

Regional District of East Kootenay
Financial Statements
For the year ended December 31, 2024

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Managements' Responsibility for Financial Reporting

In accordance with Section 814 of the Local Government Act, I am pleased to submit the 2024 financial statements for the Regional District of East Kootenay, together with the report of our auditors, BDO Canada LLP.

The preparation of the financial statements and schedules is the responsibility of the Regional District's management. The statements have been prepared in accordance with Canadian generally accepted accounting principles for governments. These principles are based upon recommendations of the Public Sector Accounting Board ("PSAB").

Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.

The Regional District maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Regional District's assets are appropriately accounted for and adequately safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by BDO Canada LLP Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers. The auditor's report expresses their opinion on these financial statements. The auditors have full and free access to the accounting records.

Holly Ronnquist, CPA, CMA
Chief Financial Officer

May 9, 2025

Independent Auditor's Report

To the Directors of the Regional District of East Kootenay

Opinion

We have audited the accompanying financial statements of the Regional District of East Kootenay (the "Regional District"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2024 and its results of operations and accumulated surplus, its change 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 Financial Statements section of our report. We are independent of the Regional 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.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information included in Schedule 1 - Covid-19 Restart Grants or Schedule 2 - Growing Communities Grants of the Regional District's financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Regional 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 Regional District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Regional District's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Regional 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 Regional 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 Regional District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Chartered Professional Accountants

Kamloops, British Columbia
May 9, 2025

Draft - for Board approval

Regional District of East Kootenay Statement of Financial Position

December 31	2024	2023
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 53,013,029	\$ 49,625,881
Accounts receivable (Note 3)	7,410,970	7,855,877
Due from Kootenay East Regional Hospital District (Note 8)	4,431,997	246,018
Deposit - Municipal Finance Authority (Note 4)	3,318,166	3,519,930
Agreements due from members (Note 5)	45,552,026	48,761,383
	<u>113,726,188</u>	<u>110,009,089</u>
Liabilities		
Accounts payable and accrued liabilities	3,570,021	2,653,607
Reserve - Municipal Finance Authority (Note 4)	3,318,166	3,519,930
Deferred revenue (Note 6)	1,743,855	1,017,645
Short-term borrowing	-	315,000
Asset retirement obligation (Note 7)	27,173,963	30,816,057
Agreements due from members (Note 9)	45,552,026	48,761,383
Long-term debt (Note 9)	9,334,602	10,374,086
	<u>90,692,633</u>	<u>97,457,708</u>
Net Financial Assets	23,033,555	12,551,381
Non-Financial Assets		
Prepaid expenses	224,905	176,742
Tangible capital assets (Note 10)	79,303,058	72,052,741
Accumulated Surplus	<u>\$ 102,561,518</u>	<u>\$ 84,780,864</u>

Commitments and contingent liabilities (Note 13 & 14)

Approved on behalf of the Board:

Holly Ronnquist, CPA, CMA, Chief Financial Officer

Rob Gay, Chair of the Board of Directors

Regional District of East Kootenay Statement of Operations and Accumulated Surplus

For the year ended December 31	2024	2024	2023
	Budget (Note 18)	Actual	Actual
Revenue			
Tax requisitions	\$ 25,824,947	\$ 25,821,947	\$ 23,720,005
Parcel taxes	1,743,412	1,743,935	1,689,715
Grants in lieu of taxes	852,227	833,155	789,232
Provincial government grants	12,269,264	10,080,195	7,326,210
Local government grants and regional transfers	4,243,757	2,770,186	4,004,878
Water and sewer fees	2,134,802	2,088,447	2,046,247
Other sale of services and fees	3,299,645	4,605,662	4,837,678
Interest earned	418,750	2,451,804	2,328,815
Gain on change in estimate of Asset Retirement Obligation	-	2,087,094	-
Other revenue	899,200	552,176	287,941
Actuarial adjustments	-	341,482	307,429
	<u>51,686,004</u>	<u>53,376,083</u>	<u>47,338,150</u>
Expenses (Note 17)			
General administration	7,661,880	6,363,332	5,297,080
Protective services	9,702,769	8,837,757	8,256,234
Solid waste and recycling services	10,981,554	11,076,320	10,771,290
Health, social, housing & other services	473,931	326,504	570,069
Development and transportation services	2,560,153	2,189,641	2,276,658
Parks, recreation and cultural services	3,928,638	3,439,052	2,881,635
Sewer services	705,017	675,525	711,590
Water services	2,591,518	2,687,298	2,516,509
	<u>38,605,460</u>	<u>35,595,429</u>	<u>33,281,065</u>
Annual surplus	<u>13,080,544</u>	<u>17,780,654</u>	<u>14,057,085</u>
Accumulated surplus, beginning of year	<u>84,780,864</u>	<u>84,780,864</u>	<u>70,723,779</u>
Accumulated surplus, end of year	<u>\$ 97,861,408</u>	<u>\$ 102,561,518</u>	<u>\$ 84,780,864</u>

