



Annual Reports / Financial Statements for 2022

2023 ANNUAL GENERAL MEETING
Thursday June 8, 2023

451 Glenmore Road
Kelowna, BC V1V 1Z6
7:00 P.M.



**ANNUAL GENERAL MEETING
AGENDA
JUNE 8, 2023, at 7:00 PM**

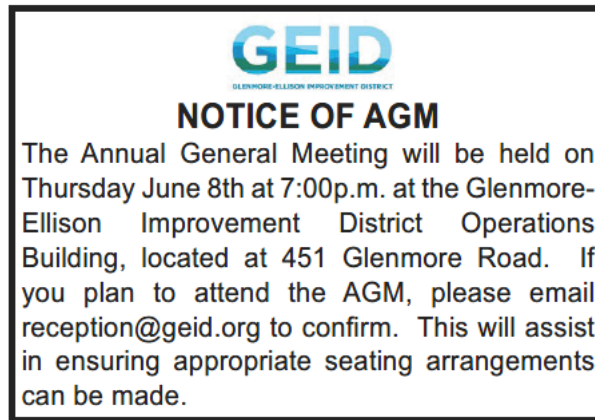
Meeting Called to Order / Introduction of Trustees and Head Table

- 1. NOTICE OF AGM:** Read by the Administrative Treasurer
- 2. MINUTES OF APRIL 28, 2022:** Read by the Administrative Treasurer OR Reading Dispensed by Motion from the Floor
- 3. FINANCIAL REPORT:** Financial Statements reviewed by Auditor
 - 3.1 Appoint Auditor for 2023
- 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. Set TRUSTEE REMUNERATION for 2023**
- 7. Set CHAIR'S REMUNERATION for 2023**
- 8. MEETING ADJOURNED**

GENERAL DISCUSSION

GEID NOTICE OF 2023 AGM

1. The following Notice of the 2023 GEID AGM was posted in the Kelowna Daily Courier Valley Wide Classifieds on Thursday, May 25, 2023:



2. The following was posted on the home page of the Glenmore-Ellison Improvement District website as of Wednesday, May 24, 2023:

NOTICES

NOTICE OF AGM

The Annual General Meeting will be held on Thursday June 8th at 7:00 p.m. at the Glenmore-Ellison Improvement District Operations Building, located at 451 Glenmore Road.

If you plan to attend the AGM, please email reception@geid.org to confirm. This will assist in ensuring appropriate seating arrangements can be made.

3. The following was included in the GEID Spring 2023 Newsletter that was circulated by Canada Post Neighborhood Mail on June 2, 2023 to postal codes within GEID.

GEID AGM INVITE

GEID invites you to attend its Annual General Meeting Thursday, June 8 at 7:00 pm at the GEID Operations Building at 451 Glenmore Road.

Your input helps us make important decisions regarding your GEID services.

If you plan to attend the AGM, please email reception@geid.org to confirm. This will assist in ensuring appropriate seating arrangements can be made.



MINUTES OF THE 33rd ANNUAL **GENERAL MEETING** OF THE LANDOWNERS OF THE GLENMORE-ELLISON IMPROVEMENT DISTRICT HELD ON THURSDAY, **APRIL 28, 2022** at 7:00 PM AT GLENMORE-ELLISON IMPROVEMENT DISTRICT 445 GLENMORE ROAD, KELOWNA, BC.

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

Landowners: Graeme James, Heather Hrasko, Caroline Noga, Michael Noga, Bob Hrasko, John Janmaat, Joe Petretta and Frank Pullen

DELEGATION: **Darcy Haw**, MNP – Auditor
Sean Pihl, 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.

The Chair noted that Tony Wolf of T. Wolf & Co. who was appointed as District’s Auditor for 2021 at last year’s AGM, had to resign due to health reasons. The Chair thanked Darcy Haw of MNP for being able to accommodate GEID’s 2021 Audit into their schedule on such short notice.

1. Annie Lynch, Administrative Treasurer, stated that the “GEID NOTICE OF AGM 2022” for Thursday, April 28, 2022 was posted in the “NOTICES” section on the GEID website as of April 7, 2022; and also advertised in the Kelowna Daily Courier on April 14, 2022.
2. Steven Bonn, Chair opened the floor and noted that since everyone has a copy of Minutes from June 30, 2021, 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: Caroline Noga, **SECONDED** by: Bob Hrasko, to dispense with the reading of the Annual General Meeting Minutes of June 30, 2021.

