



Annual Reports / Financial Statements for 2021

2022 ANNUAL GENERAL MEETING

Thursday April 28, 2022

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



**ANNUAL GENERAL MEETING
AGENDA
APRIL 28, 2022 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 JUNE 30, 2021:** Read by the Administrative Treasurer OR Reading Dispensed by Motion from the Floor
- 3. TRUSTEE'S REPORT:** Read by the Chair
 - 3.1 Business Arising from Report
- 4. PROJECTS & WORKS REPORT:** Presented by the Operations Manager
 - 4.1 Business Arising from Report
- 5. FINANCIAL REPORT:** Financial Statements reviewed by Auditor
 - 5.1 Appoint Auditor for 2022
- 6. Set TRUSTEE REMUNERATION for 2022**
- 7. Set CHAIR'S REMUNERATION for 2022**
- 8. MEETING ADJOURNED**

GENERAL DISCUSSION



MINUTES OF THE 32nd **ANNUAL GENERAL MEETING** OF THE LANDOWNERS OF THE GLENMORE-ELLISON IMPROVEMENT DISTRICT HELD ON WEDNESDAY, **JUNE 30, 2021 at 7:00 PM** AT GLENMORE-ELLISON IMPROVEMENT DISTRICT 445 GLENMORE ROAD, KELOWNA, BC.

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

Landowners: Joe Petretta, Paul Regan, Audrey Regan, Mike Noga, John Janmat, Bob Hrasko, Heather Hrasko

DELEGATION: Tony Wolf, T. Wolf & Co. Ltd.
Carl da Luz, Pihl Law Corporation
Matt Cameron, CTQ Consultants

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

1. Garry Filafilo, Administrative Treasurer, read the “**NOTICE OF ANNUAL GENERAL MEETING**” and noted when and where the advertising was placed for the AGM. (June 16, 2021 Kelowna Daily Courier on the GEID website)
2. Steven Bonn, Chair opened the floor and noted that since everyone has a copy of last year’s Minutes, asked for a motion to dispense with the reading of the Minutes for last year’s Annual General Meeting.

A **MOTION** was made by: Bob Fugger, **SECONDED** by: Joe Petretta, to dispense with the reading of the Annual General Meeting Minutes of June 10, 2020.
CARRIED.

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

A **MOTION** was made by: Bob Fugger, **SECONDED** by: Paul Regan, to adopt the Annual General Meeting Minutes of June 10, 2020.
CARRIED.

3. The **2020 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 2020 Trustee’s Report.

Bob Hrasko noted that the G Grade Rate of \$122.00 was now the same as A Grade for 2020, which was very good news. Steve responded that A and G Grade rates have been the same since 2019.

A **MOTION** was made by: Horst Grams, **SECONDED** by: Bob Hrasko, to receive the Trustee’s Report as presented.
CARRIED.

4. Highlights from the **2020 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 2020 Projects & Works Report. Joe Petretta asked about current upstream water levels given the current hot weather. Mike Rojem noted that the District is currently at 87% which is very good.

A **MOTION** was made by: Bob Fugger, **SECONDED** by: Paul Regan, to receive the Projects & Works Report as presented.

CARRIED.

5. FINANCIAL STATEMENTS/REPORT

Tony Wolf of T. Wolf & Co. thanked the Board of Trustees and Landowners for the opportunity to do the District's Audit again this past year.

Tony Wolf, T. Wolf & Co. then presented the **2020 AUDITED CONSOLIDATED FINANCIAL STATEMENTS.**

Chair Steven Bonn opened the floor and asked if there were any questions or comments regarding the 2020 Financial Statements.

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

CARRIED.

Tony Wolf exited the meeting at this point.

5.1 Staff and Trustees noted that the District has had very good service from Tony Wolf and that his rates are very reasonable, and recommend that T. Wolf & Co. be appointed as auditor for 2021 year-end.

A **MOTION** was made by: Horst Grams, **SECONDED** by: Bob Hrasko, to appoint T. Wolf & Co. as auditors for the 2021 year-end.

CARRIED.

6. TRUSTEE'S REMUNERATION

Garry Filafilo Administrative Treasurer reported that currently the GEID Trustees receive an honorarium of \$400.00 per month, along with \$200.00 for each meeting attended which is usually one regularly scheduled meeting per month. Rates have not been increased since 2017. He 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.

Dawn Williams, Administrator, suggested the rates be increased to at least \$425.00 per month and \$225.00 per meeting for 2021.

