GEID

GLENMORE-ELLISON IMPROVEMENT DISTRICT

Annual Reports / Financial Statements for 2023

2024 ANNUAL GENERAL MEETING

Thursday August 29, 2024

451 Glenmore Road
Kelowna, BC V1V 1Z6
4:30 P.M.

GLENMORE-ELLISON IMPROVEMENT DISTRICT

ANNUAL GENERAL MEETING
AGENDA
August 29, 2024 at 4:30 PM

Meeting Called to Order / Introduction of Trustees and Head Table

1. **NOTICE OF AGM:** Read by the Administrator

2. **MINUTES OF June 8, 2023:** Read by the Administrator OR Reading Dispensed by Motion from the Floor

3. **2023 FINANCIAL REPORT:** Financial Statements reviewed by Auditor
   3.1 Appoint Auditor for 2024

4. **TRUSTEE'S REPORT:** Read by the Chair
   4.1 Business Arising from Report

5. **PROJECTS & WORKS REPORT:** Presented by the Operations Manager
   5.1 Business Arising from Report

6. **MEETING ADJOURNED**

GENERAL DISCUSSION

GLENMORE-ELLISON IMPROVEMENT DISTRICT

MINUTES OF THE 34rd ANNUAL **GENERAL MEETING** OF THE LANDOWNERS OF THE GLENMORE-ELLISON IMPROVEMENT DISTRICT HELD ON THURSDAY, **JUNE 8, 2023 at 7:00 PM** AT GLENMORE-ELLISON IMPROVEMENT DISTRICT 445 GLENMORE ROAD, KELOWNA, BC.

PRESENT: **Chair:** Steven Bonn **Trustees**: Bob Fugger, Lee-Ann Tiede and Horst Grams
Administrator: Dawn Williams; **Operations Manager:** Kevin Burtch; **Administrative Treasurer:** Jennifer Slivinski; **Projects Coordinator:** Mike Rojem;

Landowners: Bruce Gillon; Len Tonn; Blake Dixon; Mike Noga; Bob Hrasko; Taylor Sebastian;

DELEGATION: **Trevor Martens,** MNP – Auditor
Andrew Prior, Pihl Law Corporation – Corporate Lawyer

The Chair called the meeting to order at 7:00 p.m., and introduced Staff, Trustees and the District's Auditor and Corporate Lawyer. He welcomed everyone to the Annual General Meeting.

1. Jen Slivinski, Administrative Treasurer, stated that the "GEID NOTICE OF AGM 2023" for Thursday, June 8, 2023 was posted on the GEID website as of May 24, 2023; and also advertised in the Kelowna Daily Courier on May 25, 2023; and was also included in the GEID Spring 2023 Newsletter that was circulated by Canada Post Neighborhood Mail on June 2, 2023 to postal codes within GEID.

2. Steven Bonn, Chair, opened the floor and noted that since everyone has a copy of Minutes from April 28, 2022, he asked for a motion to dispense with the reading of the Minutes for last year's Annual General Meeting.

A **MOTION** was made by: Len Tonn, **SECONDED** by: Bruce Gillon, to dispense with the reading of the Annual General Meeting Minutes of April 28, 2022.
CARRIED.

The Chair asked if there were any errors or omissions; none were raised.

A **MOTION** was made by: Bruce Gillon, **SECONDED** by: Horst Grams, to approve the Annual General Meeting Minutes of April 28, 2022.
CARRIED.

3. FINANCIAL STATEMENTS/REPORT

Trevor Martens of MNP LLP thanked the Board of Trustees and Landowners for the opportunity to do the District's Audit.

Trevor Martens of MNP LLP then presented the **2022 AUDITED CONSOLIDATED FINANCIAL STATEMENTS**.

Chair Steven Bonn opened the floor and asked if there were any questions or comments regarding the 2022 Financial Statements.

A **MOTION** was made by: Mike Noga, **SECONDED** by: Bruce Gillon, to receive the Audited Consolidated Financial Statements as presented.
CARRIED.

Trevor Martens exited the meeting at this point.

3.1 Staff and Trustees noted that the District had very good service from the MNP team and recommended that MNP be appointed as auditor for 2023 year-end.

A **MOTION** was made by: Bob Hrasko, **SECONDED** by: Michael Noga, to appoint MNP LLP as auditors for the 2023 year-end.
CARRIED.

4. The **2022 TRUSTEE'S REPORT** was read Steven Bonn, Chair.

4.1 Steven Bonn, Chair opened the floor and asked if there were any questions or business arising from the 2022 Trustee's Report.