CARRIED.

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

A **MOTION** was made by: Horst Grams, **SECONDED** by: Bob Fugger, to approve the Annual General Meeting Minutes of June 30, 2021.

CARRIED.

3. The **2021 TRUSTEE’S REPORT** was read Steven Bonn, Chair.

3.1 Steven Bonn, Chair opened the floor and asked if there were any questions or business arising from the 2021 Trustee’s Report.

A **MOTION** was made by: Michael Noga, **SECONDED** by: Joe Petretta, to receive the Trustee’s Report as presented.

CARRIED.

Joe Petretta asked when the Drought Management Plan would be completed. Steven Bonn replied that it hasn't been finalized yet and that we're hoping it will be soon.

Joe Petretta commented on that in the report, it stated rate increases hadn't been made since 2018, but in fact the G-Grade rate had been changed last year. Dawn Williams clarified that it was the Tolls Bylaw referenced in the report that hadn't been adjusted since 2018, but the Tax Bylaw has been adjusted annually.

4. Highlights from the **2021 PROJECTS & WORKS REPORT** were presented by Kevin Burtch, Operations Manager.

4.1 Steven Bonn, Chair opened the floor and asked if there were any questions or business arising from the 2021 Projects & Works Report.

A **MOTION** was made by: Horst Grams, **SECONDED** by: Lee-Ann Tiede, to receive the Projects & Works Report as presented.

CARRIED.

5. **FINANCIAL STATEMENTS/REPORT**

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

Darcy Haw of MNP LLP then presented the **2021 AUDITED CONSOLIDATED FINANCIAL STATEMENTS.**

Chair Steven Bonn opened the floor and asked if there were any questions or comments regarding the 2021 Financial Statements.

Bob Hrasko asked for an explanation of what services were included in the Professional Services account.

Annie Lynch, Administrative Treasurer, explained that it was made up of several different accounts including Drafting Plans & GIS, Audit fees, Research & Planning and Legal Fees.

A **MOTION** was made by: Bob Hrasko, **SECONDED** by: Joe Petretta, to receive the Audited Consolidated Financial Statements as presented.

CARRIED.

Darcy Haw exited the meeting at this point.

5.1 Staff and Trustees noted that the District had very good service from the MNP team and that their rates are consistent with industry standards and the value for money with having an accounting firm with up-to-date resources. It was recommended that MNP be appointed as auditor for 2022 year-end.

A **MOTION** was made by: Bob Hrasko, **SECONDED** by: Michael Noga, to appoint MNP LLP as auditors for the 2022 year-end.

CARRIED.

6. **TRUSTEE'S REMUNERATION**

Annie Lynch, Administrative Treasurer, reported that currently the trustees receive an honorarium of \$425.00 per month, along with \$225.00 for each meeting attended, which is usually one regularly scheduled meeting per month. Prior to last year, rates had not increased for four years. Annie Lynch noted that the cost of living has increased by 4.7% for the current year.

Bob Hrasko stated that the trustees were theoretically receiving \$650 for their one monthly meeting.

Horst Grams replied that the Trustees do most of their emails, document readings and other board duties at home and that is what the monthly amount covers.

Steven Bonn, Chair also noted that beginning Jan 1, 2019, the Federal Government removed the 1/3 non-taxable portion allowance. Most local governments adjusted the remuneration amount to account for the taxes that became payable on the one third portion. GEID did not make an adjustment at that time.

A **MOTION** was made by: Bob Hrasko, **SECONDED** by: Michael Noga, that the Trustee's remuneration shall be remain as is and not be increased in 2022.

CARRIED.

7. CHAIR'S REMUNERATION

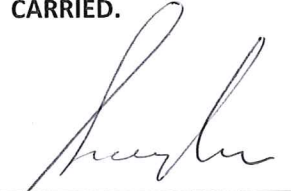
Annie Lynch, Administrative Treasurer, reported that currently the GEID Chair receives an honorarium of \$1,000.00 per month, along with \$350.00 for each meeting attended, which is usually one regularly scheduled meeting per month. Prior to last year, rates had not increased for four years.

A **MOTION** was made by: Bob Hrasko, **SECONDED** by: Michael Noga that the Chair's remuneration shall remain as is and not be increased in 2022. **CARRIED.**

As there were no further questions or comments, the Chair entertained a motion to adjourn at 7:40 p.m.

