

Okanagan Basin Water Board Meeting Agenda



Okanagan Basin
WATER BOARD

DATE: Tuesday, June 6, 2023

TIME: 10 a.m. – 2 p.m.

PLACE: Regional District Okanagan-Similkameen
101 Martin St.
Penticton, B.C.

1. CALL MEETING TO ORDER

1.1 Acknowledgement of First Nations Traditional Territory

We acknowledge that we are holding this meeting on the unceded territory of the Syilx Okanagan Nation.

2. INTRODUCTION OF LATE ITEMS

3. APPROVAL OF AGENDA

4. ADOPTION OF MINUTES

4.1 Minutes of the Regular Meeting of the Okanagan Basin Water Board of May 2, 2023 held at Manteo Resort in Kelowna ([page 1](#))

5. DELEGATION

5.1 Markus Schrott, BDO Assurance & Accounting Service Line Leader, presenting on the OBWB's 2023 Audited Financial Statements

5.1.1 Final Report to the Board ([page 4](#))

5.1.2 BDO Audit Letter to Board of Directors ([page 27](#))

5.1.3 BDO Management Letter to OBWB ([page 30](#))

5.1.4 OBWB Draft 2023 Financial Statements ([page 31](#))

6. STAFF REPORTS

6.1 Executive Director Report ([page 53](#)) ([resolution required](#))

6.1.1 [Potential Economic Impact of Zebra and Quagga Mussels in B.C.](#) (link to pdf provided in agenda email and hyperlinked in report)

6.2 Water Stewardship Director Report ([page 57](#))

6.3 Policy and Planning Director Report ([page 60](#))

6.4 Climate Indicators Intern Report ([page 62](#))

6.5 Communications Director Report ([page 65](#))

6.6 Deputy Administrator Report ([page 70](#))

7. IN-CAMERA

6.1 In-camera session (under sec. 90(1)(c) of the Community Charter)

8. RISE & REPORT FROM IN-CAMERA

9. NEXT MEETING

9.1 The next meeting of the Okanagan Basin Water Board will be Tuesday, Aug. 1, 2023 at 10 a.m. at Regional District of North Okanagan in Coldstream.

10. ADJOURNMENT



Okanagan Basin Water Board
Regular meeting
June 6, 2023
Agenda No: 4.1

**MINUTES OF A REGULAR MEETING OF THE OKANAGAN BASIN WATER BOARD
HELD MAY 2, 2023, AT MANTEO RESORT
3762 LAKESHORE RD., KELOWNA, B.C.**

PRESENT

| | |
|--------------------------------|---|
| Chair Sue McKortoff | Regional District Okanagan-Similkameen |
| Vice-Chair Blair Ireland | Regional District Central Okanagan |
| Director Victor Cumming | Regional District North Okanagan |
| Director Rick Fairbairn | Regional District North Okanagan |
| Director Christine Fraser | Regional District North Okanagan |
| Director Wayne Carson | Regional District Central Okanagan |
| Director Charlie Hodge | Regional District Central Okanagan |
| Director Doug Holmes | Regional District Okanagan-Similkameen |
| Alt. Director Adrienne Fedrigo | Regional District Okanagan-Similkameen |
| Director Bob Hrasko | Water Supply Association of B.C. |
| Director Jeremy Fyke | Okanagan Water Stewardship Council (OWSC) |

REGRETS

| | |
|---------------------|--------------------------------|
| Director Tim Lezard | Okanagan Nation Alliance (ONA) |
|---------------------|--------------------------------|

GUESTS

| | |
|----------------|----------------------------------|
| Zee Marcolin | Regional District North Okanagan |
| Kelly Chiatto | B.C. Ministry of Forests |
| Allison O'Neil | Okanagan College |

STAFF

| | |
|--------------------------|------------------------------|
| Anna Warwick Sears | Executive Director |
| Nelson Jatel | Water Stewardship Director |
| Corinne Jackson | Communications Director |
| James Littley | Deputy Administrator |
| Carolina Restrepo-Tamayo | Office and Grants Manager |
| Kellie Garcia | Policy and Planning Director |

1. CALL MEETING TO ORDER

Chair McKortoff called the meeting to order at 9 a.m.

Chair McKortoff respectfully acknowledged that the meeting was being held on the traditional and unceded territory of the Syilx Okanagan Nation.

2. INTRODUCTION OF LATE ITEMS

No late items.