Regional District of East Kootenay Statement of Change in Net Financial Assets

For the year ended December 31	<i>Budget</i> 2024	2024	2023
	(Note 18)		
Annual surplus	\$ 13,080,544	\$ 17,780,654	\$ 14,057,085
Acquisition of tangible capital assets	(19,945,869)	(12,048,597)	(6,622,457)
Amortization of tangible capital assets	-	1,929,284	1,832,141
Change in estimate of Asset Retirement Obligation	-	2,854,014	-
Disposal of tangible capital assets	-	14,982	42,396
Consumption (acquisition) of prepaid expenses	-	(48,163)	50,687
Net change in net financial assets	(6,865,325)	10,482,174	9,359,852
Net financial assets, beginning of year	12,551,381	12,551,381	3,191,529
Net financial assets, end of year	\$ 5,686,056	\$ 23,033,555	\$ 12,551,381

Regional District of East Kootenay Statement of Cash Flows

For the year ended December 31	2024	2023
Operating activities		
Cash receipts from taxation and member municipality requisitions	\$ 27,565,882	\$ 25,409,720
Cash receipts from grants, other government transfers	13,969,121	11,637,667
Cash receipts from sale of services, fees and own sources	10,569,842	5,128,208
Cash paid to employees and suppliers	(40,092,300)	(26,952,209)
Interest paid	(533,681)	(575,731)
Interest received	2,451,804	2,328,815
	<u>13,930,668</u>	<u>16,976,470</u>
Capital activities		
Purchase of tangible capital assets	(12,048,597)	(6,622,457)
Proceeds from sale of tangible capital assets	5,546	42,181
Change in estimate in costs of asset retirement obligation	2,854,014	-
	<u>(9,189,037)</u>	<u>(6,580,276)</u>
Financing activities		
Repayment of long-term debt	(1,039,483)	(1,005,034)
Repayment of short-term debt	(315,000)	(255,000)
	<u>(1,354,483)</u>	<u>(1,260,034)</u>
Increase in cash during year	3,387,148	9,136,160
Cash, beginning of year	49,625,881	40,489,721
Cash, end of year	\$ 53,013,029	\$ 49,625,881

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2024

1. Summary of Significant Accounting Policies

Government

Reporting Entity

The Regional District of East Kootenay ("Regional District") was incorporated as a regional district in 1965 under the Municipal Act (replaced by the Local Government Act) of British Columbia. The Regional District is composed of the member municipalities of the City of Cranbrook, the City of Kimberley, City of Fernie, District of Elkford, District of Sparwood, District of Invermere, Village of Canal Flats, and Village of Radium Hot Springs, and Electoral Areas A,B,C,E,F, and G.

The Regional District provides a political framework and administrative framework for region-wide services and sub-regional services as well as act as the local government for electoral areas. The Board of Directors is composed of appointees from each member municipality and a director elected from each electoral area. Municipal directors serve until council decides to change the appointment. Directors from electoral areas serve for a four year term. The number of directors and the number of votes each may cast is based upon the population of the municipality or electoral area.

Basis of Presentation

The financial statements of the Regional District are the representations of management and are prepared in accordance with Canadian generally accepted accounting policies for local government entities using guidelines issued by the Public Sector Accounting Board ("PSAB").

Trust Funds

Funds held in trust by the Regional District of East Kootenay are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

Long-term Debt

Long-term debt is recorded net of related sinking fund balances and actuarial earnings.

Retirement Benefits

The Regional District's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred. The costs of other pensions and other retirement benefits that accumulate over the period of service provided by employees are actuarially determined using the projected benefit method prorated on services based on management's best estimate of retirement age, inflation rates, investment returns, wage and salary escalation, insurance and health care costs trends, employee turnover and discount rates. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee group.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets

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

Tangible capital assets are valued at acquisition 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.

Amortization is charged against tangible capital assets based on the estimated useful life of the asset as follows:

Land	not amortized
Land improvements	20-50 years
Buildings	40-80 years
Vehicles	5-25 years
Equipment	4-5 years
Water infrastructure	20-80 years
Sewer infrastructure	20-80 years

Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Regional District's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

Contributed tangible capital assets are recorded at their fair value on the date of contribution, except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Revenue Recognition

Revenues from transactions with performance obligations are recognized when (at a point in time) or as (over a period of time) the Regional District satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

The Regional District recognizes revenue from users of the water, sewer, solid waste disposal, and rentals of Regional District property services on a straight-line basis over the period of time that the relevant performance obligations are satisfied by the Regional District.

The Regional District recognizes revenue from administrative services, building permits, development permits, sales of goods and other licenses and permits at the point in time that the Regional District has performed the related performance obligations and control of the related benefits has passed to the payors.

