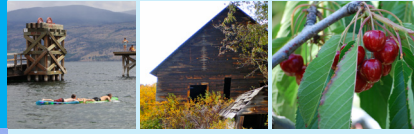


DWK Financial Statements

DWK Financial Statements

2010



A Message from the Chief Financial Officer

December 31, 2010 marked the completion of the District of West Kelowna's third full year of operation.

Taxation is a major revenue source for the General Fund and accounted for 25.47% of the 2010 total revenue of \$83,984,713, excluding collections for other governments. Over the five-year period of the financial plan, the taxation requirement is estimated to increase annually by a growth factor of (2.00%) and Council authorized a tax increase in 2010 of 2.35%. These increases are used to fund changes in cost of living with the remaining going into building adequate reserve levels for the District.

The current financial plan provides for \$21,388,321 to be generated from the District of West Kelowna property tax base for General Government purposes. The District continued to post very positive financial results with the year-end cash and investments totaling \$27.34 million.

The District has various policies that guide and govern the budget process and include:

1. Revenue Policy
2. Surplus Funds Policy
3. Debt Policy
4. Reserve Fund Policy
5. Proportion of Taxes Allocated to Classes
6. Permissive Tax Exemptions
7. Development Cost Charges

Capital projects, in particular infrastructure renewal, are a priority for the District and a further \$16.27 million was expended during 2010 of which \$7.22 million was for sanitary sewer. The major capital projects in 2010 were:

1. Completion of the Public Safety building - \$4.57 million in 2010
2. Road rehabilitation program = \$1.36 million
3. Gellatly Road upgrade - \$1.03 million
4. Sidewalk construction - \$250,000
5. Sanitary Sewer project - \$7.22 million
6. Gellatly boat launch upgrade - \$160,000
7. Kinsman Park pathway - \$69,000

The following highlights demonstrate the significant financial achievements of the District in 2010:

1. Statutory Reserves have grown to \$12,928,030 up from 2009 by \$2,265,991
2. Non-Statutory Reserves at year-end amounted to \$10,001,893 up from 2009 by \$2,335,381.
3. Development Cost Charges as of December 31, 2010 totaled \$5,770,009

The annual budgeting process is designed to enhance the financial performance of the District with the overall goal of delivering on the Strategic Priorities established by Mayor and Council with substantial public input. Ongoing and rigorous monitoring of revenue and expenditures is the mandate of the Financial Services Department and has been successfully achieved in 2010 through the cooperation and joint efforts of all District departments.

Jim Zaffino, CGA
Chief Financial Officer



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BDO Canada LLP
Landmark Technology Centre
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Independent Auditors' Report

To the Mayor and Council of the District of West Kelowna

We have audited the accompanying financial statements of the District of West Kelowna, which comprise the statement of financial position as at December 31, 2010 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District of West Kelowna as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

BDO Canada LLP

Kelowna, British Columbia
May 24, 2011

District of West Kelowna
Statement of Financial Position

December 31	2010	2009
Financial Assets		
Cash and cash equivalents	\$ 1,964,912	\$ 424,012
Temporary investments (Note 1)	25,372,424	32,338,025
Accounts receivable (Note 2)	15,016,551	4,770,031
	<u>42,353,887</u>	<u>37,532,068</u>
Financial Liabilities		
Accounts payable and accrued liabilities	11,001,468	7,560,555
Deferred revenue (Note 3)	1,504,882	1,680,507
Development cost charges reserves	5,770,009	6,200,110
Long term debt (Note 4)	26,381,077	28,052,826
Other	291,751	179,896
	<u>44,949,187</u>	<u>43,673,894</u>
Net Financial Debt	(2,595,300)	(6,141,826)
Non-Financial Assets		
Prepaid expenses	449,709	326,537
Tangible capital assets (Note 5)	278,892,392	270,382,783
	<u>279,342,101</u>	<u>270,709,320</u>
Accumulated Surplus (Note 6)	\$ 276,746,801	\$ 264,567,494

Approved on behalf of the Mayor and Council:

Chief Financial Officer

**District of West Kelowna
Statement of Operations and Accumulated Surplus**

For the year ended December 31	2010	2010	2009
	Actual	Budget (unaudited)	Actual
Revenues			
Taxation	\$ 23,540,808	\$ 23,948,288	\$ 20,612,836
Sales of service and regulatory fees	10,438,200	13,632,236	10,026,172
Government grants	11,318,412	16,582,700	4,812,138
Other revenue from own sources	5,513,392	21,472,828	4,331,174
	<u>50,810,812</u>	<u>75,636,052</u>	<u>39,782,320</u>
Expenses (Note 11)			
General government services	10,875,737	4,651,235	10,654,940
Protective services	7,925,504	9,683,521	7,491,523
Transportation services	6,645,758	8,138,466	3,563,229
Environmental development services	1,443,670	1,737,005	1,319,430
Recreation and cultural services	5,360,247	6,497,223	5,691,718
Sewer services	3,951,673	869,333	3,225,854
Water services	847,170	893,031	940,892
Debt interest	1,581,746	1,502,443	1,526,158
	<u>38,631,505</u>	<u>33,972,257</u>	<u>34,413,744</u>
Annual surplus	12,179,307	41,663,795	5,368,576
Accumulated surplus, beginning of year	<u>264,567,494</u>	-	259,198,918
Accumulated surplus, end of year	<u>\$ 276,746,801</u>	\$ -	<u>\$ 264,567,494</u>