3. APPROVAL OF AGENDA

"THAT the agenda of the regular meeting of the Okanagan Basin Water Board of May 2, 2023 be approved."

CARRIED

4. ADOPTION OF MINUTES

- 4.1 Minutes of the Regular Meeting of the Okanagan Basin Water Board of April 4, 2023, held at Regional District of North Okanagan.

“THAT the minutes of the regular meeting of the Okanagan Basin Water Board on April 4, 2023, held at Regional District of North Okanagan, be approved.”

CARRIED

5. STAFF REPORTS

- 5.1 Executive Director Report

Dr. Sears provided an update on meetings with the International Joint Commission and interest in transitioning the International Osoyoos Lake Board of Control (IOLBC) to an International Watershed Board (IWB) for the lake. The current Board of Control deals mainly with the management of lake level storage for drought. An IWB would have a broader mandate to oversee management for adequate fish flows, water quality, public communications, and other issues, she noted. Having an IWB would enhance collaboration and expand the potential for funding to improve resources for water in the South Okanagan.

“THAT the Executive Director’s Report, dated April 25, 2023, be received.”

CARRIED

- 5.2 Water Stewardship Director Report

Dr. Jatel updated the board on last month’s Okanagan Water Stewardship Council meeting and a presentation by Gwen Bridge on Ethical Space, a framework for understanding and bridging Indigenous and western governance in decision making.

“THAT the Water Stewardship Director’s Report, dated April 25, 2023, be received.”

CARRIED

- 5.3 Communications Director Report

Ms. Jackson gave a brief update on the OBWB-Okanagan WaterWise’s two outreach and education campaigns, Make Water Work (MWW) and Don’t Move a Mussel (DMM). Ms. Jackson is working with Habit Creations on the MWW creative design, and working with the MWW local government/utility committee to prepare for the public launch of the campaign on May 18. A contract is now in place with the Okanagan Xeriscape Association to help with the delivery of the campaign. Ms. Jackson is going through a similar process for DMM to start rolling out in late May.

“THAT the Communications Director’s Report, dated April 25, 2023, be received.”

CARRIED

6. NEW & UNFINISHED BUSINESS

Move to in-camera at 9:30 a.m.

7. IN-CAMERA

- 7.1 In-camera session (under sec. 90(1)(k) and 90(2)(b) of the Community Charter and sec. 21 of the Freedom of Information and Protection of Privacy Act)

Come out of in-camera at 9:50 a.m.

8. NEXT MEETING

8.1 The next meeting of the Okanagan Basin Water Board will be Tuesday, June 6, 2023 at 10 a.m. at Regional District of Okanagan-Similkameen in Penticton, B.C.

9. ADJOURNMENT

"THAT there being no further business, the regular meeting of the Okanagan Basin Water Board of May 2, 2023 be adjourned at 10 a.m."

CARRIED

| | | |
|--------------------|--|--------------------|
| Certified Correct: | | |
| | | |
| Chair | | Executive Director |

Okanagan Basin Water Board
Regular meeting
June 6, 2023
Agenda No: 5.1.1

Okanagan Basin Water Board

Audit final report to the Board of Directors
for the year ended March 31, 2023

START



To the Board of Directors of Okanagan Basin Water Board

We are pleased to provide you with the results of our audit of Okanagan Basin Water Board (the "Board") financial statements for the year ended March 31, 2023.

The enclosed final report includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

The business environment has changed for us all during the time of COVID-19. Cash flow, strategy, operations: each has received a rethink. As your auditors, we have relied on our digital audit suite to stay connected—among ourselves, with management, and with you.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP
June 6, 2023



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For the year ended March 31, 2023



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Audit at a glance

Preliminary materiality was \$120,000. Final materiality remained unchanged from our preliminary assessment.

We are not aware of any fraud affecting the Board. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

We have complied with relevant ethical requirements and are not aware of any relationships between Okanagan Basin Water Board and our Firm that may reasonably be thought to bear on our independence.



Markus Schrott, CPA, CA
Email: MSchrott@bdo.ca
Direct: 250-275-8852



May 8, 2023



June 6, 2023



Status of the audit

We have substantially completed our audit of the year ended March 31, 2023 financial statements.

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our final independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Board of Directors dated March 30, 2023.



Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Board's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

| Financial statement areas | Risks noted | Audit findings |
|--|---|--|
| Management override of internal controls | <p>Management is in a unique position to directly or indirectly change the accounting records without oversight and prepare financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p><i>This risk is required to be addressed for all audits pursuant to Canadian audit standards.</i></p> | <p>BDO tested the appropriateness of journal entries recorded in the general ledger, reviewed key estimates and other adjustments made in the preparation of the financial statements.</p> <p>All audit testing in the area was executed as planned with no issues to be reported.</p> |



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BDO Portal

We use BDO Portal to help you collaborate with your audit team in a seamless way—placing everything you need in one accessible, secure place.

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Internal control matters

- ▶ During the audit, we performed the following procedures regarding the Board's internal control environment:
- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the Board's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.



Other required communications

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

| Issue | BDO response |
|---|--------------|
| Potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements. | None noted. |
| Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. | None noted. |
| Disagreements with management about matters that, individually or in aggregate, could be significant to the entity's financial statements or our audit report. | None noted. |
| Matters involving non-compliance with laws and regulations. | None noted. |
| Significant related party transactions that are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure. | None noted. |
| Management consultation with other accountants about significant auditing and accounting matters. | None noted. |



How we audit financial statements: Our audit process

IDENTIFY AND ASSESS RISK

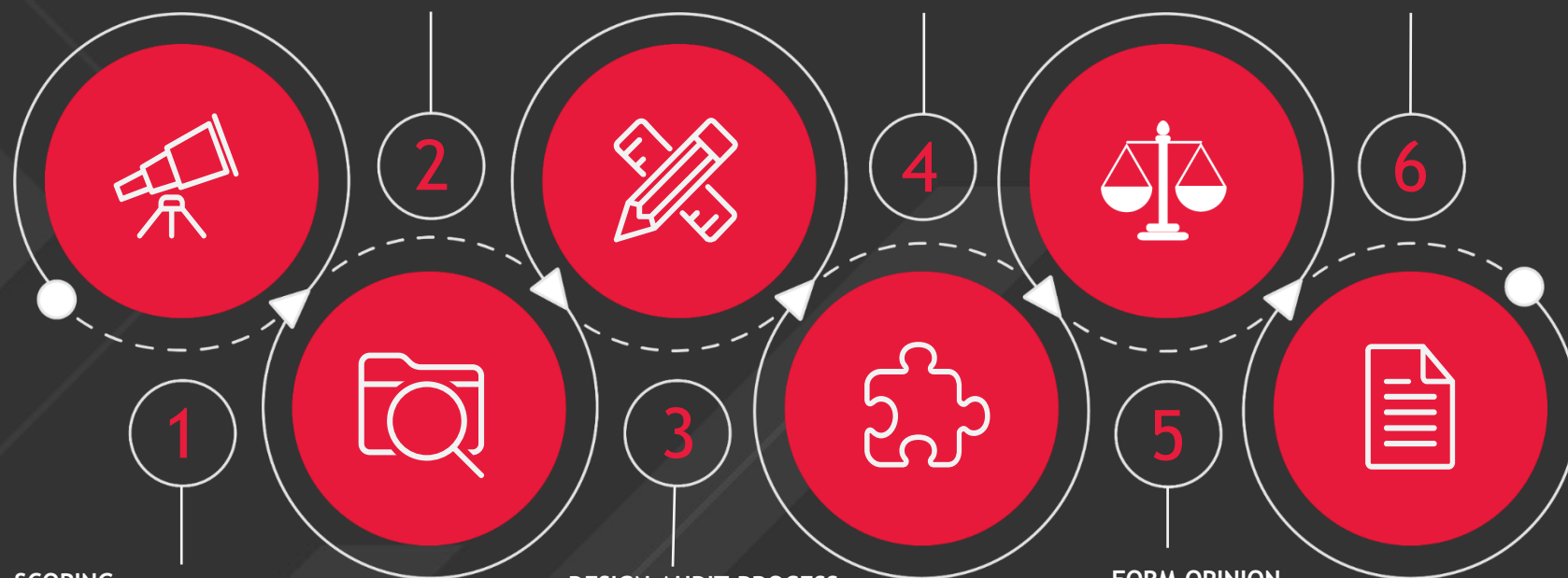
Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

REPORT

Communicate our opinion and details of matters on which we are required to report



SCOPING

Complete a preliminary review to plan the audit, determine the materiality level, and define the audit scope