Revenue from transactions without performance obligation is recognized at realizable value when the Regional District has the authority to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

(continued) Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Tax requisitions are received on or before August 1 of each year.

Government Transfers Government transfers other than grants in lieu of taxes are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

When the Regional District is deemed to be the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.

Grants in lieu of taxes are recognized at the earlier of when received or when money is determined to be more likely than not to be collected.

Deferred Revenue Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general governmental 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.

Reserve Funds Reserves represent amounts set aside for specific or future expenditures. Statutory reserves require the passing of a by-law to be established.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Contaminated Sites The Regional District recognizes a liability for remediation of a contaminated site when the site is no longer in productive use or an unexpected event resulting in contamination has occurred and the following criteria are satisfied: contamination exceeds an environmental standard, the Regional District is either directly responsible or has accepted responsibility for remediation, it is expected future economic benefits will be given up and a reasonable estimate of the amount can be made. Future economic benefits are expected to be given up if the Regional District has an external obligation to remediate a site or has commenced remediation on its own accord. The Regional District currently has no recognized contaminated site liabilities.

Financial Instruments Cash and equity instruments quoted in an active market are measured at fair value (hierarchy level one - quoted market prices). All other financial instruments, are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

When investment income is externally restricted, the investment income is recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

For portfolio measurements measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Regional District of East Kootenay Notes to the Financial Statements

December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Segments

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

General Administration and Fiscal Services comprises several services, including Board and Communications Costs, Corporate Services, Administration Finance, Engineering, Human Resources, Information Systems, Electoral Area Costs, Grants and Fiscal Services. Corporate Services involves staff and management working closely with the Regional Board and Community partners to coordinate the delivery of a wide range of functions and services. The Finance department is responsible for the requisition of tax revenues from the Province and from member municipalities and all treasury and accounting functions. Human Resources involves the administration of full-time and part-time employees, as well as the responsibility for labour relations, recruitment, training and career planning, employee health and safety and Workers Compensation regulations. Information Systems includes an all-encompassing computer database and mapping system for properties in the Regional District, which is used by Regional Services and Regional District departments and other government agencies, as well as members of the public and businesses. Fiscal Services is responsible for MFA Financing for six electoral areas and eight member municipalities.

Protective Services includes several programs. These programs include Electoral Area Fire Protection, 911 Services, Flood Control, and Bylaw Enforcement (Access Guardian, Animal Control, Business Licenses, Building Inspections, Conservation, Invasive Plant Management; Fireworks Regulation; Mosquito Control, and Unsightly Premises Regulation). These services are designed to provide a safe environment for the community. They are responsible for providing these services to the Electoral areas, as well as to the member municipalities.

Solid Waste & Recycling Services comprises several services including Solid Waste Management Services (Recycling, Collection, Transfer Stations, Management) and Septage Disposal. The mandate of these programs is to coordinate the delivery of many day-to-day services required for community living.

Health, Social, Housing and Other Services comprises several services, including Broadband, Canada Community-Building Fund, Elk Valley Property Tax Sharing, Elk Valley Airport, Victim Assistance and Water Level Control.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2024

1. Summary of Significant Accounting Policies (continued)

Segments

Development & Transportation Services is responsible for delivering Economic Development, Planning, and Transportation services. Economic Development provides assistance to businesses and entrepreneurs in the Regional District and to those interested in relocating to the region. The planning function is responsible for developing land use policies that provide guidance to elected officials, developers, the public and other decision makers. It puts land use plans and policies into action and ensures proper Infrastructure and orderly development. The program also evaluates applications and provides recommendations to decision makers, assists the public with land use regulations, applications and processes, and invites and responds to the public. Transportation services include Street Light Improvements and Transit Services.

Parks, Recreational & Cultural Service includes the Community Halls, Cemeteries, Discretionary Grant in Aid, Eddie Mountain Memorial Arena, Regional Parks, and Electoral Area Parks. The Parks department is responsible for seven Regional Parks and several electoral area parks and trails.

Sewer Services includes Sewer & Water services, as well as the sewer services including the Baltac Sewer System, Edgewater Sewer System and Holland Creek Sewer System, the Columbia Valley Liquid Waste and Holland Creek Storm Sewer.

Water Services includes East Side Lake Windermere Water System, Edgewater Water System, Elko Water System, Holland Creek water System, Moyie Water System, Rushmere Water System, and Spur valley Water System.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. Significant estimates in these financial statements include the determination of the useful lives of tangible capital assets, valuation of the asset retirement obligation, valuation of the contaminated sites obligation, and assessment of legal claims. For common financial statement items, such as accounts payable and accrued liabilities, measurement uncertainty is inherent but not assessable. These estimates and assumptions are based on management's judgment and the best information available at the time of preparation and may differ significantly from actual results. Estimates are reviewed annually to reflect new information as it becomes available.