The **MOTION** was made by: Horst Grams, **SECONDED** by: Lee-Ann Tiede to adjourn.

CARRIED.



Steven Bonn
Chair



Dawn Williams
Administrator

General discussion to follow.

**Glenmore-Ellison Improvement District
Consolidated Financial Statements**

December 31, 2022

Glenmore-Ellison Improvement District
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For the year ended December 31, 2022

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Management's Responsibility

To the Board of Trustees of the 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 the consolidated financial statements.

The Board of Trustees is composed entirely 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 fulfills 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 appointing 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 with, both the Council and management to discuss their audit findings.

May 4, 2023



Treasurer

Independent Auditor's Report

To the Board of Trustees of the 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, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedule 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 financial position of the District as at December 31, 2022, and the results of its operations, changes in 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 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 the 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.

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 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.

Kelowna, British Columbia

May 4, 2023

MNP LLP
Chartered Professional Accountants

Glenmore-Ellison Improvement District
Consolidated Statement of Financial Position

As at December 31, 2022

	2022	2021
<hr/>		
Financial assets		
Cash (Note 2)	10,970,971	9,367,626
Accounts receivable (Note 3)	767,551	839,755
	11,738,522	10,207,381
<hr/>		
Financial liabilities		
Accounts payable and accrued liabilities	249,737	252,367
Deferred revenues and deposits	345,853	346,462
Long-term debt (Note 4)	7,784,496	8,353,111
	8,380,086	8,951,940
<hr/>		
Net financial assets	3,358,436	1,255,441
<hr/>		
Non-financial assets		
Tangible capital assets (Note 5)	72,824,099	72,618,853
Supply inventory	537,175	275,249
Prepaid expenses	35,033	25,975
	73,396,307	72,920,077
<hr/>		
Accumulated surplus (Schedule 1)	76,754,743	74,175,518
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Commitments and contingencies (Note 6)		



Treasurer

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

Glenmore-Elison Improvement District
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2022

	Budget (Note 7)	2022	2021
Revenue			
Contributed tangible capital assets	-	541,688	1,043,979
Contributions to CEC reserve	-	1,553,633	1,479,655
Custom work	18,000	22,659	29,210
Domestic water connection fees	70,000	52,236	96,229
Domestic water rates	4,650,500	4,741,074	4,839,073
Gain on disposal of tangible capital assets	-	17,700	-
Interest	22,500	215,914	74,725
Other income	37,245	68,449	54,244
Tax levy	386,000	385,021	556,087
	5,184,245	7,598,374	8,173,202
Expenses			
Amortization (Note 5)	-	1,114,570	1,082,625
Computer maintenance and support	25,000	31,886	30,334
Honoraria	55,000	51,450	51,200
Insurance	220,000	231,901	213,230
Interest and bank charges	2,800	2,624	2,472
Interest on long-term debt	255,000	298,000	254,602
Licenses and dues	20,000	19,463	19,268
Loss on disposal of tangible capital assets	-	-	156,240
Miscellaneous	5,000	3,522	3,858
Office and administration	80,850	87,078	82,563
Professional fees	258,000	152,365	220,655
Repairs and maintenance	886,659	959,468	849,219
Salaries and benefits	1,327,209	1,200,416	1,178,519
Training	31,000	13,761	29,601
Utilities	508,000	469,583	503,083
Vehicles and heavy equipment	152,500	149,510	149,567
Water system operations	350,000	233,552	252,613
	4,177,018	5,019,149	5,079,649
Annual surplus	1,007,227	2,579,225	3,093,553
Accumulated surplus, beginning of year	74,175,518	74,175,518	71,081,965
Accumulated surplus (Schedule 1)	75,182,745	76,754,743	74,175,518

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

Glenmore-Ellison Improvement District
Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31, 2022

	Budget (Note 7)	2022	2021
Annual surplus	1,007,227	2,579,225	3,093,553
Acquisition of tangible capital assets	-	(1,319,816)	(2,087,711)
Amortization of tangible capital assets	-	1,114,570	1,082,625
Proceeds on disposal of tangible capital assets	-	17,700	45,000
Loss (gain) on disposal of tangible capital assets	-	(17,700)	156,240
	-	(205,246)	(803,846)
Change in inventory	-	(261,926)	(106,628)
Change in prepaid expenses	-	(9,058)	306
		(270,984)	(106,322)
Increase in net financial assets	1,007,227	2,102,995	2,183,385
Net financial assets (net debt), beginning of year	1,255,441	1,255,441	(927,944)
Net financial assets, end of year	2,262,668	3,358,436	1,255,441