A **MOTION** was made by: Michael Noga, **SECONDED** by: Bruce Gillon, to receive the Trustee's Report as presented.
CARRIED.

5. Highlights from the **2022 PROJECTS & WORKS REPORT** were presented by Kevin Burtch, Operations Manager.

5.1 Steven Bonn, Chair opened the floor and asked if there were any questions or business arising from the 2022 Projects & Works Report.

A **MOTION** was made by: Taylor Sebastian, **SECONDED** by: Len Tonn, to receive the Projects & Works Report as presented.
CARRIED.

6. TRUSTEE'S REMUNERATION

Jen Slivinski, Administrative Treasurer, reported that the Trustees attend a minimum of one regularly scheduled meeting a month. In 2022, the Trustees were paid **$425**/month plus **$225/**meeting. There was no increase in Trustee Remuneration in 2022 from 2021, despite the Consumer Price Index being 4.7%. To adjust for the cost of living, staff is recommending a 4.3% increase for 2023 based on the Consumer Price Index as of April 2023 – Trustee Remuneration would increase by $19 per month to $444/month and $10 per meeting to $235/meeting.

A **MOTION** was made by: Bruce Gillon, **SECONDED** by: Len Tonn, that the Trustee's remuneration shall be increased as recommended by staff.
CARRIED.

7. CHAIR'S REMUNERATION

Jen Slivinski, Administrative Treasurer, reported that the chair also attends a minimum of one regularly scheduled meeting a month, plus additional meetings as required. The Chair is CURRENTLY paid $1,000/month plus $350/meeting. There was no increase in Chair Remuneration in 2022 from 2021, despite the Consumer Price Index being 4.7%. To adjust for the cost of living, staff is recommending a 4.3% increase for 2023 based on the Consumer Price Index as of April 2023 – the Chair Remuneration would increase by $43 per month to $1,043/month and $16 per meeting to $366/meeting.

A **MOTION** was made by: Blake Dixon, **SECONDED** by: Bruce Gillon that the Chair's remuneration shall be increased as recommended by staff.

As there were no further questions or comments, the Chair entertained a motion to adjourn at 7:35 p.m.

The **MOTION** was made by: Taylor Sebastian, **SECONDED** by: Mike Noga to adjourn.
CARRIED.

______________________	__________________________
Steven Bonn	**Dawn Williams**
Chair	Administrator

General discussion to follow.

Glenmore-Ellison Improvement District
Consolidated Financial Statements
December 31, 2023

Contents

For the year ended December 31, 2023

Management's Responsibility

To the Board of Trustees of Glenmore-Ellison Improvement District:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Trustees is composed primarily of individuals who are neither management nor employees of the District. The Board of Trustees is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board of Trustees fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board of Trustees is also responsible for recommending the appointment of the District's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board of Trustees to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board of Trustees and management to discuss their audit findings.

May 9, 2024

e-Signed by Patti Hait
2024-05-09 15:29:10:10 PDT

Treasurer

To the Board of Trustees of Glenmore-Ellison Improvement District:

Opinion

We have audited the consolidated financial statements of Glenmore-Ellison Improvement District (the "District"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2023, 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 Consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

MNP LLP
Suite 1500, 1700 Dickson Avenue, Kelowna B.C., V1Y 0L5 1.877.766.9735 T: 250.763.8919 F: 250.763.1121

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

MNP LLP

Kelowna, British Columbia

May 9, 2024

Chartered Professional Accountants

Glenmore-Ellison Improvement District
Consolidated Statement of Financial Position
As at December 31, 2023

	2023	2022
Financial assets		
Cash *(Note 4)*	**12,181,136**	10,970,971
Accounts receivable *(Note 5)*	**748,549**	767,551
	12,929,685	11,738,522
Financial Liabilities		
Accounts payable and accrued liabilities	**279,836**	249,737
Deferred revenue and deposits	**373,913**	345,853
Long-term debt *(Note 6)*	**7,201,165**	7,784,496
	7,854,914	8,380,086
Net financial assets	**5,074,771**	3,358,436

Commitments and contingencies *(Note 7)*

Subsequent event *(Note 10)*

Non-financial assets		
Tangible capital assets *(Schedule 1)*	**73,428,816**	72,824,099
Inventory	**543,940**	537,175
Prepaid expenses	**32,695**	35,033
	74,005,451	73,396,307
Accumulated surplus *(Schedule 2)*	**79,080,222**	76,754,743