DESIGN AUDIT PROCESS

Design an appropriate audit strategy to obtain sufficient assurance and enable us to report on the financial statements

FORM OPINION

Evaluate whether we have enough evidence to conclude that the financial statements are free from material misstatement, and consider the effect of any potential misstatements found

New Standard for Audit Quality



ISQM 1

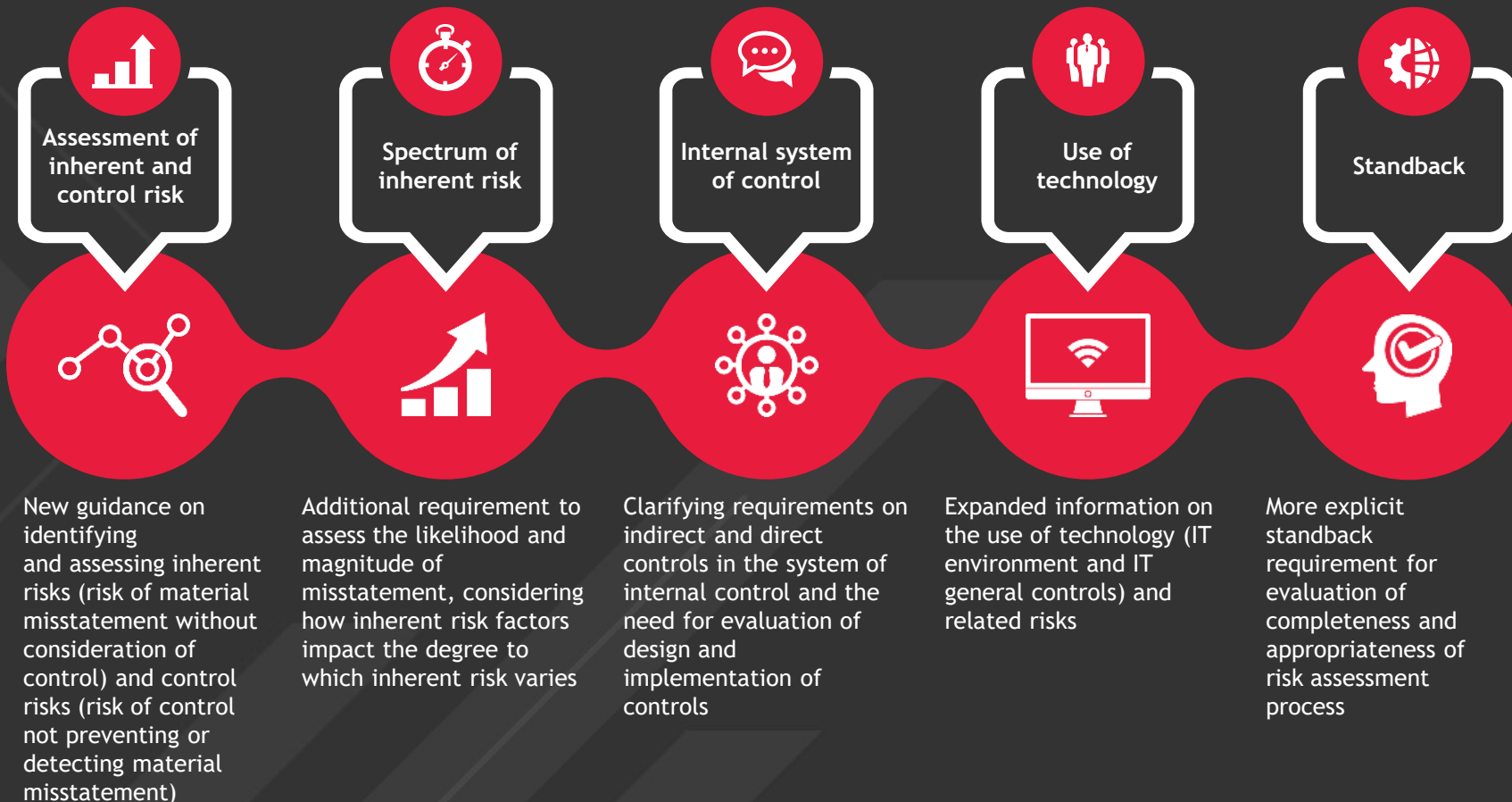
The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.