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, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating Activities		
Receipts from water taxes, tolls, developers and other	6,894,667	7,095,506
Cash paid to employees and suppliers	(3,880,193)	(3,802,309)
Interest received	215,914	74,725
Interest paid on long-term debt	(298,000)	(254,602)
	2,932,388	3,113,320
Capital Activities		
Acquisition of tangible capital assets	(778,128)	(1,043,732)
Proceeds on disposal of tangible capital assets	17,700	45,000
	(760,428)	(998,732)
Financing Activities		
Principal repayments of long-term debt	(568,615)	(554,119)
Increase in cash	1,603,345	1,560,469
Cash, beginning of year	9,367,626	7,807,157
Cash, end of year	10,970,971	9,367,626
Cash is represented by:		
Unrestricted cash	6,145,250	6,078,556
Restricted cash <i>(Note 1 (b))</i>	4,825,721	3,289,070
	10,970,971	9,367,626

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

Glenmore-Ellison Improvement District

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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.

1. 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 cash

Restricted cash includes CEC reserve funds and renewal reserve funds.

(c) Liability for contaminated sites

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, 2022.

(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.

Glenmore-Ellison Improvement District
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

1. Significant accounting policies (continued)

(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.

(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

i) 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.

ii) Renewal Reserve Fund

The fund was established by Bylaw #98, for costs of upgrading, replacement, or renewal of existing works.

iii) Building Fund

The fund was established for future shop expansion.

iv) Land and Access Fund

The fund was established in 2015 for future legal expense pertaining to District lands.

v) Meter Reserve Fund

The fund was established for the purpose of funding future water meter expenditures.

vi) Rate Stabilization Reserve Fund

The fund was established to offset revenue anomalies as a result of climate driven events.

vii) Risk Management Reserve Fund

The fund was established for the purpose of funding new regulation compliance, such as dam safety reviews.

viii) Vehicle Reserve Fund

The fund was established for the replacement or acquisition of equipment for Glenmore-Ellison Improvement District.

ix) Water Quality Improvement Fund

The fund was established for the purpose of funding future water quality improvements.

Glenmore-Elison Improvement District
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

1. Significant accounting policies (continued)

(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.

The District recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the District recognizes revenue as the liability is settled.

(j) 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.

(k) 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 and related amortization expenses.

2. Cash

	2022	2021
Restricted Cash		
CEC reserve (Schedule 1)	3,996,000	2,382,813
Renewal reserve (Schedule 1)	829,721	906,257
	4,825,721	3,289,070
Unrestricted Cash	6,145,250	6,078,556
	10,970,971	9,367,626

Glenmore-Ellison Improvement District Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

3. Accounts Receivable

	2022	2021
Tolls and taxes	648,075	686,527
GST rebate	78,677	68,382
Trade and other	40,799	84,846
	767,551	839,755

4. 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, 2022, was 4.74%.

	2022	2021
Fixed Rate Loan		
Opening balance	5,453,133	5,807,248
Repayments	(368,431)	(354,115)
Ending balance	5,084,702	5,453,133
Floating Rate Loan		
Opening balance	2,899,978	3,099,982
Repayments	(200,184)	(200,004)
Ending balance	2,699,794	2,899,978
	7,784,496	8,353,111

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

2023	583,335
2024	598,833
2025	614,958
2026	631,734
2027	649,189

Glenmore-Ellison Improvement District
Notes to the Financial Statements
For the year ended December 31, 2022