Director

Director

The accompanying notes are an integral part of these consolidated financial statements

Glenmore-Ellison Improvement District
Consolidated Statement of Operations and Accumulated Surplus
For the year ended December 31, 2023

	Budget (Note 9)	2023	2022
Revenue			
Contributed tangible capital assets	-	598,555	541,688
Contributions to CEC reserve	-	644,867	1,553,633
Custom work	16,000	15,957	22,659
Domestic water connection fees	40,000	58,972	52,236
Domestic water rates	4,799,553	5,225,040	4,741,074
Gain on sale of tangible capital assets	-	20,500	17,700
Interest	39,520	571,859	215,914
Other income	68,700	61,755	68,449
Tax levy	398,498	400,126	385,021
	5,362,271	7,597,631	7,598,374
Expenses			
Amortization *(Schedule 1)*	-	1,093,026	1,114,570
Bad debts	-	1,035	-
Computer maintenance and support	45,000	61,154	31,886
Custom work	-	21,360	-
Honoraria	57,500	48,483	51,450
Insurance	242,313	274,832	231,901
Interest and bank charges	2,707	2,587	2,624
Interest on long-term debt	298,000	344,158	298,000
Licenses and dues	22,000	18,450	19,463
Miscellaneous	3,446	1,124	3,522
Office and administration	114,850	96,879	87,078
Professional fees	144,000	89,363	152,365
Repairs and maintenance	987,301	907,713	959,468
Salaries and benefits	1,281,789	1,287,952	1,200,416
Training	21,000	16,456	13,761
Utilities	523,036	536,207	469,583
Vehicles and heavy equipment	145,850	145,312	149,510
Water system operations	245,000	326,061	233,552
	4,133,792	5,272,152	5,019,149
Annual Surplus	1,228,479	2,325,479	2,579,225
Accumulated surplus, beginning of year	76,754,743	76,754,743	74,175,518
Accumulated surplus, end of year *(Schedule 2)*	77,983,222	79,080,222	76,754,743

Glenmore-Ellison Improvement District
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2023

	Budget (Note 9)	***2023***	*2022*
Annual surplus	**1,228,479**	**2,325,479**	2,579,225
Acquisition of tangible capital assets	**(1,844,760)**	**(1,697,743)**	(1,319,816)
Amortization of tangible capital assets	**-**	**1,093,026**	1,114,570
Proceeds on disposal of tangible capital assets	**-**	**20,500**	17,700
Gain on disposal of tangible capital assets	**-**	**(20,500)**	(17,700)
	(1,844,760)	**(604,717)**	(205,246)
Change in inventory	**-**	**(6,765)**	(261,926)
Change in prepaid expenses	**-**	**2,338**	(9,058)
	-	**(4,427)**	(270,984)
Increase in net financial assets	**(616,281)**	**1,716,335**	2,102,995
Net financial assets, beginning of year	**3,358,436**	**3,358,436**	1,255,441
Net financial assets, end of year	**2,742,155**	**5,074,771**	3,358,436

The accompanying notes are an integral part of these consolidated financial statements

Glenmore-Ellison Improvement District
Consolidated Statement of Cash Flows
For the year ended December 31, 2023

	2023	*2022*
Cash provided by (used for) the following activities		
Operating Activities		
Receipts from water taxes, tolls, developers and other	**6,453,779**	6,894,667
Cash paid to employees and suppliers	**(3,809,296)**	(3,880,193)
Interest received	**571,859**	215,914
Interest paid on long-term debt	**(344,158)**	(298,000)
	2,872,184	2,932,388
Capital Activities		
Acquisition of tangible capital assets	**(1,099,188)**	(778,128)
Proceeds on disposal of tangible capital assets	**20,500**	17,700
	(1,078,688)	(760,428)
Financing Activities		
Principal repayments of long-term debt	**(583,331)**	(568,615)
Increase in cash	**1,210,165**	1,603,345
Cash, beginning of year	**10,970,971**	9,367,626
Cash, end of year	**12,181,136**	10,970,971
Cash is represented by:		
Unrestricted cash	**6,652,230**	6,145,250
Restricted cash *(Note 2 (b))*	**5,528,906**	4,825,721
	12,181,136	**10,970,971**

The accompanying notes are an integral part of these consolidated financial statements

1. Incorporation and operations

The Glenmore-Ellison Improvement District (the "District") was incorporated under the laws of the Province of British Columbia in 1921. It is engaged in the operation of an irrigation district in the Glenmore and Ellison areas of Kelowna, British Columbia. Under Section 149(1)(c) of the Income Tax Act, the District is exempt from taxation.

