revenue fund	-	458,220
	<b>\$ 543,006</b>	<b>\$ 458,220</b>
<b>Fund Balance</b>		
Fund balance	<b>\$ 543,006</b>	<b>\$ 458,220</b>

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Exhibit 25

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Balance</b> , beginning of year	\$ 458,220	\$ 320,039
Add:		
Contributions	74,246	58,760
Interest earned	10,540	9,316
Transfer from general revenue fund	-	70,105
<b>Balance</b> , end of year	<b>\$ 543,006</b>	<b>\$ 458,220</b>

Exhibit 26

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

May 17, 2005	2004	2003
<b>Assets</b>		
Term deposit	\$ 1,760,418	\$ -
Due from general revenue fund	-	1,525,191
	<b>\$ 1,760,418</b>	<b>\$ 1,525,191</b>
<b>Fund Balance</b>		
Fund balance	<b>\$ 1,760,418</b>	<b>\$ 1,525,191</b>

Exhibit 27

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

<b>For the year ended December 31</b>	<b>2004</b>	<b>2003</b>
<b>Balance</b> , beginning of year	\$ 1,525,191	\$ 1,260,405
Add:		
Interest earned	31,327	36,691
Transfer from general revenue fund	<u>367,185</u>	<u>228,095</u>
Deduct:		
Transfer to general capital fund	<u>163,285</u>	-
<b>Balance</b> , end of year	<u>\$ 1,760,418</u>	<u>\$ 1,525,191</u>