[SEE THE STANDARD](#)



Updates to our audit process

- ▶ Canadian Auditing Standard 315, *Identifying and Assessing the Risks of Material Misstatement*, was significantly revised with a greater focus on more robust risk identification, assessment and response procedures. The standard is effective for periods beginning on or after December 15, 2021. Key enhancements include:



What's the impact to you?

More inquiry, observation, and inspection procedures, especially for risks related to the use of technology

No change to communicating significant risks

Audit procedures focused on addressing risks identified

More consistent and effective audits with improved responses to identified risks improving audit quality for all stakeholders



Our audit approach: Responsiveness in action

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit. It also helps our team gain a better understanding of your organization. Our audit process differs from the typical audit in our use of in-field reviews, subject to COVID-19 safety protocols. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly. We offer clients the full-service expertise of a national firm. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from over 100 years of working within local communities.



Discover how we're accelerating audit quality



Audit Quality Report

We collected our core beliefs around audit quality, the very practical steps we take to sustain it, and the progress we have made to accelerate its quest.

[Follow our progress](#)

BDO’s digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients’ operations and people.



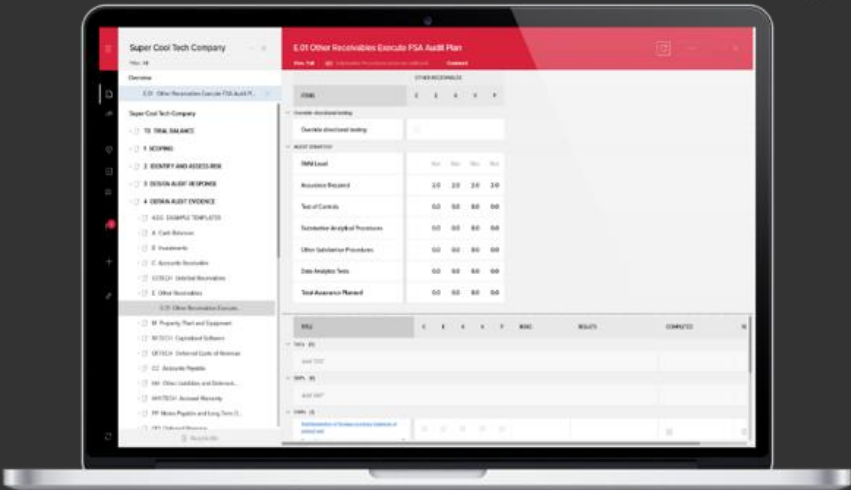
APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your organization—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

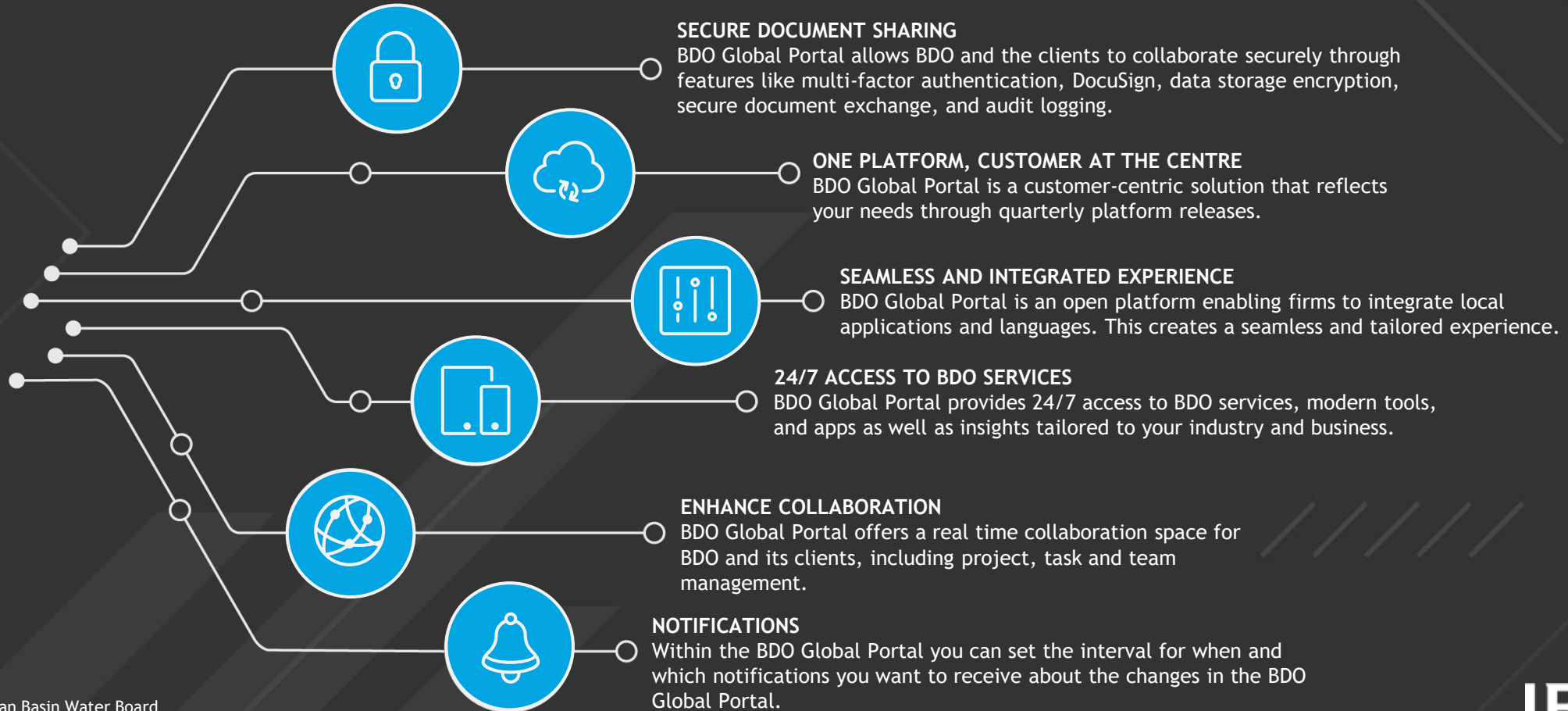
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