2. Significant accounting policies

The consolidated financial statements of the District are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada. Significant accounting policies adopted by the District are as follows:

a) Basis of accounting

The consolidated financial statements include the account of all funds for the District. All inter-fund transfers have been eliminated. Accordingly all revenues and expenses are recorded on the accrual basis of accounting. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation for pay.

b) Restricted financial assets

Restricted cash includes CEC reserve funds and renewal reserve fund.

c) Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2023.

d) Tangible capital assets

Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing in the year the asset is put into service. Contributed tangible capital assets are reported at fair value at the time of the contribution. Estimated useful lives as follows:

Asset	***Rate***
Buildings	100 years
Furniture & equipment	15 years
Machinery & equipment	8-30 years
Automotive	4-15 years
I.T. infrastructure	4-8 years
Water system infrastructure	10-175 years

Construction in progress is valued at cost and represents capital projects under construction but not yet completed. Assets under construction are not amortized until the asset is available for productive use.

e) Natural resources

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

f) Interest capitalization

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

2. Significant accounting policies *(Continued from previous page)*

g) Inventory

Inventory is stated at the lower of cost and net realizable value. Costs include all expenses directly attributable to the purchase of inventory. Costs are assigned using the weighted average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

h) Reserve Funds

- **Capital Expenditure Charge Reserve Fund**
  The fund was established for Capital Expenditure charges utilized for increasing source capacity, enlarging mains or otherwise in any way augmenting the capacity of the water system, and is supported by Bylaw #231.
- **Renewal Reserve Fund**
  The fund was established by Bylaw #98, for costs of upgrading, replacement, or renewal of existing works.
- **Building Fund**
  The fund was established for future building expansion.
- **Land and Access Fund**
  The fund was established in 2015 for future legal expense pertaining to District lands.
- **Meter Reserve Fund**
  The fund was established for the purpose of funding future water meter expenditures.
- **Rate Stabilization Reserve Fund**
  The fund was established to offset revenue anomalies as a result of climate driven events.
- **Risk Management Reserve Fund**
  The fund was established for the purpose of funding new regulation compliance, such as dam safety reviews.
- **Vehicle Reserve Fund**
  The fund was established for the replacement or acquisition of equipment for Glenmore-Ellison Improvement District.
- **Water Quality Improvement Fund**
  The fund was established for the purpose of funding future water quality improvements.

i) Revenue recognition

Domestic Water Tolls are recognized as revenue in the year the related service is provided, and the amount is measurable and collectible. Irrigation taxes are recognized as revenue in the year the related service is provided, and the amount is measurable and collectible. Connection fees, new account fees, sale of services, interest and penalties are recognized as revenue in the year the related service is provided, and the amount is measurable and collectible. Capital expenditure charge (CEC) fees are recorded to revenue when amounts are determinable and collectability is assured.

j) Deferred revenue

Deferred revenue represents funds which have been collected from non-government sources, but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year when all revenue recognition criteria have been met.

2. Significant accounting policies *(Continued from previous page)*

k) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They often have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

l) Use of estimates

The preparation of the consolidated financial statements 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 consolidated financial statements, and the reported amounts of revenues and expenses during the period.

Significant areas requiring the use of management estimates relate to provisions for accrued liabilities, allowance for doubtful accounts, obsolete inventory provisions, provision for contingencies, the determination of tangible capital asset estimated useful lives, related amortization expenses, and asset retirement obligations.

m) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the District to incur retirement costs in relation to a tangible capital asset (or component thereof), 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. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the District reviews the carrying amount of the liability. The District recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

n) Financial instruments

The District recognizes its financial instruments when the District becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the District may irrevocably elect to subsequently measure any financial instrument at fair value. The District has not made such an election during the year.