5. Tangible capital assets

	Land	Buildings	Furniture & equipment	Machinery & equipment	Automotive infrastructure	I.T. infrastructure	Water system infrastructure	Construction in progress	Total 2022	Total 2021
Cost										
Balance, beginning of year	84,790	2,508,015	201,087	987,989	1,066,763	128,195	79,313,852	193,366	84,484,057	82,893,165
Additions	-	-	50,019	-	122,895	-	673,337	473,565	1,319,816	2,087,711
Disposals	-	-	-	-	(16,357)	-	-	-	(16,357)	(496,819)
Balance, end of year	84,790	2,508,015	251,106	987,989	1,173,301	128,195	79,987,189	666,931	85,787,516	84,484,057
Accumulated amortization										
Balance, beginning of year	-	171,527	24,219	269,816	300,561	88,385	11,010,696	-	11,865,204	11,078,158
Amortization	-	25,080	13,406	36,867	53,629	8,235	977,353	-	1,114,570	1,082,625
Disposals	-	-	-	-	(16,357)	-	-	-	(16,357)	(295,579)
Balance, end of year	-	196,607	37,625	306,683	337,833	96,620	11,988,049	-	12,963,417	11,865,204
Net book value, end of year	84,790	2,311,408	213,481	681,306	835,468	31,575	67,999,140	666,931	72,824,099	72,618,853
2021 Net book value, end of year	84,790	2,336,488	176,868	718,173	766,202	39,810	68,303,156	193,366	72,618,853	

Included in tangible capital assets are fully depreciated assets with cost and accumulated amortization of \$1,573,579 (2021 - \$1,464,087).

Glenmore-Ellison Improvement District
Notes to the Financial Statements
For the year ended December 31, 2022

6. 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.

- (b) The District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 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 \$111,618 (2021 - \$125,646) for employer contributions to the plan in fiscal 2022.

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.

Glenmore-Ellison Improvement District
Notes to the Financial Statements
For the year ended December 31, 2022

7. Budget data

The budget data presented in these financial statements is based upon the 2022 operating and capital budgets adopted by the Board on May 26, 2022. The following table reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Surplus – Statement of Operations	1,007,227
Adjust for budgeted cash items not included in statement of operations	
Principal repayments of long-term debt	(555,000)
Transfers to reserves	(452,227)
Acquisition of tangible capital assets	-
Financial plan surplus (deficit)	-

8. Recent Accounting Pronouncements

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.

Management is in the process of assessing the impact of adopting this standard on the District's financial results.

Glenmore-Ellison Improvement District
Accumulated Surplus
Schedule 1 - Consolidated Schedule of Funds and Reserves
For the year ended December 31, 2022

	Opening balance	Annual surplus	Acquisition of TCAs	Repayment of debt	Interfund transfers	Closing balance
General funds						
Operating fund	2,386,589	1,637,263	-	(568,615)	(1,000,000)	2,455,237
Statutory reserves						
CEC reserve fund	2,382,813	1,623,259	(10,072)	-	-	3,996,000
Renewal reserve fund	906,257	17,919	(562,760)	-	468,305	829,721
	3,289,070	1,641,178	(572,832)	-	468,305	4,825,721
Internally restricted reserves						
Building fund	112,182	2,117	(65,018)	-	-	49,281
Land and access fund	120,858	2,385	-	-	-	123,243
Meter reserve fund	218,335	(2,328)	-	-	-	216,007
Rate stabilization reserve fund	551,550	10,886	-	-	-	562,436
Risk management reserve fund	289,326	(215,151)	(87)	-	531,695	605,783
Vehicle reserve fund	343,727	24,421	(122,894)	-	-	245,254
Water quality improvement fund	2,598,139	51,336	(17,297)	-	-	2,632,178
	4,234,117	(126,334)	(205,296)	-	531,695	4,434,182
	7,523,187	1,514,844	(778,128)	-	1,000,000	9,259,903
Equity in tangible capital assets						
	64,265,742	(572,882)	778,128	568,615	-	65,039,603
Accumulated surplus						
	74,175,518	2,579,225	-	-	-	76,754,743

TRUSTEES' REPORT for 2022

TO THE LANDOWNERS OF THE DISTRICT:

Trustees:

The term for Steven Bonn expired in 2022. Nominations received were for Steven Bonn and Graeme James. The election was held May 19, 2022. Steven Bonn was re-elected to the position of Trustee for the term 2022 to 2025. The Trustees welcomed him back to the Board.

Steven Bonn was also elected by the Trustees as Chair for 2022.

The Board of Trustees held a total of 14 regularly scheduled meetings in 2022 to conduct the business of the District.

In 2021, GEID held its Annual Election during the month of April, a month prior to the AGM that year, in an effort to accommodate the current Provincial COVID Protocols. Subsequent to the Election, Robert Hrasko, one of the unsuccessful candidates, filed an Election Appeal with the Supreme Court of British Columbia. In late 2022, a 3-day court hearing was held at the Supreme Court of British Columbia. In February 2023, the court ruled that the 2021 Election was of "no effect". While the court concluded the error was "clearly not a situation of intentional malfeasance or electoral tampering, GEID was required to run a by-election to fill the two board vacancies, each for a one-year term.