**District of West Kelowna
Statement of Changes in Net Debt**

For the year ended December 31	2010	2010	2009
	Actual	Budget (unaudited)	Actual
Annual surplus	\$ 12,179,307	\$ 41,663,795	\$ 5,368,576
Acquisition of tangible capital assets	(16,272,345)	(38,388,320)	(10,879,723)
Amortization of tangible capital assets	7,762,736	-	7,391,946
Acquisition of prepaid expenses	(123,172)	-	(326,537)
	<u>3,546,526</u>	<u>3,275,475</u>	<u>1,554,262</u>
Change in net financial assets			
Net financial debt, beginning of year	<u>(6,141,826)</u>	-	(7,696,088)
Net financial debt, end of year	<u>\$ (2,595,300)</u>	<u>\$ 3,275,475</u>	<u>\$ (6,141,826)</u>

**District of West Kelowna
Statement of Cash Flows**

For the year ended December 31	2010	2009
Operating Activities		
Cash receipts from property taxation	\$ 42,542,316	\$ 41,025,572
Cash receipts from grants, other governments, and own sources	17,406,975	15,204,359
Cash paid to employees and suppliers	(45,725,763)	(41,178,791)
Interest paid	(1,704,135)	(1,799,930)
	<u>12,519,393</u>	<u>13,251,210</u>
Capital Activities		
Purchase of tangible capital assets	<u>(16,272,345)</u>	<u>(10,879,723)</u>
Financing Activities		
Proceeds from long term debt	-	8,260,859
Principal repayments on long term debt	<u>(1,671,749)</u>	<u>(1,048,176)</u>
	<u>(1,671,749)</u>	<u>7,212,683</u>
Increase (decrease) in cash and cash equivalents during year	(5,424,701)	9,584,170
Cash and cash equivalents, beginning of year	<u>32,762,037</u>	<u>23,177,867</u>
Cash and cash equivalents, end of year	\$ 27,337,336	\$ 32,762,037
Cash and cash equivalents is represented by:		
Cash	\$ 1,964,912	\$ 424,012
Temporary investments	<u>25,372,424</u>	<u>32,338,025</u>
	<u>\$ 27,337,336</u>	<u>\$ 32,762,037</u>

**District of West Kelowna
Summary of Significant Accounting Policies**

December 31, 2010

Nature of Business	The District of West Kelowna (the "District") is incorporated under the laws of British Columbia and is engaged in the operation of a municipality.
Basis of Presentation	It is the District's policy to follow accounting principles generally accepted for municipalities in the Province of British Columbia. They have been prepared using guidelines issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The financial statements include the accounts of all funds of the District. All inter-fund transactions have been eliminated.
Cash and Cash Equivalents	Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents, or which are cashable of demand, to be cash equivalents
Vacation and Sick Pay	Vacation pay, which may be accumulated up to two weeks, is charged to expense in the year paid. Sick leave, which has a maximum accumulation of thirty-five weeks is also charged to expense in the year it is accumulated. Earned sick leave is paid to a maximum of seventeen and a half weeks upon termination of employment.
Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.
Development Cost Charges	Development Cost Charge (DCC) levies are restricted by by-law in their use for Water, Sewer and Road expansion, and the revenue is deferred until the expenses are incurred. When DCC expenditures are made, a corresponding amount is recorded as contribution from property owners and developers.
Tangible Capital Assets	Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue.

**District of West Kelowna
Summary of Significant Accounting Policies**

December 31, 2010

Tangible Capital Assets
(Continued)

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	10 - 50 years
Buildings	20 - 40 years
Vehicles	6 - 25 years
Machinery and equipment	4 - 10 years
Infrastructure	20 - 80 years
Assets under construction	nil years

Reserves

Reserves represent amounts set aside for future operating and capital expenditures. The District has also appropriated funds for future capital expenditures. The reserves are Capital and Equipment reserves. Expenditures from a reserve can only be made in accordance with by-law directives.

Revenue Recognition

Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service of product is provided by the District. Grant revenues are recognized when the funding becomes receivable. All other revenues are recognized as they are earned and collection becomes reasonably assured.

Debt Charges

The interest portion of debt charge is charged against current operating revenue in the year in which it is paid. Principal payments are recorded as a reduction of fund balance and net debt.

Budget Figures

The budget figures are from the Annual Budget Bylaw adopted by May 15 each year. Subsequent amendments have been made by Council to reflect changes in the budget as required by law.

Financial Instruments

Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**District of West Kelowna
Notes to Financial Statements**

December 31, 2010

1. Temporary Investments

The District currently holds several cashable term deposits, with maturities all within 18 months of the year end and carrying interest rates between 1.20% and 2.15%.