The District subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The District has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

n) *Financial instruments* *(Continued from previous page)*

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

3. Change in accounting policy

Asset retirement obligations

Effective January 1, 2023, the District adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Financial instruments

Effective January 1, 2023, the District adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 *Financial Instruments*. The new Section is applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

4. Cash

	2023	*2022*
Restricted Cash		
CEC reserve *(Schedule 2)*	**4,838,944**	3,996,000
Renewal reserve *(Schedule 2)*	**689,962**	829,721
	5,528,906	4,825,721
Unrestricted cash	**6,652,230**	6,145,250
	12,181,136	10,970,971

5. Accounts receivable

	2023	*2022*
Tolls and taxes	**652,671**	648,075
GST rebate	**61,387**	78,677
Trade and other	**34,491**	40,799
	748,549	767,551

6. Long-term debt

a) Fixed Rate Loan

The District has with TD Bank a swap agreement authorized for $8,500,000 repayable in equal monthly blended payments of $48,189 with interest as noted below, maturing October, 2033. Interest is determined based on an interest rate swap with a notional amount equal to the loan values of the original draw schedule. The District pays effective interest on the swap at 3.97%. The District receives interest at a floating rate at the 30-day Canadian Dollar Offered Rate (CDOR) on the difference between the scheduled loan drawn and the actual loan drawn.

b) Floating Rate Loan

The District has with TD Bank a banker's acceptance facility for an authorized amount of $4,000,000 repayable in equal monthly principal payments of $16,667 plus interest. Interest is determined based on an interest rate swap with a notional amount equal to the loan values of the original draw schedule. The District pays effective interest on the swap at the floating rate interest at the 30-day CDOR plus a stamping fee of 0.59%.

The CDOR rate at December 31, 2023, was 5.46%.

	2023	*2022*
Fixed Rate Loan		
Opening balance	**5,084,702**	5,453,133
Repayments	**(383,327)**	(368,431)
Ending balance	**4,701,375**	5,084,702
Floating Rate Loan		
Opening balance	**2,699,794**	2,899,978
Repayments	**(200,004)**	(200,184)
Ending balance	**2,499,790**	2,699,794
	7,201,165	7,784,496

The estimated aggregate repayments on long-term debt over the next five years are as follows, subject to renewal and contractual obligations:

2024	598,335
2025	614,958
2026	631,734
2027	649,189
2028	667,350

7. Commitments and contingencies

a) The District is involved in litigation and claims which arise from time to time in the normal course of operations. In the opinion of management, any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial position of the District and will be recorded in the period that the ultimate loss, if any is known.

7. Commitments and contingencies *(Continued from previous page)*

b) The District and its employees contribute to the Municipal Pension Plan (a jointly trusteed 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 actuarial 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 District paid $119,710 (2022 - $111,618) for employer contributions to the plan in 2023.

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.

8. Asset retirement obligation

PS 3280 Asset Retirement Obligations, issued August 2018, establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective for the District as of January 1, 2023. A liability will be recognized when, as at the financial reporting date:

(a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
(b) The past transaction or event giving rise to the liability has occurred;
(c) It is expected that future economic benefits will be given up; and
(d) 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 obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

The District owns wells which would require to be disassembled at the end of their useful life. The District estimated the amount of the liability using an estimate obtained in 2013. The estimate was adjusted for inflation to determine the current cost of the liability to be $56,340. However, no asset retirement obligation has been recorded.

9. Budget data

The budget data presented in these financial statements is based upon the 2023 operating and capital budgets adopted by the Board on May 4, 2023. The following table reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Surplus - Statement of Operations	**1,228,478**
Adjust for budgeted cash items not included in statement of operations	
Principal repayment of long-term debt	**(568,000)**
Transfers from reserves	**1,184,282**
Acquisition of tangible capital assets	**(1,844,760)**
Financial plan surplus	**-**

10. Subsequent event

Subsequent to year-end, under the terms of a Transition Agreement with the City of Kelowna, the District has agreed to transfer the operations of the District to the City of Kelowna over the next three years. Over the next three years the District will continue to operate a separate business unit. In three years, all households, businesses, and agricultural properties on the District's water supply will be transitioned over to the City of Kelowna's water utility.

11. Financial Instruments

The District as part of its operations carries a number of financial instruments. It is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

	Land	*Buildings*	*Furniture and equipment*	*Machinery and equipment*	*Automotive*	*I.T. infrastructure*	*Subtotal*
Cost							
Balance, beginning of year	**84,790**	**2,508,015**	**251,106**	**987,989**	**1,173,301**	**128,195**	**5,133,396**
Acquisition of tangible capital assets	**-**	**-**	**21,363**	**-**	**34,668**	**-**	**56,031**
Construction-in-progress	**-**	**-**	**-**	**-**	**-**	**538,832**	**538,832**
Disposal of tangible capital assets	**-**	**-**	**-**	**-**	**(72,540)**	**-**	**(72,540)**
Balance, end of year	**84,790**	**2,508,015**	**272,469**	**987,989**	**1,135,429**	**667,027**	**5,655,719**
Accumulated amortization							
Balance, beginning of year	**-**	**196,607**	**37,625**	**306,683**	**337,833**	**96,620**	**975,368**
Annual amortization	**-**	**25,079**	**17,740**	**36,868**	**3,512**	**21,851**	**105,050**
Accumulated amortization on disposals	**-**	**-**	**-**	**-**	**(72,540)**	**-**	**(72,540)**
Balance, end of year	**-**	**221,686**	**55,365**	**343,551**	**268,805**	**118,471**	**1,007,878**
Net book value of tangible capital assets	**84,790**	**2,286,329**	**217,104**	**644,438**	**866,624**	**548,556**	**4,647,841**