Regional District of East Kootenay Notes to the Financial Statements

December 31, 2024

2. Cash and Cash Equivalents

Included in cash are Money Market Fund Investments in the amount of \$47,253,969 (2023 - \$37,592,214) which have been specifically set aside with the Municipal Finance Authority for internally and externally restricted reserves.

3. Accounts Receivable

	2024	2023
Provincial government	\$ 2,519,933	\$ 2,241,910
Federal government	546,647	384,047
Other	4,344,390	5,229,920
	<u>\$ 7,410,970</u>	<u>\$ 7,855,877</u>

4. Reserve - Municipal Finance Authority

The Regional District issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The Regional District also executes demand notes in connection with each debenture whereby the Regional District may be required to loan certain amounts to the Municipal Finance Authority. The details of the cash deposits and demand notes at year end are as follows:

	Demand Notes	Cash Deposits	2024	2023
Regional District	\$ 417,539	\$ 249,718	\$ 667,257	\$ 769,576
Member Municipalities	1,728,780	922,129	2,650,909	2,750,354
	<u>\$ 2,146,319</u>	<u>\$ 1,171,847</u>	<u>\$ 3,318,166</u>	<u>\$ 3,519,930</u>

Regional District of East Kootenay Notes to the Financial Statements

December 31, 2024

5. Agreements Due From Members

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

	2024	2023
City of Cranbrook	\$ 9,891,731	\$ 11,201,577
City of Fernie	1,966,095	2,121,143
City of Kimberley	4,567,622	5,181,067
District of Elkford	10,506,858	11,060,813
District of Invermere	9,971,935	10,376,313
District of Sparwood	3,374,127	3,558,549
Village of Canal Flats	2,737,145	2,563,158
Village of Radium Hot Springs	2,536,513	2,698,763
	<u>\$ 45,552,026</u>	<u>\$ 48,761,383</u>

6. Deferred Revenue

	2024	2023
BC Active Transportation Infrastructure Program	\$ 264,941	\$ -
BC Investment Agricultural Foundation - Columbia		
Columbia Basin Trust	54,913	105,000
Edgewater Connectivity	262,080	262,080
Koocanusa Community Land Recreation Project	-	24,652
Local Government Climate Action Plan	489,777	198,761
Local Government Housing Initiatives	163,259	-
UBCM Cold Spring Creek Debris Mitigation	-	132,191
UBCM - CRI 2023	111,097	111,097
UBCM Disaster Risk Mitigation	75,000	105,000
UBCM Emergency and Disaster Management Act	40,000	-
Wycliffe Regional Park Campground Development	253,952	-
Other	28,836	78,864
	<u>\$ 1,743,855</u>	<u>\$ 1,017,645</u>

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2024

7. Asset Retirement Obligations

The Regional District's asset retirement obligation consists of the following obligations:

a) Asbestos abatement obligation

The Regional District owns buildings that contain asbestos, which various regulations require specific considerations upon removal and dismissal. The buildings have estimated useful lives of 80 years from the date of completion of construction, of which various numbers of years remain. Estimated costs of \$2,523,200 have been discounted to the present value using a discount rate of 3.98% per annum (2023 - 4.27%).

b) Landfill closure and post-closure costs

The amount recorded is based on the presently known obligations that will exist over multiple closure dates and monitoring periods as various phases of the landfill are completed. The closure of the landfills is expected to occur in various years with the latest closure currently expected to be in 2064. Monitoring of the landfill will be required for between 25 and 100 years after final closure. Estimated costs of \$40,335,913 have been discounted to the present value using a discount rate of 3.98% per annum (2023 - 4.27%).

c) Well decommissioning obligation

The Regional District has water wells which require decommissioning at the end of their useful lives under the Water Sustainability Act. The wells have an estimated useful life of 80 years, of which various numbers of years remain. Estimated costs of \$140,000 have been discounted to the present value using a discount rate of 3.98% per annum (2023 - 4.27%).

Regional District of East Kootenay Notes to the Financial Statements

December 31, 2024

7. Asset Retirement Obligations (continued)

	Asbestos remediation	Landfill closure and monitoring	Well decommissioning	2024
Opening balance	\$ 1,757,727	\$ 28,979,672	\$ 78,658	\$ 30,816,057
Retirement expenses	-	(26,004)	-	(26,004)
Change in estimate	(416,463)	(4,492,733)	(22,740)	(4,931,936)
Accretion expense	75,055	1,237,432	3,359	1,315,846
	<u>\$ 1,416,319</u>	<u>\$ 25,698,367</u>	<u>\$ 59,277</u>	<u>\$ 27,173,963</u>

	Asbestos remediation	Landfill closure and monitoring	Well decommissioning	2023
Opening balance	\$ 1,685,746	\$ 27,817,128	\$ 75,437	\$ 29,578,311
Retirement expenses	-	(25,247)	-	(25,247)
Accretion expense	71,981	1,187,791	3,221	1,262,993
	<u>\$ 1,757,727</u>	<u>\$ 28,979,672</u>	<u>\$ 78,658</u>	<u>\$ 30,816,057</u>

The asset retirement liability has been estimated using a net present value technique using the assumptions as described above. The related asset retirement costs are being amortized on a straight-line basis over the remaining useful lives of the assets.