2. Accounts Receivable

	2010	2009
Current and arrears taxes	\$ 2,506,121	\$ 1,937,149
Federal government	2,797,537	1,056,276
Provincial government	663,948	286,733
Federal sewer contract	5,055,659	-
Sewer receivable from ratepayers	2,375,257	-
Other	1,618,029	1,489,873
	\$ 15,016,551	\$ 4,770,031

3. Deferred Revenue

	2010	2009
Incorporation Per Capita grant	\$ 1,425,000	\$ 1,425,000
BC Investment Agriculture Foundation grant	30,000	-
Westbank Town Centre Plan grant	49,882	-
Trees For Tomorrow grant	-	180,000
Other deferred revenue	-	75,507
	\$ 1,504,882	\$ 1,680,507

**District of West Kelowna
Notes to Financial Statements**

December 31, 2010

I. Long Term Debt

Municipal Finance Authority Agreements

Reg St. By-law	LA/CB Bylaw	Issue Number	Purpose	Year of Maturity	Interest Rate	Balance Outstanding	
						2010	2009
527	432	54	Sewer - Chieftain Rd	2013	8.300	\$ 4,753	\$ 6,189
566	457	56	Sewer - Green Bay	2013	8.040	-	50,420
602	514	59	Sewer - Pritchard	2014	5.000	67,340	82,219
640	560	61	Sewer - Webber Rd	2015	8.000	8,129	9,530
692	645	64	Sewer Glenrosa 101	2016	4.430	58,038	66,165
739	639	66	Sewer - Boucherie 302	2017	4.820	318,758	356,044
744	701	66	Sewer - Lakeview 603	2017	1.820	16,715	18,672
809	797	70	Sewer - Boucherie 304	2019	3.150	95,064	103,475
839	772	71	Sewer - Gellatly 502	2019	3.150	290,316	316,002
839	796	71	Sewer - Boucherie 303	2019	3.150	620,481	675,377
886	846	73	Sewer - Boucherie 307	2020	3.150	46,935	50,590
886	866	73	Sewer - W Kelowna 801	2020	3.150	975,220	1,054,098
886	869	73	General - Shamrock/Ensign	2010	3.150	-	2,558
912	792	74	Sewer - Glenrosa 102	2021	5.930	425,245	453,752
912	824	74	Sewer - Lakeview 604	2021	5.930	111,777	119,270
912	826	74	Sewer - Gellatly 503	2021	5.930	131,306	140,108
912	848	74	Sewer - Lakeview 606	2021	5.930	46,657	49,785
912	864	74	Sewer - W.Kelowna 804	2021	5.930	50,323	53,696
912	878	74	Sewer - Gellatly 501	2021	5.930	93,847	100,138
931	878	75	Sewer - Gellatly 501	2021	5.690	17,330	18,491
931	894	75	Sewer - Glenrosa 103	2021	5.690	633,202	675,650
931	897	75	General - Brown Rd Widening	2011	5.690	4,773	9,319
931	920	75	Sewer - Boucherie 305	2021	5.690	254,614	271,682
964	917	77	Sewer - Lakeview 601	2022	6.050	1,361,968	1,443,459
1007	977	79	Sewer - W.Kelowna 802	2023	5.491	1,477,110	1,556,531
1069	946/996	85	Sewer - Lakeview 701	2024	4.975	756,266	793,016

Carried forward \$ 7,866,167 \$ 8,476,236

**District of West Kelowna
Notes to Financial Statements**

December 31, 2010

Fin 4. Long Term Debt (continued)

C T A	Municipal Finance Authority Agreements				Year of Maturity	Interest Rate	Balance Outstanding	
	Reg St. By-law	LA/CB Bylaw	Issue Number	Purpose			2010	2009
	Brought forward						\$ 7,866,167	\$ 8,476,236
Fin	1070	1034	85	Sewer - Westbank 203	2024	4.975	47,657	49,973
A	1122	946/997	95	Sewer - Lakeview 701	2025	4.170	754,707	790,948
D	1122	1029	95	Mt. Boucherie Arena Debt	2025	4.170	2,690,463	2,819,660
L	1122	1075	95	General - Westside Land purchase	2015	4.170	915,679	1,078,236
O	1147	1031	99	Sewer - Westbank 202	2027	4.430	16,842	17,584
Net	1147	1086	99	Sewer - Lakeview 701	2027	4.430	1,108,913	1,157,770
Not	1147	1128	99	General - Westside Parks	2017	4.430	1,020,359	1,168,273
Pr	1175	1091	101	Water - Green Bay Water	2027	4.520	219,317	228,216
Ti	1175	1095	101	Sewer - Glenrosa	2027	4.520	2,324,760	2,419,088
	1196	1141	101	Sewer - Lakeview 701	2027	4.520	544,533	566,627
Acc	1196	1150	101	Sewer - Lakeview 701	2027	4.520	705,126	733,737
	1219	1091	103	Water - Green Bay Water Mobile	2028	4.650	130,915	135,823
Apf	1251	1177	105	RCMP Building	2028	4.900	7,983,445	8,260,859
	46	-	-	Improvement District System - Westside Fire	2010	7.000	-	23,974
	46	-	-	Improvement District System - Westside Fire	2010	9.000	-	24,388
	51	-	-	Improvement District System - Westside Fire	2011	6.000	52,194	101,434
Total long term debt							\$ 26,381,077	\$ 28,052,826