Included in tangible capital assets are fully depreciated assets with cost and accumulated amortization of $1,508,494 (2022 - $1,573,579).

Glenmore-Ellison Improvement District
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2023

	Subtotal	***Water system infrastucture***	***Construction in Progress***	***Total 2023***	*Total 2022*
Cost					
Balance, beginning of year	**5,133,396**	**79,987,189**	**666,931**	**85,787,516**	84,484,057
Acquisition of tangible capital assets	**56,031**	**860,916**	**780,796**	**1,697,743**	1,319,816
Construction-in-progress	**538,832**	**774,169**	**(1,313,001)**	**-**	-
Disposal of tangible capital assets	**(72,540)**	**-**	**-**	**(72,540)**	(16,357)
Balance, end of year	**5,655,719**	**81,622,274**	**134,726**	**87,412,719**	85,787,516
Accumulated amortization					
Balance, beginning of year	**975,368**	**11,988,049**	**-**	**12,963,417**	11,865,204
Annual amortization	**105,050**	**987,976**	**-**	**1,093,026**	1,114,570
Accumulated amortization on disposals	**(72,540)**	**-**	**-**	**(72,540)**	(16,357)
Balance, end of year	**1,007,878**	**12,976,025**	**-**	**13,983,903**	12,963,417
Net book value of tangible capital assets	**4,647,841**	**68,646,249**	**134,726**	**73,428,816**	72,824,099

	Operating fund	*CEC reserve fund*	*Renewal reserve fund*	*Building fund*	*Land and access fund*	*Meter reserve fund*	*Rate stabilization reserve fund*
Accumulated surplus, beginning of year	**2,455,237**	**3,996,000**	**829,721**	**49,281**	**123,243**	**216,007**	**562,436**
Annual surplus	**1,822,068**	**866,367**	**30,637**	**3,041**	**6,330**	**(38,645)**	**28,885**
Acquisition of TCAs	**(21,363)**	**(23,423)**	**(970,396)**	**-**	**-**	**-**	**-**
Repayment of debt	**(583,331)**	**-**	**-**	**-**	**-**	**-**	**-**
Interfund transfers	**(1,600,000)**	**-**	**800,000**	**-**	**-**	**-**	**-**
Change in accumulated surplus	**(382,626)**	**842,944**	**(139,759)**	**3,041**	**6,330**	**(38,645)**	**28,885**
Accumulated surplus, end of year	**2,072,611**	**4,838,944**	**689,962**	**52,322**	**129,573**	**177,362**	**591,321**

Glenmore-Ellison Improvement District
Schedule 2 - Consolidated Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2023

	Risk management reserve fund	***Vehicle reserve fund***	***Water quality improvement fund***	***Equity in TCAs***	***Total 2023***	*Total 2022*
Accumulated surplus, beginning of year	**605,783**	**245,254**	**2,632,178**	**65,039,603**	**76,754,743**	74,175,518
Annual surplus	**(68,722)**	**34,675**	**135,315**	**(494,472)**	**2,325,479**	2,579,225
Acquisition of TCAs	**(7,698)**	**(34,668)**	**(41,641)**	**1,099,189**	**-**	-
Repayment of debt	**-**	**-**	**-**	**583,331**	**-**	-
Interfund transfers	**800,000**	**-**	**-**	**-**	**-**	-
Change in accumulated surplus	**723,580**	**7**	**93,674**	**1,188,048**	**2,325,479**	2,579,225
Accumulated surplus, end of year	**1,329,363**	**245,261**	**2,725,852**	**66,227,651**	**79,080,222**	76,754,743

TRUSTEES' REPORT for 2023

TO THE LANDOWNERS OF THE DISTRICT:

Trustees:

The term for Robert Fugger and Steve Lemke expired in 2023. Nominations received were for Blake Dixon, Robert Fugger, Tobi-Anne McNeil, Joseph Petretta and Brian Walters. The election was held June 27, 2023. Robert Fugger and Joseph Petretta were elected to the positions of Trustee for the term 2023 to 2026.