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience are obtained related to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows, and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

8. Due from Kootenay East Regional Hospital District

The Regional District of East Kootenay is related to the Kootenay East Regional Hospital District by way of common members on the Board of Directors.

The amount due from the Kootenay East Regional Hospital District at the year end is \$4,431,997 (2023 - \$246,018).

Regional District of East Kootenay Notes to the Financial Statements

December 31, 2024

9. Long-term Debt

The Regional District issues debt instruments through the Municipal Finance Authority, pursuant to security issuing bylaws under the authority of revised section 179 of the Community Charter and sections 406 to 410 of the Local Government Act, to finance certain capital expenditures. Debenture debt principal is disclosed net of sinking fund balances managed by the Municipal Finance Authority.

	2024	2023
General	\$ 2,740,599	\$ 3,358,443
Water utilities	5,101,157	5,424,018
Sewer utilities	1,492,846	1,591,625
	<u>9,334,602</u>	<u>10,374,086</u>
Member municipalities	45,552,026	48,761,383
	<u>\$ 54,886,628</u>	<u>\$ 59,135,469</u>

The rates of interest payable on the principal amount of the debentures vary between 0.00% and 4.52% per annum. The maturity dates range from April 6, 2025 to September 27, 2054, and principal payments varying from \$0 to \$372,157.

Future minimum principal payments required on existing long-term debt for the next five years and thereafter including actuarial adjustments are due as follows:

2025	\$ 4,467,587
2026	2,660,388
2027	2,518,791
2028	2,269,049
2029	2,215,194
Thereafter and actuarial	<u>40,755,619</u>
	<u>\$ 54,886,628</u>

Regional District of East Kootenay
Notes to the Financial Statements

December 31, 2024

10. Tangible Capital Assets

	2024							
	Land	Land Improvements	Buildings	Vehicles	Equipment	Water	Sewer	Total
Cost, beginning of year	\$ 7,063,717	\$ 18,744,254	\$ 24,448,680	\$ 10,474,237	\$ 7,325,832	\$ 31,133,083	\$ 4,430,899	\$ 03,620,702
Additions		9,597,347	1,662,282	33,019	460,622	295,327	-	12,048,597
Disposals			-	(37,543)	-	-	-	(37,543)
Change in ARO estimate	-	(2,676,165)	(416,463)	-	-	(22,740)	-	(3,115,368)
Cost, end of year	7,063,717	25,665,436	25,694,499	10,469,713	7,786,454	31,405,670	4,430,899	112,516,388
Accumulated amortization, beginning of year	-	3,221,365	10,347,883	6,892,695	4,804,343	5,304,406	997,269	31,567,961
Amortization	-	11,654	542,267	382,628	396,907	540,462	55,366	1,929,284
Disposals				(22,561)				(22,561)
Change in ARO estimate	-	-	(253,693)	-	-	(7,661)	-	(261,354)
Accumulated amortization, end of year	-	3,233,019	10,636,457	7,252,762	5,201,250	5,837,207	1,052,635	33,213,330
Net carrying amount, end of year	\$ 7,063,717	\$ 22,432,417	\$ 15,058,042	\$ 3,216,951	\$ 2,585,204	\$ 25,568,463	\$ 3,378,264	\$ 79,303,058

Regional District of East Kootenay
Notes to the Financial Statements

December 31, 2024

10. Tangible Capital Assets (continued)

									2023
	Land	Land Improvements	Buildings	Vehicle	Equipment	Water	Sewer	Total	
Cost, beginning of year	\$ 7,016,076	\$ 16,945,345	\$ 21,826,107	\$ 10,005,691	\$ 6,702,255	\$ 30,171,042	\$ 4,430,899	\$ 97,097,415	
Additions	47,641	1,798,909	2,622,573	567,716	623,577	962,041	-	6,622,457	
Disposals	-	-	-	(99,170)	-	-	-	(99,170)	
Cost, end of year	7,063,717	18,744,254	24,448,680	10,474,237	7,325,832	31,133,083	4,430,899	103,620,702	
Accumulated amortization, beginning of year	-	3,085,057	9,845,637	6,592,831	4,413,196	4,913,683	942,190	29,792,594	
Amortization	-	136,308	502,246	356,638	391,147	390,723	55,079	1,832,141	
Disposals	-	-	-	(56,774)	-	-	-	(56,774)	
Accumulated amortization, end of year	-	3,221,365	10,347,883	6,892,695	4,804,343	5,304,406	997,269	31,567,961	
Net carrying amount, end of year	\$ 7,063,717	\$ 15,522,889	\$ 14,100,797	\$ 3,581,542	\$ 2,521,489	\$ 25,828,677	\$ 3,433,630	\$ 72,052,741	

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2024

11. Credit Facility

The Regional District has a credit facility agreement with a financial institution which provides for a total commitment of \$4,750,000. At December 31, 2024, the Regional District had drawn an amount of \$Nil (2023 - \$Nil) on this agreement.