District of West Kelowna
Notes to Financial Statements

December 31, 2010

5. Tangible Capital Assets

	2010														
	Buildings	Computer	Infrastructure	Land	Machinery	Office furniture & equipment	Roads	Sewer infrastructure	Sidewalks	Small tools & equipment	Solid Waste Carts	Storm drain	Vehicles	Water infrastructure	Total
Cost, beginning of year	\$ 28,015,837	\$ 1,538,412	\$ 135,406	\$ 87,751,809	\$ 447,640	\$ 693,014	\$ 206,282,104	\$ 40,685,052	\$ 4,596,811	\$ 436,487	\$ 1,445,813	\$ 667	\$ 4,511,946	\$ 15,291,457	\$ 391,832,455
Additions	4,815,847	163,438	443,779	69,215	140,698	26,713	2,620,095	7,224,650	250,000	19,993	-	55,441	275,109	67,367	16,272,345
Cost, end of year	\$ 32,831,684	\$ 1,701,850	\$ 579,185	\$ 87,821,024	\$ 588,338	\$ 719,727	\$ 208,902,199	\$ 47,909,702	\$ 4,846,811	\$ 456,480	\$ 1,445,813	\$ 56,108	\$ 4,787,055	\$ 15,358,824	\$ 408,104,800
Accumulated amortization, beginning of year	\$ 5,336,280	\$ 578,505	\$ 8,475	\$ -	\$ 144,419	\$ 289,157	\$ 99,802,481	\$ 6,978,875	\$ 1,150,290	\$ 196,585	\$ 57,833	\$ 67	\$ 1,875,695	\$ 5,031,010	\$ 121,449,672
Amortization	700,619	231,282	41,591	-	25,933	23,833	5,222,555	702,012	96,936	23,781	57,833	15,265	281,358	339,738	7,762,736
Accumulated amortization, end of year	\$ 6,036,899	\$ 809,787	\$ 50,066	\$ -	\$ 170,352	\$ 312,990	\$ 105,025,036	\$ 7,680,887	\$ 1,247,226	\$ 220,366	\$ 115,666	\$ 15,332	\$ 2,157,053	\$ 5,370,748	\$ 129,212,408
Net carrying amount, end of year	\$ 26,794,785	\$ 892,063	\$ 529,119	\$ 87,821,024	\$ 417,986	\$ 406,737	\$ 103,877,163	\$ 40,228,815	\$ 3,599,585	\$ 236,114	\$ 1,330,147	\$ 40,776	\$ 2,630,002	\$ 9,988,076	\$ 278,892,392

December 31, 2010

District of West Kelowna
Notes to Financial Statements

5. Tangible Capital Assets (continued)

	2009														
	Building	Computer	Infrastructure	Land	Machinery	Office furniture & equipment	Roads	Sewer infrastructure	Sidewalks	Small tools & equipment	Solid Waste Carts	Storm drain	Vehicles	Water infrastructure	Total
Cost, beginning of year	\$ 22,992,055	\$ 1,023,694	\$ -	\$ 87,324,578	\$ 208,398	\$ 581,614	\$ 205,096,707	\$ 39,763,405	\$ 4,596,811	\$ 428,987	\$ -	\$ -	\$ 3,878,462	\$ 15,058,021	\$ 380,952,732
Additions	5,023,782	514,718	135,406	427,231	239,242	111,400	1,185,397	921,647	-	7,500	1,445,813	667	633,484	233,436	10,879,723
Cost, end of year	\$ 28,015,837	\$ 1,538,412	\$ 135,406	\$ 87,751,809	\$ 447,640	\$ 693,014	\$ 206,282,104	\$ 40,685,052	\$ 4,596,811	\$ 436,487	\$ 1,445,813	\$ 667	\$ 4,511,946	\$ 15,291,457	\$ 391,832,455
Accumulated amortization, beginning of year	\$ 4,736,797	\$ 337,791	\$ -	\$ -	\$ 125,520	\$ 256,410	\$ 94,645,429	\$ 6,396,746	\$ 1,058,354	\$ 174,158	\$ -	\$ -	\$ 1,634,171	\$ 4,690,350	\$ 114,057,726
Amortization	597,483	240,714	8,475	-	18,899	32,747	5,157,052	582,129	91,936	22,427	57,833	67	241,524	340,660	7,391,946
Accumulated amortization, end of year	\$ 5,336,280	\$ 578,505	\$ 8,475	\$ -	\$ 144,419	\$ 289,157	\$ 99,802,481	\$ 6,978,875	\$ 1,150,290	\$ 196,585	\$ 57,833	\$ 67	\$ 1,875,695	\$ 5,031,010	\$ 121,449,672
Net carrying amount, end of year	\$ 22,679,557	\$ 959,907	\$ 126,931	\$ 87,751,809	\$ 303,221	\$ 403,857	\$ 106,479,623	\$ 33,706,177	\$ 3,446,521	\$ 239,902	\$ 1,387,980	\$ 600	\$ 2,636,251	\$ 10,260,447	\$ 270,382,783