Steven Bonn was elected by the Trustees as Chair for 2023.

The Board of Trustees held a total of 11 regularly scheduled meetings in 2023 to conduct the business of the District.

Staff:

GEID Management Team in 2023:

Dawn Williams - Administrator;
Kevin Burtch - Operations Manager;
Mike Rojem - Projects Coordinator;
Jennifer Slivinski/Patti Hait - Administrative Treasurer

GEID employees 4 permanent, full time Office Clerks and 7 Operators. These office clerk and operator positions all belong to the Canadian Union of Public Employees Union, Local 338. There were no grievances between management and the union in 2023.

Taxes & Tolls

For 2023 the taxation for agricultural users was $39.30/acre plus a usage rate of $0.0414 per cubic metre of water.

Since the implementation of this "pay for what you use" structure in 2022, consumption has decreased and farmers have improved their irrigation management, resulting in both water savings for the region and financial savings for ratepayers.

GEID appreciates the many calls and notes of appreciation it has received from customers, commending the District for making the change in the agricultural rate structure.

Taxation for agricultural water is in place to cover costs for distribution and consumption for properties with farm status, whereas taxation for all other classifications is assigned to cover costs for infrastructure renewal. The Tax rates for 2023 were established by Bylaw 241 as follows:

A Grade (Farm Status)	$39.30/acre
C Grade (Commercial)	$180.10/acre
D Grade (Dry Land)	No Levy
E Grade (Exempt Lands)	No Levy
G Grade (General Irrigation)	$130.40/acre
M Grade (Multi-Family/Strata/Apt)	$142.80/acre
R Grade (Residential)	$180.10/acre
S-1 Grade (Stratas - works maintained by GEID)	$180.10/acre

As per the 2023 Land Grade Summary Report, there were **9,357** acres of land in the District of which **2,078** acres were A grade (Farm Status) and **2,037** acres were grades C, G, G-2, M, R and S-1, and were taxable. Additionally, there were **4,620** acres of D grade (dry) lands, **621** acres of E grade (tax-exempt) properties, and **109** acres of land owned by the District.

As at December 31, 2023, there were a total of **10,169** service connections. There were **9,546** domestic connections and an additional **239** commercial connections. There are **384** agricultural connections in the District.

GEID retained Waterworth and in conjunction with staff reviewed GEID's current rates and cost of service structure. With all properties being metered, this has allowed GEID to analyze cost recovery and update its Tolls Bylaw in 2023, which focuses on water conservation, fairness, and improved equity across all users, while continuing to support agriculture.

In 2023, some domestic water rates increased by only 3.5% to $4.5% across different customer categories, amid rising inflation.

<u>Financial Highlights:</u>

The Capital Expenditure Charge (CEC) Reserve balance as of December 31, 2023 was $4,838,944. The total CECs collected in 2023 was $849,508. The Renewal Reserve balance as of December 31, 2023 was $689,962.

In 2023, the District spent the following reserve fund amounts:

- Capital Expenditure Charge Reserve: $23,423
  - *For improvements to the McKinley Chlorinator Building*

- Renewal Reserve: $970,396
  - *For upgrades to the, SCADA systems, PRV upgrades, underground works, Dam Safety Reviews, Meter and MXU Replacements and Kelowna Creek Intake electrical improvements*

Stage I Works:

The Okanagan Lake (Stage I Works) Long Term Loan is in repayment mode, with a Locked-In rate of 3.97% for 20 years. Monthly loan payments were made during the year, reducing the loan by $383,327 which resulted in a loan balance of $4,701,375 on December 31, 2023.

Stage II Works:

Monthly loan payments were made during the year on the Okanagan Lake (Stage II Works) Long Term Loan, reducing the loan by $200,004, which resulted in a loan balance of $2,499,790 on December 31, 2023.

Key Projects:

Scada Operating System Upgrades – All SCADA PLC's, radios, and computers, were upgraded from unsupported operational systems and software.

Dam Safety Reviews – Dam Safety Regulations in the Province of BC requires owners to complete a periodic review of the safety assessment of water reservoir dams. GEID retained Watershed Engineering to perform safety reviews on McKinley, Postill, Bulman and South Lake dams.

PRV Stations Relocation to Above Ground - GEID completed the relocation of 2 of 11 of its existing underground PRV stations to above ground kiosks. Implementing this project will reduce the operational and safety requirements associated with confined space entry. Design is underway for an additional three stations to be completed in 2024/2025.