12. Trust Funds

The Regional District is holding funds for various organizations. The assets and offsetting liabilities are not reflected in the Regional District's financial statements. Trust fund balances held for the various organizations are as follows:

	2024	2023
Columbia Basin Trust	\$ 189,395	\$ 273,661
Treaty Advisory Council	20,138	19,208
	<u>\$ 209,533</u>	<u>\$ 292,869</u>

13. Commitments

The Regional District has entered into a ten year contract for Fire Protection in the rural area around Cranbrook. The Regional District commits a flat fee for operating and capital costs of \$841,129 in 2020 and increasing by 3.75% each year after. The contract is up for renewal in 2027.

14. Contingent Liabilities

(a) Legal

In the normal course of the year, the Regional District is faced lawsuits for damages of diverse natures. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and is estimable. At December 31, 2024, the Regional District's estimated exposure to each such liability is either not determinable or is not considered to be significant.

(b) Municipal insurance

The Regional District participates in the Municipal Insurance Association of British Columbia pooled insurance plan. Under the terms of participation, the Regional District could become liable for its proportional share of any claim losses in excess of funds held by the Association. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2024

(c) Member municipality debt

The Regional District is contingently liable for long term liabilities with respect to MFA debt for which the responsibility for payment of principal and interest has been assumed by member municipalities.

In the event that a member municipality defaults on scheduled repayments, the Regional District would be required to make payment. Until such default occurs, the Regional District has not recorded this debt as a liability.

15. Municipal Pension Plan

The Regional District of East Kootenay and its employees contribute to the Municipal Pension Plan (a jointly trusted pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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 as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Regional District of East Kootenay paid \$641,668 (2023 - \$524,172) for employer contributions to the Plan in fiscal 2024.

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.

16. Comparative Figures

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

Regional District of East Kootenay Notes to the Financial Statements

December 31, 2024

17. Expenses by Object

	2024	2023
Accretion	\$ 1,315,846	\$ 1,262,994
Amortization	1,929,284	1,832,141
Bank charges and short-term interest	112,575	144,796
Consulting and professional fees	1,491,982	1,427,461
Contract and other services	7,159,452	7,437,318
General administration, office, and supplies	2,589,227	2,623,226
Grants and transfers to other governments	3,836,917	2,851,916
Insurance	316,096	223,654
Interest on long-term debt	421,106	430,934
Maintenance	3,251,708	2,978,137
Telephone and utilities	715,627	720,448
Travel, training, and conferences	341,872	344,336
Vehicle and trucking expense	1,664,902	1,601,384
Wages, salaries and benefits	10,226,005	9,179,576
Water and sewer connection fees	222,830	222,744
	<u>\$ 35,595,429</u>	<u>\$ 33,281,065</u>

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2024

18. Budget

The budget data presented in these financial statements is based upon the Budget Bylaw adopted by the Board on March 8, 2024. The Budget Bylaw was prepared on a modified accrual basis and requires that the cash inflows for the period must at a minimum equal the cash outflows.

Budgeted cash inflows include transfers from prior year surplus carried forward. These transactions are not recognized as revenues in the Regional District's statement of operations as they do not meet the inclusion requirements under PSAB.

PSAB requires that budget amounts be presented in the financial statements on the same basis of accounting for actual amounts. The reconciliation below shows the difference between the operating budgets per the approved Bylaw and the budget figures reported in these statements.

	<u>2024</u>
Budget Surplus - statement of operations	\$ 13,080,544
Adjust for budgeted items not included in the statement of operations:	
Principal payments on long-term debt	(4,498,841)
Budgeted transfers from accumulated surplus	9,284,282
Debt borrowing	2,079,884
Budgeted capital expenditures	<u>(19,945,869)</u>
Budget Bylaw for the year	<u>\$ -</u>

Regional District of East Kootenay

Notes to the Financial Statements

December 31, 2024

19. Financial Instrument Risk Management

The Regional District is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Municipality's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements. There have not been any changes from the prior year in the Regional District's exposure to the below risks or the policies, procedures and methods it uses to manage and monitor the risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Regional District is exposed to credit risk through its cash and portfolio investments.