BDO Global Portal

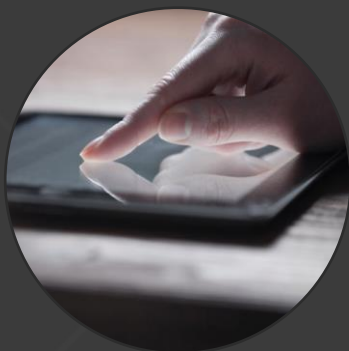
BDO Global Portal transforms and enhances your digital experience with your BDO advisors. Available at any time, Portal enables you to access all services, tools, apps, and information and to collaborate with your advisors in a seamless way through a flexible, appealing, and secure environment.





Recommended resources

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

**ACCESS OUR
KNOWLEDGE CENTRE**

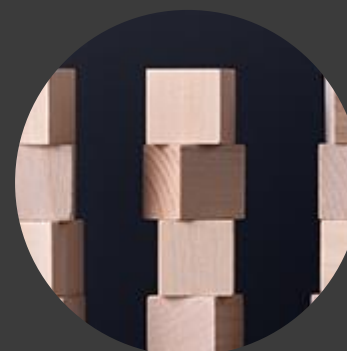
2023 Federal Budget



Understand the key elements of the 2023 Federal Budget and how it will impact you and your business

STAY ON TOP OF TAXES

8 powerful steps to financial audit readiness



Getting and staying prepared for an audit simplifies the process, cuts turnaround time, and improves your chances of overall success. Learn how you can be audit ready.

8 STEPS

Asset Retirement Obligations (ARO): A Practical Approach to Section PS 3280



This publication will walk through a practical approach to applying Section PS 3280 including: identification, recognition and measurement of an obligation, and the different options available to entities on transition.

READ ARTICLE

Spotlight on sustainability

Fast-moving world events are pushing sustainability up the agenda of Canadian organizations. Now organizational leaders, investors, and customers are responding on three fronts: environmental, social, and governance (ESG).

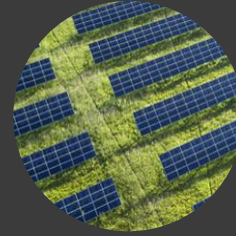
Regulators and issuers of standards are doing their part by supporting sustainability in the reporting ecosystem. Increasingly, organizations will need to go beyond the financials—and demonstrate sustainability with non-financial metrics.