Paul Regan asked if there were any comparable rates from other districts.

Garry responded that the rates for Trustees at Black Mountain Irrigation District are \$425 per meeting with two regularly scheduled meetings per month.

Carl Da Luz noted that the landowners present are required to make the motion for Trustee's remuneration.

There was discussion about the number of meetings held per year, there is one regularly scheduled meeting per month and in 2020 there were two additional meetings.

A **MOTION** was made by: Bob Hrasko, **SECONDED** by: Paul Regan, that the Trustee's remuneration shall be increased to \$ 425.00 honorarium per month and \$225.00 per meeting for 2021.

CARRIED.

7. CHAIR'S REMUNERATION

Garry Filafilo Administrative Treasurer reported that currently the GEID Chair receives an honorarium of \$800.00 per month, along with \$290.00 for each meeting attended. No increases have been made since 2017. Without an adjustment for the Federal Government's policy change in 2019 this resulted in less take home pay after tax.

Dawn Williams, Administrator suggested that Chair's remuneration be increased from \$800.00 per month to \$1000.00 and the meeting rate be increased from \$290.00 per meeting to \$350.00.

Total Remuneration for 2020 was \$15,110, a slight decrease from 2019 payments of \$15,690. Black Mountain Irrigation currently pay the Board Chair a rate of \$1,000.00 per month and \$425.00 per meeting. Bob Hrasko confirmed that there are two regularly scheduled meetings per month minimum at BMID and this works out to approximately \$1,900.00 per month minimum.

A **MOTION** was made by: Paul Regan, **SECONDED** by: Bob Fugger, that the Chair's remuneration shall be increased to \$1,000.00 honorarium per month and \$350.00 per meeting for 2021.

CARRIED.

Heather Hrasko Opposed the motion.

Heather Hrasko questioned why the general discussion occurs after the meeting. Carl da Luz replied that the letters patent define the business of the Annual General meeting and the General Discussion comments are reviewed by the Board for information and they decide actions to take from the meeting. No minutes, motions or notes arise from the General Discussion.

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: Bob Fugger, **SECONDED** by: Mike Noga to adjourn.

CARRIED.

Mr. Bonn thanked everyone for attending the meeting.

Steven Bonn
Chair

Dawn Williams
Administrator

General Discussion to follow.

TRUSTEE'S REPORT for 2021

TO THE LANDOWNERS OF THE DISTRICT:

Trustees:

The term for Trustees Horst Grams and Lee-Ann Tiede expired in 2021. Nominations received were for Horst Grams, Lee-Ann Tiede, Joe Petretta and Robert Hrasko. The election was held April 28th, 2021. Horst Grams and Lee-Ann Tiede were re-elected to the positions of Trustee for the term 2021 to 2024. The Trustees welcomed them back to the Board.

Steven Bonn was elected by the Trustees as Chair for 2021.

The Board of Trustees held a total of 14 regularly scheduled meetings in 2021 to conduct the business of the District.

Subsequent to the Election, Robert Hrasko filed an Election Appeal with the Supreme Court of British Columbia. The matter is scheduled to proceed to hearing over a 4-day hearing, commencing June 20, 2022.

Staff:

GEID Management Team in 2021:

Dawn Williams - Administrator;
Kevin Burtch - Operations Manager;
Mike Rojem - Projects Coordinator;
Garry Filafilo - Administrative Treasurer

In December 2021, GEID welcomed Annie Lynch into the management position of Administrative Treasurer. Annie has over 13 years' experience as a Financial Analyst and Services Supervisor in Municipal Government.

GEID has 3 Office Clerks and 9 Operators who belong to Canadian Union of Public Employees Union, Local 338. There were no grievances between management and the union in 2021.

Taxes & Tolls

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 2021 were established by Bylaw 225 as follows:

A Grade (Farm Status)	\$124.00/acre
C Grade (Commercial)	\$171.00/acre
D Grade (Dry Land)	No Levy
E Grade (Exempt Lands)	No Levy

G Grade (General Irrigation)	\$124.00/acre
M Grade (Multi-Family/Strata/Apt).....	\$135.00/acre
R Grade (Residential)	\$171.00/acre
S-1 Grade (Stratas - works maintained by GEID) .	\$171.00/acre

As per the 2021 Land Grade Summary Report, there were **9,097** acres of land in the District of which **2,003** acres were A grade (Farm Status) and **2,091** acres were grades C, G, G-2, M, R and S-1, and were taxable. Additionally, there were **4,400** acres of D grade (dry) lands, **603** acres of E grade (tax-exempt) properties, and **93** acres of land owned by the District.