The Regional District manages exposure to credit risk for portfolio investments by ensuring adequate diversification and by maintaining its investments in the Ministry of Finance Authority (MFA) which meets the investment requirements of Section 183 of the Community Charter of the Province of BC. As a result, the Regional District has reduced exposure to market or value risk.

Interest Rate Risk

Investments that are subject to interest risk are MFA pooled investment funds. The risk is caused by changes in interest rates. As interest rates rise, the fair value of the MFA pooled investment funds decrease and, as interest rates fall, the fair value of these investments increase. As a result of diversification by security type, only a portion of the overall investment portfolio is exposed to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Regional District will not be able to meet its financial obligations as they fall due. The Regional District is exposed to liquidity risk through its accounts payable. To help manage the risk, the Regional District has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Regional District's five year financial plan is approved by the Board of Directors, which includes operational activities and capital investments.

Regional District of East Kootenay

20. Segmented Information

For the year ended

December 31, 2024

	General Administration and Fiscal Services	Protective Services	Solid Waste and Recycling Services	Health, Social, Housing & Other Services	Development and Transportation Services	Parks, Recreation and Cultural Services	Sewer Services	Water Services	Total
Revenue									
Tax requisitions	\$ 4,985,000	\$ 6,549,926	\$ 9,375,500	\$ 263,500	\$ 1,844,701	\$ 2,803,320	\$ -	\$ -	25,821,947
Parcel taxes	-	383,523	-	11,260	-	20,810	497,000	831,342	1,743,935
Grants in lieu of taxes	763,519	34,990	9,638	346	1,199	23,463	-	-	833,155
Provincial government grants	534,704	9,149,814	327,408	47,408	802	10,059	-	10,000	10,080,195
Local government grants and regional transfers	1,000,382	805,371	207,816	6,852	103,840	596,940	-	48,985	2,770,186
Water and sewer fees	-	-	-	-	-	-	216,502	1,871,945	2,088,447
Other sale of services and fees	220,358	935,736	2,811,974	198,347	121,680	265,100	-	52,467	4,605,662
Interest earned	2,173,203	81,016	104,724	2,233	30,852	28,492	6,761	24,523	2,451,804
Other revenue	2,115,015	62,382	68,062	-	118,660	68,999	14,528	191,624	2,639,270
Actuarial adjustments	341,482	-	-	-	-	-	-	-	341,482
	12,133,663	18,002,758	12,905,122	529,946	2,221,734	3,817,183	734,791	3,030,886	53,376,083
Expenses									
Accretion	-	-	1,315,846	-	-	-	-	-	1,315,846
Amortization	331,721	751,847	286,596	5,841	4,583	92,422	55,365	400,909	1,929,284
Bank charges and short-term interest	14,553	49,727	35,529	-	4,945	788	694	6,339	112,575
Consulting and professional fees	175,201	223,397	307,059	57,692	495,417	49,129	33,511	150,576	1,491,982
Contract and other services	26,120	2,208,703	4,712,596	23,424	-	188,609	-	-	7,159,452
General administration, office, and supplies	505,173	849,546	543,553	4,762	392,835	122,750	23,025	147,583	2,589,227
Grants and transfers to other governments	1,702,913	503,526	137,082	7,998	170,000	1,315,398	-	-	3,836,917
Insurance	24,728	126,366	43,387	6,051	11,904	51,485	6,587	45,588	316,096
Interest on long-term debt	-	107,440	51,750	95,361	-	-	36,749	129,806	421,106
Maintenance	183,897	361,248	1,564,273	80,003	8,956	402,753	312,999	337,579	3,251,708
Telephone and utilities	116,781	172,453	37,497	25	69,037	163,045	25,037	131,752	715,627
Travel, training, and conferences	183,245	116,068	11,919	840	5,298	12,106	54	12,342	341,872
Vehicle and trucking expense	9,582	198,880	1,357,750	1,417	1,563	53,030	6,278	36,402	1,664,902
Wages, salaries and benefits	3,089,418	3,168,556	671,483	43,090	1,025,103	987,537	175,226	1,065,592	10,226,005
Water and sewer connection fees	-	-	-	-	-	-	-	222,830	222,830
	6,363,332	8,837,757	11,076,320	326,504	2,189,641	3,439,052	675,525	2,687,298	35,595,429
Annual surplus	\$ 5,770,331	\$ 9,165,001	\$ 1,828,802	\$ 203,442	\$ 32,093	\$ 378,131	\$ 59,266	\$ 343,588	\$ 17,780,654