5 reasons why businesses should care about ESG



[SEE 5 REASONS](#)

How climate change became a business issue worth reporting



[READ ARTICLE](#)

10 Questions about sustainability reporting



[EXPLORE QUESTIONS](#)

Accounting for going green



[LEARN MORE](#)

Why CFOs should make sustainability a part of their financial reporting today



[BUILD BACK SUSTAINABLY](#)

Rethinking sustainability: the ESG roadmap



[SEE ROADMAP](#)



Appendices

- ▶ Appendix A: Independent auditor's report
- ▶ Appendix B: Representation letter



Appendix A: Independent auditor's report



Tel: 250 763 6700
Fax: 250 763 4457
www.bdo.ca

BDO Canada LLP
1631 Dickson Avenue, Suite 400
Kelowna BC V1Y 0B5 Canada

Independent Auditor's Report

To the Directors of Okanagan Basin Water Board

Opinion

We have audited the financial statements of the Okanagan Basin Water Board (the "Board"), which comprise the statement of financial position as at March 31, 2023, and the statements of financial operations, change 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 Okanagan Basin Water Board as at March 31, 2023, and its financial operations, change in net financial assets and cash flows for the year then ended in accordance with 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 Board 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 elsewhere in the annual report.

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 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board 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

Kelowna, British Columbia
June 6, 2023



Appendix B: Representation letter

Okanagan Basin Water Board
1450 KLO Road
Kelowna, BC
V1W 3Z4

June 6, 2023

BDO Canada LLP
Chartered Professional Accountants
1631 Dickson Avenue
Suites 400 & 500
Kelowna, British Columbia
V1Y 0B5

This representation letter is provided in connection with your audit of the financial statements of Okanagan Basin Water Board for the year ended March 31, 2023, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated October 28, 2021, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian public sector accounting standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
- All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- To the extent that our normal procedures and controls related to our financial statement close process at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with Public Sector Accounting Standards.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- The financial statements and any other information in the annual report provided to you prior to the date of this representation letter are consistent with one another, and there is no material misstatement of the other information. We have provided you with the final version of the document(s) comprising the annual report.

Yours truly,

Signature

Position

Signature

Position

June 6, 2023

BDO Canada LLP
Chartered Professional Accountants
1631 Dickson Avenue
Suites 400 & 500
Kelowna, British Columbia
V1Y 0B5

This representation letter is provided in connection with your audit of the financial statements of Okanagan Basin Water Board for the year ended March 31, 2023, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated October 28, 2021, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian public sector accounting standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
- All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- To the extent that our normal procedures and controls related to our financial statement close process at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with Public Sector Accounting Standards.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- The financial statements and any other information in the annual report provided to you prior to the date of this representation letter are consistent with one another, and there is no material misstatement of the other information. We have provided you with the final version of the document(s) comprising the annual report.

Yours truly,

Signature

Position

Signature

Position



Tel: (250) 763-6700
Fax: (250) 763-4457
Toll free: (800) 928-3307
www.bdo.ca

BDO Canada LLP
1631 Dickson Avenue
Suites 400 & 500
Kelowna, BC V1Y 0B5

June 6, 2023

Okanagan Basin Water Board
1450 KLO Road
Kelowna, BC
V1W 3Z4

Dear Dr. Sears, Executive Director

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

During the course of our audit of the financial statements of Okanagan Basin Water Board for the year ended March 31, 2023, we did not encounter any significant matters which we believe should be brought to your attention.

This communication is prepared solely for the information of management and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the cooperation and assistance which we received during the course of our audit from Lori White and Andrew Farmer.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours truly,

Markus Schrott, CPA, CA
Partner through a corporation
BDO Canada LLP
Chartered Professional Accountants

Okanagan Basin Water Board
Regular meeting

June 6, 2023
Agenda No: 5.1.4



**Okanagan Basin Water Board
Financial Statements
For the year ended March 31, 2023**

DRAFT - FOR DISCUSSION PURPOSES ONLY

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Okanagan Basin Water Board are the responsibility of management and have been approved by the Chairperson on behalf of the Board.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Certain amounts used in the preparation of the financial statements are based on management's best estimates and judgements. Actual results could differ as additional information becomes available in the future. 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 Okanagan Basin Water Board 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 Board'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 Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report.

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

Board of Directors Chairperson

Executive Director

June 6, 2023

Independent Auditor's Report

To the Directors of Okanagan Basin Water Board

Opinion

We have audited the financial statements of the Okanagan Basin Water Board (the "Board"), which comprise the statement of financial position as at March 31, 2023, and the statements of financial operations, change 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 Okanagan Basin Water Board as at March 31, 2023, and its financial operations, change in net financial assets and cash flows for the year then ended in accordance with 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 Board 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 elsewhere in the annual report.