**District of West Kelowna
Notes to Financial Statements**

December 31, 2010

6. Accumulated Surplus

The District segregates its accumulated surplus in the following categories:

	2010	2009
Equity in tangible capital assets	\$ 252,511,315	\$ 242,329,957
Reserve funds	22,132,962	10,662,038
Unrestricted	2,102,524	11,575,499
	<u>\$ 276,746,801</u>	<u>\$ 264,567,494</u>

7. Fiscal Plan

The Financial Plan By-Law No. 0104 was adopted by the Council on May 11, 2010 and was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated using surpluses accumulated in prior years to reduce current year annual surplus to \$nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expense and included proceeds on related capital debt. The budget figures presented in the statement of operations and change in net financial assets does not reconcile to \$nil as a result of budgeting for capital expenses, amortization expense and proceeds from capital debt.

8. Credit Facility

The District has a credit facility agreement with a financial institution which provides for a total commitment of \$18,190,213 (2009 - \$14,591,842). At December 31, 2010, the District had not drawn on this agreement (2009 - \$nil).

9. Comparative Figures

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

**District of West Kelowna
Notes to Financial Statements**

December 31, 2010

10. Contingent liabilities and Commitments

(a) **Pension Liabilities** - The District and its employees contribute to the Municipal Pension Plan ("Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The District paid \$644,519 (2009 - \$615,211) for employer contributions to the Plan during the year.

(b) **Regional District of Central Okanagan** - Regional District debt is, under the provisions of the Local Government Act, a joint and several liability of the District and each member municipality within the District, including the District of West Kelowna. The loan agreements with the Regional District of Central Okanagan (RDCO) and the Municipal Finance Authority provide that, if at any time the schedule payment provided for in the agreements are not sufficient to meet the Authority's obligations with respect to such borrowing, the resulting deficiency becomes the liability of the member municipalities.

(c) **Lawsuits** - The District is the defendant in various lawsuits. In the opinion of management, the overall estimation of loss is not determinable. These claims have not been provided for in the financial statements. Settlement, if any, made with respect to these actions would be expected to be accounted for as a charge to expenses in the period in which realization is known.

(d) **Commitments and Leases** - The District has entered into various operating leases for equipment and services with terms varying from one to five years. The total lease commitments for 2011 are \$1,445,000 (2010 - \$957,271).

(e) **Taxation** - The District is obliged to levy, collect and remit the property taxes on behalf of and to finance the arrears of property taxes of other bodies as follows:

	2010	2009
Provincial Government - Schools	\$ 14,588,487	\$ 14,334,363
Okanagan Regional Hospital District	2,162,600	1,854,732
Regional District of the Central Okanagan	2,429,398	4,134,054
British Columbia Assessment Authority	481,273	467,346
Municipal Finance Authority	1,393	1,392
	<u>\$ 19,663,151</u>	<u>\$ 20,791,887</u>

The above amounts are excluded from the Taxation revenue total in the financial statements.

District of West Kelowna
Notes to Financial Statements

December 31, 2010

11. Expenses by Object

	2010	2009
Advertising	\$ 34,432	\$ 128,643
Amortization	7,762,736	7,391,946
Audit fees	99,085	33,454
Bad debts	13,391	10,135
Bank charges	24,555	21,697
Building maintenance	185,741	214,887
Civic grants	393,997	389,408
Committee expenses	40,996	184,830
Communities in bloom	7,972	12,825
Conferences and seminars	69,631	75,685
Contingency funds	74,977	417,054
Contract services	13,491,589	10,518,141
Cost relocation	23,691	19,132
Debt interest	1,581,746	1,526,158
Dues and memberships	37,219	35,475
Equipment maintenance and fuel	295,795	329,516
Freight, courier and postage	72,419	64,503
Ground maintenance	238,810	224,464
Hydrant maintenance	23,636	23,408
Information technology	204,827	73,792
Insurance liability	245,724	185,213
Legal	116,836	145,280
Licenses	16,650	5,097
Marketing	46,660	12,749
Meetings - food and beverages	18,687	28,745
Miscellaneous	47,543	6,357
Presentations, awards and recognition	14,834	7,371
Public relations	11,768	23,790
Publications and subscriptions	10,168	6,842
Recoverable costs	155,738	523,281
Recruitment costs	23,716	52,682
Rental	301,237	301,839
Safety training and supplies	141,005	124,074
Snow removal	61,798	48,545
Supplies	80,309	116,045
Supplies, small tools and equipment	457,797	495,633
Training	60,361	46,057
Travel and mileage	8,654	11,221
Uniforms	132,563	106,463
Utilities (telephone, water and power)	957,944	823,736
Vandalism repairs	6,095	4,033
Wages and salaries	11,007,621	9,616,078
Wellness	30,553	27,460
	\$38,631,505	\$ 34,413,744

District of West Kelowna
Notes to Financial Statements

December 31, 2010

12. Segmented Information

The District is a diversified municipal government entity in the province of British Columbia that provides numerous services to its citizens. For management reporting purposes, these services have been combined and separately disclosed in the segmented information. The segments and the services they provide are as follows:

	General Government Services	Protective Services	Transportation Services	Environmental Health & Development Services	Recreation/Cultural Services	Fiscal Services	Water Services	Sewer Services	Other	Total 2010 Actual	Total 2010 Budget
Revenues											
Taxation	\$ 3,005,354	\$ 4,597,762	\$ 2,834,728	\$ 2,793,644	\$ 2,543,275	\$ 6,319,777	\$ -	\$ 1,446,268	\$ -	\$ 23,540,808	\$ 23,948,288
Sales of services	104,879	1,280,656	607,153	1,382,751	1,382,751	-	916,368	3,297,608	2,848,785	10,438,200	13,632,236
Government grants	2,662,294	2,700,000	978,732	-	241,750	-	-	4,735,636	-	11,318,412	16,582,700
Other revenue	1,013,233	559,707	86,276	27,765	19,980	3,806,431	-	-	-	5,513,392	21,472,828
	6,785,760	9,138,125	4,506,889	2,821,409	4,187,756	6,319,777	916,368	9,479,512	2,848,785	50,810,812	75,636,052
Expenses											
Operating											
Goods and services (net)	1,606,564	3,175,752	6,059,268	341,114	3,719,293	1,581,746	330,481	3,046,920	-	19,861,148	23,253,080
Wages	2,548,187	4,749,752	586,490	1,102,556	1,640,954	-	176,951	202,731	-	11,007,621	10,719,177
	4,154,751	7,925,504	6,645,758	1,443,670	5,360,247	1,581,746	507,432	3,249,661	-	30,868,769	33,972,257
Capital											
Amortization	6,720,986	-	-	-	-	-	339,238	702,012	-	7,762,736	-
	10,875,737	7,925,504	6,645,758	1,443,670	5,360,247	1,581,746	847,170	3,951,673	-	38,631,505	33,972,257
Excess (deficiency) in revenues over expenses	\$ (4,089,977)	\$ 1,212,621	\$ (2,138,869)	\$ 1,377,739	\$ (1,172,491)	\$ 4,738,031	\$ 69,988	\$ 5,527,839	\$ 2,848,785	\$ 12,179,307	\$ 41,663,795

District of West Kelowna
Notes to Financial Statements

December 31, 2010

12. Segmented Information (continued)

	General Government Services	Protective Services	Transportation Services	Environmental Health & Development Services	Recreation/ Cultural Services	Fiscal Services	Water Services	Sewer Services	Other	Total 2009 Actual	Total 2009 Budget
Revenues											
Taxation	\$ 2,346,672	\$ 3,635,921	\$ 1,360,945	\$ 2,399,379	\$ 2,442,252	\$ 6,943,206	\$ -	\$ 1,484,461	\$ -	\$ 20,612,836	\$ 19,314,619
Sales of services	14,848	1,335,150	-	-	1,254,836	-	788,698	2,649,813	3,982,827	10,026,172	14,122,523
Government grants	2,301,136	1,333,333	971,565	-	120,368	-	-	85,736	-	4,812,138	5,025,101
Other revenue	3,130,847	106,121	19,393	7,322	16,520	1,050,971	-	-	-	4,331,174	5,328,540
	7,793,503	6,410,525	2,351,903	2,406,701	3,833,976	7,994,177	788,698	4,220,010	3,982,827	39,782,320	43,791,783
Expenses											
Operating	1,932,734	3,276,256	3,307,591	395,804	3,986,336	1,526,158	337,116	2,643,725	-	17,405,720	16,800,210
Goods and services (net)	2,253,049	4,215,267	255,638	923,626	1,705,382	-	263,116	-	-	9,616,078	9,478,273
Wages	4,185,783	7,491,523	3,563,229	1,319,430	5,691,718	1,526,158	600,232	2,643,725	-	27,021,798	26,278,483
Capital	6,469,157	-	-	-	-	-	340,660	582,129	-	7,391,946	-
Amortization	10,654,940	7,491,523	3,563,229	1,319,430	5,691,718	1,526,158	940,892	3,275,854	-	34,413,744	26,278,483
	\$ (2,861,437)	\$ (1,080,998)	\$ (1,211,326)	\$ 1,087,271	\$ (1,857,742)	\$ 6,468,019	\$ 788,698	\$ 994,156	\$ 3,982,827	\$ 5,368,576	\$ 17,513,300
Excess (deficiency) in revenues over expenses											

District of West Kelowna
Notes to Financial Statements

December 31, 2010

12. Segmented Information (continued)

The segments and the services the District provide are broken down as follows:

General Government Services is comprised of a number of different functions including Legislative Services, Administration, Finance, Municipal Clerk, Human Resources, and Information Services. Legislative Services involves staff working closely with Council and community partners to coordinate the delivery of a wide range of functions and services. Administration is responsible for the Human Resources function which oversees the recruitment and retention of superior quality staff, managing labour relations, administration of collective agreements, employee compensation and benefit programs, staff training and development, employee health and safety and Work Safe BC regulations. Finance is responsible for the requisition of tax revenues from the Province and other taxing authorities and all treasury and accounting functions. Information Services includes an all-encompassing computer database and mapping system for properties in the District, which is used by District departments, other government agencies as well as members of the public.