This by-election was held in April, 2023. Despite his court challenge, Mr. Hrasko chose not to run in the by-election. Nominations were received for Horst Grams, Lee-Ann Tiede, Taylor Sebastian and Harman Bahniwal. The original trustees, Horst Grams and Lee-Ann Tiede, were re-elected for the balance of their term.

Staff:

GEID Management Team in 2022:

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

Towards the end of July 2022, GEID's Administrative Treasurer, Annie Lynch, retired. We thank Ms. Lynch for her contributions to the District. In August 2022, GEID welcomed Jennifer Slivinski to the management team as the Administrative Treasurer. Jennifer has over 20 years of finance experience, with the last 10 years focused on municipal government and post-secondary institution.

GEID added one permanent full-time position to the administrative staff, bringing the total number of full time Office Clerks to 4. We currently have 7 Operators and are posting to recruit one more operator in 2023. 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 2022.

Taxes & Tolls

For 2022, GEID adopted a new water rate structure for agricultural customers that rewards water-use efficiency and supports climate change adaptation. The old structure of a set parcel tax for a set irrigation allotment was inequitable for most farmers and did not provide incentives for conservation. The taxation for agricultural users was reduced from \$124.00/acre to \$38.00/acre and a usage rate of \$0.04 per cubic metre of water was added. Customers that used the same amount of water in 2022 as they did in 2021 would have paid less in 2022.

Since the implementation of this “pay for what you use” structure, 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 2022 were established by Bylaw 233 as follows:

A Grade (Farm Status)	\$38.00/acre
C Grade (Commercial)	\$174.00/acre
D Grade (Dry Land)	No Levy
E Grade (Exempt Lands)	No Levy
G Grade (General Irrigation)	\$126.00/acre
M Grade (Multi-Family/Strata/Apt).....	\$138.00/acre
R Grade (Residential)	\$174.00/acre
S-1 Grade (Stratas - works maintained by GEID)	\$174.00/acre

As per the 2022 Land Grade Summary Report, there were **9,136** acres of land in the District of which **2,065** acres were A grade (Farm Status) and **2,034** acres were grades C, G, G-2, M, R and S-1, and were taxable. Additionally, there were **4,433** acres of D grade (dry) lands, **604** acres of E grade (tax-exempt) properties, and **113** acres of land owned by the District.

As at December 31, 2022, there were a total of **9,972** service connections. There were **9,351** domestic connections and an additional **232** commercial connections. There are **389** agricultural connections in the District.

GEID retained Waterworth to review its 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 2022, which focuses on water conservation, fairness, and equity across all users, while continuing to support agriculture.

In 2022, domestic water rates revenue decreased by 2% compared to 2021, mainly attributed to a decrease in water usage compared to 2021 and the yearly average.

Financial Highlights:

The Capital Expenditure Charge (CEC) Reserve balance as of December 31, 2022 was \$3,996,000. The total CECs collected in 2022 was \$1,623,258, which was \$132,578 higher than 2021. The increase in 2022 was mainly attributed to higher interest earned on CEC balances and an overall increase in development.

In 2022, the District spent the following reserve fund amounts:

- Capital Expenditure Charge Reserve: \$10,071
 - *For improvements to the McKinley Chlorinator Building*
- Renewal Reserve: \$562,759
 - *For upgrades to the watermain air valves, SCADA systems, PRV upgrades, underground works, 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 \$368,431 which resulted in a loan balance of \$5,084,702 on December 31, 2022.

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 \$200,184, which resulted in a loan balance of \$2,699,794 on December 31, 2022.

Key Projects:

GEID SCADA and Data Security Systems Review - GEID retained DataAnywhere to review currently implemented security technologies for our data and SCADA systems to ensure best practices are followed and to ensure that any deficiencies are identified. All recommendations from the review have now been completed.

Scada Operating System Upgrades – All SCADA PLC's, radios, and computers, were upgraded from unsupported operational systems and software in 2022.

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. In 2022, GEID retained Watershed Engineering to perform safety reviews on McKinley, Postill, Bulman and South Lake dams.