As at December 31, 2021, there were a total of **9,969** service connections. There were **9,375** domestic connections and an additional **205** commercial connections. There are **389** agricultural connections in the District.

In 2021, GEID retained Waterworth to review current its current rates and cost of service with an expected revision of the Improvement District’s Tolls Bylaw, expected in Spring 2022. A complete Water Rate Review was completed in 2015. Since that review, GEID has focused on conservation and ensuring that all water consumption in GEID is metered. Now with all water being metered, the review can more accurately analyze full cost recovery, assurance of fairness and equity while maintaining support for agriculture. **No metered rate increases have been implemented since 2018.**

Financial Highlights:

The Capital Expenditure Charge (CEC) Reserve balance as of December 31, 2021 was \$2,382,813. The total CECs collected in 2021 was \$1,490,460 which was \$261,658 more than 2020 due to a slight increase in developments in 2021.

In 2021, the District spent the following reserve fund amounts for system upgrades:

Capital Expenditure Charge Reserve:	\$107,871
Renewal Reserve:	\$576,376

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 \$354,115 which resulted in a loan balance of \$5,453,133 on December 31, 2021.

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 \$2,899,978 on December 31, 2021.

This Loan is in a Long-Term repayment format - an Open Loan based on the Canadian Dealer Offered Rate (CDOR), with a revolving 30-day term. This format allows the District to take advantage of today’s low interest rates. This loan can be converted to a locked-in rate at each renewal (i.e. at the end of any 30-day period) if rates are on the rise.

Key Projects:

2021 Capital Plan - GEID's Board of Trustees adopted a 5-year Capital Plan, prepared by CTQ Consultants Ltd., in conjunction with GEID Staff. The plan makes recommendations for the implementation of capital projects required by GEID. The identified projects are the result of a complete analysis of system requirements, including hydraulic performance, water quality objectives and District's finances. The proposed projects do not include infrastructure that will be required by specific developments that could be implemented within the GEID area of service. The Capital Projects analysis includes calculation of cost apportionment that resulted in the development of the 2021 Capital Expenditure Charge Bylaw adopting new CEC rates that have been communicated to developers.

Drought Water Management Plan – In 2021 GEID retained CTQ consultants to prepare a Drought Water Management Plan. Climate change is the main factor influencing potential drought for the Okanagan Basin. GEID has experienced significant growth and operational changes in the past 20 years. Although the trend is reduced consumption, water demands are extremely dependent on the weather conditions with significant increases to be expected in dry years. The main objective is to provide GEID with a tool and methodology to establish water use restriction levels. This will help reduce negative impact to GEID users under a water supply shortage and help to maintain essential water supply services to GEID users under drought conditions.

Service Truck Purchase - In 2021, GEID purchased a new Service Truck, which has been fully equipped with tools and parts that would be required when responding to emergencies, in order to improve operational efficiencies.

Notice of Election 2022:

The term for Trustee Steven Bonn expired in 2022. Nominations have been received for Steven Bonn and Graeme James. An election will take place on Thursday May 19, 2022 between the hours of 10:00am - 6:00pm at the GEID Office. An advance poll is available between 12:00pm and 4:00pm of Thursday May 12.th

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

Respectfully submitted,

BOARD OF TRUSTEES:

Steven Bonn
Horst Grams
Bob Fugger
Steve Lemke
Lee-Ann Tiede

PROJECTS & WORKS REPORT– 2021

MEMBERS OF THE BOARD:

The snow survey data by the end of April 2021 showed the watershed snow pack to be 15.8% below average for that time of year. Postill Lake Reservoir did not spill and only reached 86.5% of its storage capacity. The District managed its water resources very carefully and responsibly throughout the year.

The 2021 lake levels and reserves at year-end were as follows:

2021 Year-End Summary

Lake	Year-End Level	Year-End Volume	Full level	Full Volume
Postill	27` 5"	2919ac ft	34` 4"	4,537 ac ft
South	12` 3"	350ac ft	17` 7"	627 ac ft
Bulman	19` 8"	571ac ft	26` 5"	955 ac ft

- ❖ 2021 year-end storage levels were 62.7% of the total available storage capacity.
- ❖ Total delivered volumes were 5913ac ft [7300 ML].
- ❖ Okanagan Lake supply = 85.17%
- ❖ Kelowna Creek = 14.54%
- ❖ Wells = 0.29%. District wells were used primarily to supplement Fire Flow storage to the Ellison area during the Intake concrete repair works in 2021.