Regional District of East Kootenay

20. Segmented Information

For the year ended

December 31, 2023

	General Administration and Fiscal Services	Protective Services	Solid Waste and Recycling Services	Health, Social, Housing & Other Services	Development and Transportation Services	Parks, Recreation and Cultural Services	Sewer Services	Water Services	Total
Revenue									
Tax requisitions	\$ 4,236,500	\$ 5,988,728	\$ 8,867,000	\$ 274,875	\$ 1,731,950	\$ 2,620,952	\$ -	\$ -	23,720,005
Parcel taxes	-	394,713	-	12,260	-	20,400	480,000	782,342	1,689,715
Grants in lieu of taxes	706,148	32,650	24,971	1,548	592	23,323	-	-	789,232
Provincial government grants	4,109,887	1,933,859	933,448	63,438	802	10,000	-	274,776	7,326,210
Local government grants and regional transfers	936,571	1,188,504	1,160,472	1,942	433,816	182,572	18,750	82,251	4,004,878
Water and sewer fees	-	-	-	-	-	-	228,882	1,817,365	2,046,247
Other sale of services and fees	152,411	1,075,325	2,974,387	197,707	140,030	239,460	-	58,358	4,837,678
Interest earned	2,014,525	78,033	128,368	2,646	36,802	32,862	8,692	26,887	2,328,815
Other revenue	18,362	39,942	412	-	66,674	57,583	-	104,968	287,941
Actuarial adjustments	307,429	-	-	-	-	-	-	-	307,429
	12,481,833	10,731,754	14,089,058	554,416	2,410,666	3,187,152	736,324	3,146,947	47,338,150
Expenses									
Accretion	-	-	1,262,994	-	-	-	-	-	1,262,994
Amortization	240,660	629,147	378,977	5,841	4,583	102,023	61,559	409,351	1,832,141
Bank charges and short-term interest	6,137	41,563	57,534	-	4,801	705	1,080	32,976	144,796
Consulting and professional fees	192,931	136,321	203,629	64,314	666,208	39,640	42,186	82,232	1,427,461
Contract and other services	190,027	1,997,796	5,236,712	-	-	12,783	-	-	7,437,318
General administration, office, and supplies	440,614	1,131,742	161,425	4,717	583,258	122,524	24,133	154,813	2,623,226
Grants and transfers to other governments	959,488	474,378	15,239	242,482	-	1,160,329	-	-	2,851,916
Insurance	18,876	74,322	34,880	5,706	9,966	42,103	4,398	33,403	223,654
Interest on long-term debt	-	91,393	77,625	95,360	-	-	36,750	129,806	430,934
Maintenance	199,273	310,410	1,383,759	105,588	-	350,355	345,373	283,379	2,978,137
Telephone and utilities	121,724	171,096	39,821	-	53,140	162,622	25,180	146,865	720,448
Travel, training, and conferences	180,877	122,755	10,005	521	8,204	7,489	29	14,456	344,336
Vehicle and trucking expense	14,632	223,413	1,267,729	620	3,136	47,343	8,424	36,087	1,601,384
Wages, salaries and benefits	2,731,841	2,851,898	640,961	44,920	943,362	833,719	162,478	970,397	9,179,576
Water and sewer connection fees	-	-	-	-	-	-	-	222,744	222,744
	5,297,080	8,256,234	10,771,290	570,069	2,276,658	2,881,635	711,590	2,516,509	33,281,065
Annual surplus	\$ 7,184,753	\$ 2,475,520	\$ 3,317,768	\$ (15,653)	\$ 134,008	\$ 305,517	\$ 24,734	\$ 630,438	\$ 14,057,085

Regional District of East Kootenay
Schedule 1 - Covid-19 Restart Grants
(Unaudited)

December 31, 2024

Safe Restart Reserve Balance, December 31, 2023	\$ 245,544
Interest earned 2024	<u>13,416</u>
Total funds available for 2024	258,960
Eligible costs incurred:	
Computer and technology cost to improve connectivity and virtual communications	60,223
General government services	19,000
Revenue shortfall	<u>-</u>
Total eligible costs incurred	<u>79,223</u>
Balance, December 31, 2024	<u><u>\$ 179,737</u></u>

Regional District of East Kootenay
Schedule 2 - Growing Communities Grants
(Unaudited)

December 31, 2024

The Province of British Columbia distributed conditional GCF grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all municipalities and regional districts in British Columbia.

The Regional District of East Kootenay (RDEK) received \$3,667,000. Allocations were approved by the Board of Directors on June 8, 2023 (resolution #51105), December 8, 2023 (resolution #51405) and September 6, 2024 (resolution #51921).

Growing Communities Reserve Balance, December 31, 2023	\$ 3,667,000
Interest earned 2024	125,261
Total funds available for 2024	3,792,261
Eligible costs incurred:	
Cold Spring Creek flood and debris mitigation project	-
Utility masterplans, infrastructure, and capacity assessments	48,718
Eastside Lake Windermere Water upgrades	-
Total eligible costs incurred	<u>48,718</u>
Balance, December 31, 2024	<u>\$ 3,743,543</u>