Protective Services consists of all the various services provided by the RCMP, Fire Services and Animal Control designed to protect the lives and property of both citizens and visitors with a focus on emergency response, law enforcement, search and rescue, education and prevention.

Transportation Services includes roads and maintenance, street lighting, traffic management and the transit system.

Environmental Health & Development Services is responsible for delivering health, planning and development services to the District. The specific functions include planning, building permits and inspections, business licensing, design and engineering services as well as tourism and economic development.

Recreation/Cultural Service includes recreational program design, delivery and management, municipal facilities/parks development and maintenance, the museum operation as well as coordination of many recreational/sporting activities and groups.

Fiscal Services consists of management of the municipal debt and coordination of MFA financing.

Water Services is responsible for the operation and maintenance of the five water systems that provide water services to the residents and businesses within the municipal boundaries of the District.

Sewer Services deals with the operation and maintenance of the sewer collection system within the municipal boundaries of the District.

District of West Kelowna Notes to Financial Statements

December 31, 2010

13. Future Accounting Changes

During the 2010 year, PSAB issued PS 3260 - Liability For Contaminated Sites. This section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites which are no longer in use or have arisen from unexpected events. This new section applies to fiscal years beginning on or after April 1, 2014 with early adoption permitted. The District has not determined the impact of the adoption of this section on their financial statements.

14. Subsequent Events

On January 1, 2011 the District assumed the the assets, liabilities and operations of both the Westbank Irrigation District and Lakeview Irrigation District which were dissolved on December 31, 2010. On dissolution, these irrigation districts were included in the District's letters patent and are designated as local services areas within the District.



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PROPERTY DESCRIPTION	2010			2011	2012	
	ESTIMATE FOR AMOUNT OF TAX REVENUE FOREGONE BASED ON 2009 + 5%			(2010 + 5%)	(2011 + 5%)	
	DISTRICT REVENUE	OTHER GOVT REVENUE	TOTAL REVENUE	TOTAL REVENUE	TOTAL REVENUE	
Section 2						
Trustees of Westbank United Church 224.2(f) Buildings for Public Worship	3672 Brown Road BLOCK D, DISTRICT LOT 486, PLAN 761 (Folio: 12433.000; PID: 004-004-094)	2192.28	3688.05	5880.34	6174.35	6483.0
Synod Diocese of Kootenay (St. George's Anglican Church) 224.2(f) Buildings for Public Worship	3680 Brown Road BLOCK D, DISTRICT LOT 486, PLAN 761 (Folio: 12434.000; PID: 012-091-413)	3138.44	5291.53	8429.97	8851.47	9294.0
Trustees of Westbank Bible Chapel 224.2(f) Buildings for Public Worship	2412 Apollo Road LOT 1, DISTRICT LOT 486, PLAN 17912 (Folio: 12617.000; PID: 008-339-332)	908.65	1527.86	2436.50	2558.33	2686.2
Redeemer Lutheran Church of Westbank 224.2(f) Buildings for Public Worship	3637 Brown Road LOT 7, DISTRICT LOT 486, PLAN 17912 (Folio: 12623.000; PID: 001-901-818)	1078.83	1814.52	2893.35	3038.02	3189.9
Roman Catholic Bishop of Nelson (Our Lady of Lourdes Catholic Church) 224.2(f) Buildings for Public Worship 224.2(f) Private Schools	2547 Hebert Road LOT B, DISTRICT LOT 486, PLAN 33022 (Folio: 12643.714; PID: 003-267-695)	3923.04 54997.23	6603.51 75427.59	10526.55 130424.82	11052.88 138946.06	11605.5 143793.3
Total for Our Lady of Lourdes Catholic Church		5892.27	82031.10	146951.37	147998.94	155398.8
The Trustees of the Congregation of the Highway Gospel Hall 224.2(f) Buildings for Public Worship	2549 Hebert Road LOT A, DISTRICT LOT 486, PLAN 33509 (Folio: 12643.717; PID: 003-164-900)	1638.45	2750.11	4388.56	4607.99	4838.3
The President of the Lethbridge Stake (Church of Jesus Christ of Latter Day Saints) 224.2(f) Buildings for Public Worship	2170 McDougall Road LOT 1, DISTRICT LOT 503, PLAN KAP77895 (Folio: 12684.095; PID: 026-263-938)	12557.62	21048.93	33606.55	35286.54	37050.5
The B.C. Conference of the Mennonite Brethren Churches (Sunridge Community Church) 224.2(f) Buildings for Public Worship	1190 Stevens Road LOT B, PLAN 31241 (Folio: 12713.158; PID: 003-761-801)	3268.24	5506.14	8774.38	9213.10	9673.71
Lakeview Heights Baptist Church 224.2(f) Buildings for Public Worship	2630 Alhambra Drive LOT 19, DISTRICT LOT 506, PLAN 29377 (Folio: 12746.675; PID: 004-340-078, PID: 004-340-086, and PID: 004-340-248)	3879.49	6496.27	10375.75	10894.54	11439.27
Grace Lutheran Church of Westbank 224.2(f) Buildings for Public Worship	1162 Hudson Road LOT A, DISTRICT LOT 506, PLAN 35557 (Folio: 12746.730; PID: 001-736-795)	4707.65	7912.60	12620.25	13251.27	13913.83
Christian and Missionary Alliance-Can (Westside Alliance Church) 224.2(f) Buildings for Public Worship	2011 Daimler Drive LOT 2, DISTRICT LOT 2601, PLAN 34258 (Folio: 14135.112; PID: 003-000-842)	4846.12	8117.89	12964.00	13612.20	14292.81
Stach, Edwin G and Raffaeiner, Joseph and Sewell, Dale E (Glenrosa Congregation of Jehovah's Witnesses) 224.2(f) Buildings for Public Worship	3797 Glenway Road LOT A, DISTRICT LOT 3188, PLAN 32791 (Folio: 14590.552; PID: 003-311-791)	891.33	1497.66	2388.99	2508.44	2633.86
The Missionary Church (Powers Creek Community Church) 224.2(f) Buildings for Public Worship	3718 Glenway Road LOT A, DISTRICT LOT 3188, PLAN 34442 (Folio: 14590.670; PID: 002-976-951)	1825.95	3089.13	4895.08	5139.83	5396.82
B.C. Corp Seventh Day Adventist Church 224.2(f) Buildings for Public Worship 224.2(f) Private Schools	3155 Glenrosa Road LOT 1, DISTRICT LOT 3189, PLAN 36431 (Folio: 14626.664; PID: 003-490-823)	1309.60 3683.08	2197.68 4933.60	3507.28 8516.69	3682.65 8942.52	3866.78 9389.65
Total for Seventh Day Adventist Church		4892.69	7131.29	12023.97	12825.17	13256.43
Pentecostal Assembly of Canada (Emmanuel Assembly) 224.2(f) Buildings for Public Worship	2600 Hebert Road DISTRICT LOT 3480, PLAN 85391 (Folio: 14711.000; PID: 011-347-678)	3069.20	5154.78	8223.98	8635.18	9066.94