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

- ❖ Completion of 102 various existing works repairs, special works projects included 21-meter setter pit installs and 5 new service installations. Crews also completed 34 fire hydrant repairs.
- ❖ Completed numerous new watermain and facility installation inspections as well as connection tie-in inspections for new subdivisions and infill developments.

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 535 fire hydrants. On top of their regular duties the crew responded to 1,285 service requests and 492 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
Project Coordinator



Kevin Burtch
Operations Manager

Glenmore-Ellison Improvement District
Consolidated Financial Statements
December 31, 2021

Glenmore-Ellison Improvement District Contents

For the year ended December 31, 2021

	Page
Management's Responsibility	
Independent Auditor's Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Changes in Net Financial Assets (Net Debt)	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements	5
Schedule 1 – Consolidated Schedule of Funds and Reserves	13

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.

April 21, 2022



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, 2021, and the consolidated statements of operations and accumulated surplus, changes in net financial assets (net debt) and 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, 2021, and the results of its operations, changes in net financial assets (net debt) 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.

Other Matters

The consolidated financial statements for the District for the year ended December 31, 2020, were audited by another firm of public accountants who expressed an unmodified opinion on those financial statements on April 22, 2021.

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

April 21, 2022

MNP LLP

Chartered Professional Accountants

Glenmore-Ellison Improvement District
Consolidated Statement of Financial Position

As at December 31, 2021

	2021	2020 <i>(Restated - Note 8)</i>
Financial assets		
Cash <i>(Note 2)</i>	9,367,626	7,807,157
Accounts receivable <i>(Note 3)</i>	839,755	842,181
	<u>10,207,381</u>	<u>8,649,338</u>
Financial liabilities		
Accounts payable and accrued liabilities	252,367	362,172
Deferred revenues and deposits	346,462	307,880
Long-term debt <i>(Note 4)</i>	8,353,111	8,907,230
	<u>8,951,940</u>	<u>9,577,282</u>
Net financial assets (net debt)	<u>1,255,441</u>	<u>(927,944)</u>
Non-financial assets		
Tangible capital assets <i>(Note 5)</i>	72,618,853	71,815,007
Supply inventory	275,249	168,621
Prepaid expenses	25,975	26,281
	<u>72,920,077</u>	<u>72,009,909</u>
Accumulated surplus <i>(Schedule 1)</i>	<u>74,175,518</u>	<u>71,081,965</u>

Commitments and contingencies *(Note 6)*



Treasurer

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, 2021

	Budget <i>(Note 7)</i>	2021	2020 <i>(Restated - Note 8)</i>
Revenue			
Contributed tangible capital assets	-	1,043,979	432,900
Contributions to CEC reserve	-	1,479,655	1,228,802
Custom work	11,500	29,210	33,009
Domestic water connection fees	46,000	96,229	92,650
Domestic water rates	4,352,100	4,839,073	4,392,312
Interest	27,880	74,725	154,051
Other income	163,510	54,244	143,974
Tax levy	553,977	556,087	544,421
	5,154,967	8,173,202	7,022,119
Expenses			
Amortization <i>(Note 5)</i>	-	1,082,625	871,716
Computer maintenance and support	30,500	30,334	28,053
Honoraria	60,000	51,200	46,710
Insurance	185,452	213,230	185,853
Interest and bank charges	2,800	2,472	2,769
Interest on long-term debt	260,000	254,602	282,303
Licenses and dues	20,000	19,268	19,894
Loss on disposal of tangible capital assets	-	156,240	29,587
Miscellaneous	5,000	3,858	3,868
Office and administration	71,200	82,563	66,926
Professional fees	180,000	220,655	66,305
Repairs and maintenance	1,178,580	849,219	1,004,079
Salaries and benefits	1,225,015	1,178,519	1,108,264
Training	29,500	29,601	10,254
Utilities	513,310	503,083	408,130
Vehicles and heavy equipment	106,750	149,567	101,691
Water system operations	220,000	252,613	171,770
	4,088,107	5,079,649	4,408,172
Annual surplus	1,066,860	3,093,553	2,613,947
Accumulated surplus, beginning of year	71,081,965	71,081,965	68,468,018
Accumulated surplus <i>(Schedule 1)</i>	72,148,825	74,175,518	71,081,965