PRV Stations Relocation to Above Ground - GEID started with the relocation of 2 of 11 of its existing underground PRV stations to above ground kiosks in 2022. Implementing this project will reduce the operational and safety requirements associated with confined space entry.

Meter/MXU Replacements – In November 2022, 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.

Notice of Election 2023:

The terms for Bob Fugger and Steve Lemke expire in 2023.

Nominations for these positions will be open from 8:00 am on May 30, 2023 until 3:00 pm on June 9, 2023.

If an election is required, voting will take place on Tuesday, June 27, 2023 between the hours of 10:00 am and 6:00 pm at the GEID Office. An Advanced Poll will be available between 12:00 pm and 4:00 pm Thursday, June 22, 2023 also at the GEID Office.

On behalf of the District, we thank the staff and crew for their efforts and dedication throughout the year.

Respectfully submitted,

BOARD OF TRUSTEES:

Steven Bonn

Horst Grams

Bob Fugger

Steve Lemke

Lee-Ann Tiede

PROJECTS & WORKS REPORT– 2022

MEMBERS OF THE BOARD:

The snow survey data at the end of April 2022 showed the watershed snow pack water equivalency to be 15.1% 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.

The 2022 lake levels and reserves at year-end were as follows:

2022 Year-End Summary

Lake	Year-End Level	Year-End Volume	Full level	Full Volume
Postill	25` 0"	2425ac ft	34` 4"	4,537 ac ft
South	9` 0"	212ac ft	17` 7"	627 ac ft
Bulman	19` 2"	567ac ft	26` 5"	955 ac ft

- 2022 year-end storage levels were 52.4% of the total available storage capacity.
- 2022 total delivered volumes were 5114ac ft [6308 ML].
- Okanagan Lake supply = 82.4%
- Kelowna Creek = 17.6%
- Wells = 0.0%.

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

- Completion of 71 various existing works repairs, special works projects. Crews also completed 27 fire hydrant repairs. There were several domestic water services and irrigation services renewed in 2022. We also inspected 7 reservoirs and cleaned 3 of them in 2022. Routine flushing of the district water mains was also completed.
- 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 62 domestic services, 9 large diameter (commercial-industrial-subdivision) service installs, 9 fire hydrants and 744m of watermain being installed.

Routine maintenance is a large part of the staff's daily duties with 17 pumping stations, 11 enclosed reservoirs with 33.18 ML of total storage, 22 pressure reducing stations, 31 pressure zones, 4 groundwater wells, 1 gas chlorinator, 1 UV Disinfection facility and 548 fire hydrants. On top of their regular duties the crew responded to 991 service requests and 462 BC One-Call locate requests.

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

Respectfully submitted,

Mike Rojem, Projects Coordinator

Kevin Burtch, Operation Manager

TRUSTEE AND CHAIR REMUNERATION

Trustees attend a minimum of one regularly scheduled meeting a month. At the request of the landowners, a Remuneration Committee Report was presented at the 2017 AGM and the rate structure was amended. Up until 2021, rates had not increased for four years.

In 2021 the Trustees received an increase of \$25 per month plus an increase of \$25 for each meeting attended. Trustees are currently paid \$425/month plus \$225/meeting.

In 2021 the Chair received an increase of \$200 per month plus an increase of \$60 for each meeting attended. The Chair is currently paid \$1,000/month plus \$350/meeting.

In 2022, both the Trustees and the Chair did not see an increase, even though the cost of living had increased by 4.7%.

The latest 12-month average % change (as of April 2023) for B.C. CPI is 4.3% for all items category (source: *Statistics Canada*). Staff is recommending that honorariums and monthly meetings keep up with inflation increases for 2023 with the following recommended option:

		2023 Proposed - 4.3% increase	2023 Current	2022	2021	2020	2019	2018	2017
Chair	<i>Monthly</i>	\$1,043.00	\$1,000.00	\$1,000.00	\$1,000.00	\$800.00	\$800.00	\$800.00	\$800.00
	<i>Meeting</i>	\$366.00	\$350.00	\$350.00	\$350.00	\$290.00	\$290.00	\$290.00	\$290.00
Trustees	<i>Monthly</i>	\$444.00	\$425.00	\$425.00	\$425.00	\$400.00	\$400.00	\$400.00	\$400.00
	<i>Meeting</i>	\$235.00	\$225.00	\$225.00	\$225.00	\$200.00	\$200.00	\$200.00	\$200.00