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PROPERTY DESCRIPTION		2010			2011		2012	
		ESTIMATE FOR AMOUNT OF TAX			(2010 + 5%)		(2011 + 5%)	
		REVENUE FOREGONE BASED ON						
		ON 2009 + 5%						
		DISTRICT	OTHER	TOTAL	TOTAL	TOTAL	TOTAL	
		REVENUE	REVENUE	REVENUE	REVENUE	REVENUE	REVENUE	
Section 3								
Green Bay Bible Camp 224.2(a) Non-Profit	1449 Green Bay Road LOT 1, PLAN 7108 (Folio: 12270.000; PID: 010-024-115) AND 1449 Green Bay Road DISTRICT LOT 5205 (Folio: 15592.000)	16946.98	28557.06	45504.04	47779.24	50168.20		
		3853.04	6163.66	9816.70	10307.54	10822.91		
	Total for Green Bay Bible Camp	20600.02	34720.72	55320.74	58086.78	60991.12		
Westbank Lions Community Development Society 224.2(a) Non-Profit	2466 Main Street LOT 4, DISTRICT LOT 486, PLAN 761 (Folio: 12435.001; PID: 010-854-207 and PID: 012-081-456)	3438.44	5785.09	9223.53	9684.70	10168.94		
Morning Star Bible Camp 224.2(a) Non-Profit	3051 Molver Road LOT A, DISTRICT LOT 3189, PLAN KAP68635 (Folio: 14626.035; PID: 024-973-246)	5074.00	8557.41	13631.40	14312.97	15028.62		
Lutheran Camp Concordia (1992) Society (Okanagan Camp and Retreat Centre) 224.2(a) Non-Profit	2810 Smith Creek Road BLOCK A, DISTRICT LOT 3479 (Folio: 14704.002; PID: 019-085-059)	5427.64	7483.65	12911.29	13556.86	14234.70		
Central Okanagan School District #23 (Leased by Okanagan Boys and Girls Club) 224.2(a) Non-Profit	2829 Inverness Road LOT 98, DISTRICT LOT 3481, PLAN 20022 (Folio: 14732.099; PID: 007-928-190)	51831.10	71671.49	123502.59	129677.71	136161.60		
Regional District Central Okanagan (Westbank and District Chamber of Commerce) 224.2(a) Non-Profit	2381 Pamela Road LOT 1, PLAN KAP81960 (Folio: 15509.000; PID: 028-813-912)	23406.68	32441.83	55848.51	58640.94	61572.99		
Section 4								
Nature Trust of BC (Park Leased by the District of West Kelowna) 224.2(d) Municipal Property	Westlake Road LOT 57, DISTRICT LOT 4862, PLAN 27476 (Folio: 15361.190; PID: 004-772-895)	744.23	782.00	1526.23	1602.54	1682.67		
	TOTALS	218337.32	324480.01	542817.33	569957.86	598455.42		



District of West Kelowna

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General Inquiry

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