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

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

For the year ended December 31, 2021

	Budget <i>(Note 7)</i>	2021	2020 <i>(Restated - Note 8)</i>
Annual surplus	1,066,860	3,093,553	2,613,947
Acquisition of tangible capital assets	(10,000)	(2,087,711)	(7,974,746)
Amortization of tangible capital assets	-	1,082,625	871,716
Proceeds on disposal of tangible capital assets	-	45,000	200,000
Loss on disposal of tangible capital assets	-	156,240	29,587
	(10,000)	(803,846)	(6,873,443)
Change in inventory	-	(106,628)	(4,835)
Change in prepaid expenses	-	306	175,488
		(106,322)	170,653
Increase (decrease) in net financial assets (net debt)	1,056,860	2,183,385	(4,088,843)
Net financial assets (net debt), beginning of year	(927,944)	(927,944)	3,160,899
Net financial assets (net debt), end of year	128,916	1,255,441	(927,944)

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, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating Activities		
Receipts from water taxes, tolls, developers and other	7,095,506	6,060,068
Cash paid to employees and suppliers	(3,802,309)	(3,114,841)
Interest received	74,725	154,051
Interest paid on long-term debt	(254,602)	(282,303)
	3,113,320	2,816,975
Capital Activities		
Acquisition of tangible capital assets	(1,043,732)	(7,541,846)
Proceeds on disposition of tangible capital assets	45,000	200,000
	(998,732)	(7,341,846)
Financing Activities		
Principal repayments of long-term debt	(554,119)	(540,358)
Increase (decrease) in cash	1,560,469	(5,065,229)
Cash, beginning of year	7,807,157	12,872,386
Cash, end of year	9,367,626	7,807,157
Cash is represented by:		
Unrestricted cash	6,078,556	5,875,263
Restricted cash <i>(Note 1 (b))</i>	3,289,070	1,931,894
	9,367,626	7,807,157

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, 2021

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.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The District's operations were minimally impacted by COVID-19 in the year.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the District as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the District's business and financial condition.

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, 2021.

Glenmore-Ellison Improvement District
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

1. Significant accounting policies (continued)

(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.

(g) Interest capitalization

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

(h) 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.

(i) 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 #162.

ii) Renewal Reserve Fund

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

Glenmore-Ellison Improvement District
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

1. Significant accounting policies (continued)

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.

(j) 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.

(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.

Glenmore-Ellison Improvement District
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

1. Significant accounting policies (continued)

(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 and related amortization expenses

2. Cash

	2021	2020
Restricted Cash		
CEC reserve (Schedule 1)	2,382,813	1,000,224
Renewal reserve (Schedule 1)	906,257	931,670
	3,289,070	1,931,894
Unrestricted Cash	6,078,556	5,875,263
	9,367,626	7,807,157

3. Accounts Receivable

	2021	2020
Tolls and taxes	686,527	616,184
GST rebate	68,382	202,174
Trade and other	84,846	23,823
	839,755	842,181

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 bankers acceptance facility for an authorized amount of \$4,000,000 repayable in equal monthly principal payments of \$16,667 plus interest as noted below. 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, 2021, was 0.45%.

Glenmore-Ellison Improvement District
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

4. Long-term debt (continued)

	2021	2020
Fixed Rate Loan		
Opening balance	5,807,248	6,147,602
Repayments	(354,115)	(340,354)
Ending balance	5,453,133	5,807,248
Floating Rate Loan		
Opening balance	3,099,982	3,299,986
Repayments	(200,004)	(200,004)
Ending balance	2,899,978	3,099,982
	8,353,111	8,907,230

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

2022	568,439
2023	583,335
2024	598,833
2025	614,958
2026	631,734

Glenmore-Ellison Improvement District
Notes to the Financial Statements
For the year ended December 31, 2021