Meter/MXU Replacements – GEID contracted KTI to replace and upgrade the existing meter reading devices, or MXU's, for the District. Over 500 MXU's were updated for commercial, agriculture and residential customers; thus, eliminating the need for manually reading meters, and increasing operational and administrative efficiency for future billing cycles.

New McKinley Chlorinator Building – As the current gas chlorine system approaches its end of life, GEID retained Carollo Engineers to design a new much safer bulk 12% sodium hypochlorite storage and dosing facility replace the existing system at McKinley Reservoir. Construction is scheduled to commence in the fall of 2024.

GEID Transition to City of Kelowna Water Utility

The Glenmore Ellison Improvement District (GEID) and City of Kelowna will officially join forces now that an Order in Council has been signed by the Province June 17, 2024.

In March 2024, the GEID board unanimously signed a Transition Agreement with the goal of transferring the operation of GEID to the City of Kelowna for the benefit of our customers and community. The gradual change will begin January 1, 2025 and run through to the end of 2027. GEID staff and operations will be maintained as a business unit within the City to enable a smooth operational change. All GEID and City of Kelowna water utility customers will receive the same level of service through the transition while improving reliability, resiliency, and value in response to significant growth and climate change.

For over a century, our improvement district has been providing reliable and high-quality water services to the Glenmore Valley, supporting its growth and prosperity. We are proud of our achievements and our legacy, and we are confident that this transition will ensure continued quality, reliability, and sustainability of our water system.

The City of Kelowna shares our vision and values and has a proven track record of delivering integrated water services to a large and diverse customer base. By joining forces, we will be able to enhance our service levels and interconnectivity, improve our resilience and emergency response, and achieve economies of scale that will benefit all of our customers.

On behalf of the District, we thank the staff and crew with deep gratitude for their efforts and dedication throughout this year and years past.

Respectfully submitted,

BOARD OF TRUSTEES:
Steven Bonn
Horst Grams
Bob Fugger
Joe Petretta
Lee-Ann Tiede

PROJECTS & WORKS REPORT– 2023

MEMBERS OF THE BOARD:

The snow survey data at the end of April 26, 2023, showed the watershed snowpack water equivalency to be 67% above average for that time of year. All Reservoirs reached 100% of their storage capacities. The District managed its water resources carefully and responsibly throughout the year.

2023 Year-End Summary

The 2023 lake levels and reserves at year-end were as follows:

Lake	Year-End Level	Year-End Volume	Full Level	Full Volume
Postill	25\` 1”	2450ac ft	34\` 4"	4,537 ac ft
South	11\`0”	292ac ft	17\` 7"	627 ac ft
Bulman	17\`0”	473ac ft	26\` 5"	955 ac ft

- 2023 year-end storage levels were 52.5% of the total available storage capacity.
- 2023 total delivered volumes were 6064ac ft [7,479 ML].
- Okanagan Lake supply = 84.2%
- Kelowna Creek = 15.8%
- Wells = 0.0%.

Other projects that the District was involved with were as follows:

- Completion of 64 various existing works repairs, special works projects. Crews also completed 18 fire hydrant repairs. There were 20 domestic water services and several irrigation services, and 6 main line valves renewed in 2023. Installed 4 air valve setter pits. We also inspected 6 reservoirs and cleaned 2 of them in 2023. Routine flushing of the district water mains was also completed.
- Completed upgrading two underground PRV stations to above ground Kiosk. Upgraded the electrical service and replaced the gen-set at the Kelowna Cr Intake facility.
- Completed numerous new watermain and facility installation inspections as well as connection tie-in inspections for new subdivisions and infill developments. Developer contributed works included 11 domestic services, 18 large diameter (commercial-industrial-subdivision) service installs, 10 fire hydrants, 730m of watermain and 780m3 of reservoir storage being installed.

Routine maintenance is a large part of the staff's daily duties with 17 pumping stations, 11 enclosed reservoirs with 34 ML of total storage, 22 pressure reducing stations, 31 pressure zones, 4 groundwater wells, 1 gas chlorinator, 1 UV Disinfection facility and 604 fire hydrants. On top of their regular duties the crew responded to 845 service requests and 550 BC One-Call locate requests.

We would like to express our appreciation to the staff for their dedication and the great work they have provided to GEID.

Respectfully submitted,

Mike Rojem, Projects Coordinator | **Kevin Burtch, Operation Manager**