5. Tangible capital assets

	Land	Buildings	Furniture & equipment	Machinery & equipment	Automotive	I.T. infrastructure	Water system infrastructure	Construction in progress	Total 2021	Total 2020
Cost										
Balance, beginning of year	84,790	2,508,015	201,087	987,989	923,498	170,300	77,780,246	237,240	82,893,165	75,194,800
Additions	-	-	-	-	230,972	-	1,707,012	149,727	2,087,711	7,974,746
Completed construction in progress	-	-	-	-	-	-	193,601	(193,601)	-	-
Disposals	-	-	-	-	(87,707)	(42,105)	(367,007)	-	(496,819)	(276,381)
Balance, end 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
Accumulated amortization										
Balance, beginning of year	-	146,446	10,813	232,949	307,933	119,891	10,260,126	-	11,078,158	10,253,236
Amortization	-	25,081	13,406	36,867	54,074	10,599	942,598	-	1,082,625	871,716
Disposals	-	-	-	-	(61,446)	(42,105)	(192,028)	-	(295,579)	(46,794)
Balance, end of year	-	171,527	24,219	269,816	300,561	88,385	11,010,696	-	11,865,204	11,078,158
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	71,815,007

Glenmore-Ellison Improvement District

Notes to the Financial Statements

For the year ended December 31, 2021

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, 2020, the plan has about 220,000 active members and approximately 112,000 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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$125,646 (2020 - \$122,434) for employer contributions to the plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available in 2022.

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, 2021

7. Budget data

The budget data presented in these financial statements is based upon the 2021 operating and capital budgets adopted by the Board on December 17, 2020. The following table reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Surplus – Statement of Operations	1,066,860
Adjust for budgeted cash items not included in statement of operations	
Principal repayments of long-term debt	(554,120)
Transfers to reserve	(500,000)
Acquisition of tangible capital assets	(10,000)
Financial plan surplus	2,740

8. Correction of an error

In prior years, the District recorded its statutory reserves (Renewal reserve fund and CEC reserve fund) as deferred revenue in the Financial liabilities section on the Statement of Financial Position. Under Canadian Public Sector Accounting Standards, these statutory reserves should be included in Accumulated surplus, as they do not meet the criteria for treatment as a Financial liability. The adjustment to reclassify these amounts to accumulated surplus resulted in the following adjustments as at December 31, 2020:

Decrease in Financial liabilities	\$1,931,894
Increase in Accumulated surplus	\$1,931,894
Net decrease in Revenue	\$1,792,974
Decrease in Expenses	\$550,000
Decrease in Annual surplus	\$1,242,974

9. Comparative figures

Certain prior year amounts have been reclassified for consistency with the current period presentation.

Glenmore-Ellison Improvement District
Accumulated Surplus
Schedule 1 - Consolidated Schedule of Funds and Reserves
For the year ended December 31, 2021

	Opening balance	Annual surplus	Acquisition of TCAs	Repayment of debt	Interfund transfers	Closing balance
General funds						
Operating fund	2,436,799	1,777,964	15,000	(554,119)	(1,289,055)	2,386,589
Statutory reserves						
CEC reserve fund	1,000,224	1,490,460	(107,871)	-	-	2,382,813
Renewal reserve fund	931,670	6,908	(576,376)	-	544,055	906,257
	1,931,894	1,497,368	(684,247)	-	544,055	3,289,070
Internally restricted reserves						
Building fund	11,773	409	-	-	100,000	112,182
Land and access fund	120,076	782	-	-	-	120,858
Meter reserve fund	126,153	(7,818)	-	-	100,000	218,335
Rate stabilization reserve fund	547,979	3,571	-	-	-	551,550
Risk management reserve fund	177,129	1,124	(88,927)	-	200,000	289,326
Vehicle reserve fund	183,667	46,032	(230,972)	-	345,000	343,727
Water quality improvement fund	2,638,718	14,007	(54,586)	-	-	2,598,139
	3,805,495	58,107	(374,485)	-	745,000	4,234,117
	5,737,389	1,555,475	(1,058,732)	-	1,289,055	7,523,187
Equity in tangible capital assets	62,907,777	(239,886)	1,043,732	554,119	-	64,265,742
Accumulated surplus	71,081,965	3,093,553	-	-	-	74,175,518

TRUSTEE RENUMERATION

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 last year, 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.

Year		Trustee	Chair
2021	Monthly	\$ 425.00	\$ 1,000.00
	Meeting	\$ 225.00	\$ 350.00
2020	Monthly	\$ 400.00	\$ 800.00
	Meeting	\$ 200.00	\$ 290.00
2019	Monthly	\$ 400.00	\$ 800.00
	Meeting	\$ 200.00	\$ 290.00
2018	Monthly	\$ 400.00	\$ 800.00
	Meeting	\$ 200.00	\$ 290.00
2017	Monthly	\$ 400.00	\$ 800.00
	Meeting	\$ 200.00	\$ 290.00