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 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board 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

Kelowna, British Columbia
June 6, 2023

**Okanagan Basin Water Board
Statement of Financial Position**

| March 31 | 2023 | 2022 |
|--|---------------------|---------------------|
| Financial Assets | | |
| Cash (Note 1) | \$ 3,542,333 | \$ 2,939,941 |
| Accounts receivable | 36,042 | 544,166 |
| | 3,578,375 | 3,484,107 |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | 280,028 | 221,436 |
| Grants payable (Note 2) | 465,281 | 302,852 |
| Asset retirement obligation (Note 3) | 31,186 | - |
| | 776,495 | 524,288 |
| Net Financial Assets | 2,801,880 | 2,959,819 |
| Non-Financial Assets | | |
| Prepaid expenses | 126,521 | - |
| Tangible capital assets (Note 4) | 654,618 | 675,612 |
| Accumulated Surplus (Note 5) | \$ 3,583,019 | \$ 3,635,431 |

Approved on behalf of the Board:

Chairperson

**Okanagan Basin Water Board
Statement of Operations**

| For the year ended March 31 | 2023 | 2023 | 2022 |
|---|---------------------|---------------------|---------------------|
| | Actual | Budget | Actual |
| Revenues (Note 11) | | | |
| Levies from member Regional Districts (Note 6) | \$ 3,693,604 | \$ 3,693,017 | \$ 3,635,327 |
| Grants | 56,855 | - | 1,140,709 |
| Interest income | 133,770 | 8,600 | 20,403 |
| Other income | - | - | 12,758 |
| Gain on disposal of assets | 8,406 | - | 9,618 |
| | 3,892,635 | 3,701,617 | 4,818,815 |
| Expenses (Note 11) | | | |
| Aquatic weed control | 759,424 | 743,750 | 778,870 |
| Sewerage facilities assistance | 1,254,091 | 1,297,567 | 1,314,704 |
| Water management | 1,931,532 | 1,760,300 | 2,314,565 |
| | 3,945,047 | 3,801,617 | 4,408,139 |
| Annual surplus (deficit) (Note 11) | (52,412) | (100,000) | 410,678 |
| Accumulated surplus, beginning of the year | 3,635,431 | 3,635,431 | 3,224,753 |
| Accumulated surplus, end of year | \$ 3,583,019 | \$ 3,535,431 | \$ 3,635,431 |

Okanagan Basin Water Board
Statement of Change in Net Financial Assets

| For the year ended March 31 | 2023 | 2023 | 2022 |
|---|---------------------|---------------------|---------------------|
| | Actual | Budget | Actual |
| Annual surplus (deficit) | \$ (52,412) | \$ (100,000) | \$ 410,678 |
| Acquisition of tangible capital assets | - | - | (439,999) |
| Amortization of tangible capital assets | 50,957 | - | 83,747 |
| Increase in tangible capital assets due to asset retirement obligations | (29,961) | - | - |
| Disposal of tangible capital assets | - | - | 5,100 |
| Prepaid expenses | (126,521) | - | 53,568 |
| Net change in net financial assets | (157,937) | (100,000) | 113,094 |
| Net financial assets, beginning of the year | 2,959,817 | 2,959,817 | 2,846,723 |
| Net financial assets, end of year | \$ 2,801,880 | \$ 2,859,817 | \$ 2,959,817 |

Okanagan Basin Water Board
Statement of Cash Flows

| For the year ended March 31 | 2023 | 2022 |
|---|---------------------|---------------------|
| Cash provided by (used in) | | |
| Operating Activities | | |
| Annual surplus (deficit) | \$ (52,412) | \$ 410,678 |
| Items not involving cash | | |
| Amortization | 50,957 | 83,747 |
| Accretion | 1,225 | - |
| Gain on disposal of tangible capital assets | (8,406) | (9,618) |
| | <u>(8,636)</u> | <u>484,807</u> |
| Changes in working capital items | | |
| Account receivable | 508,124 | (306,621) |
| Accounts payable and accrued liabilities | 58,593 | (3,841) |
| Grants payable | 162,427 | (16,155) |
| Prepaid expenses | (126,522) | 53,571 |
| | <u>602,622</u> | <u>(273,046)</u> |
| Cash from operations | <u>593,986</u> | <u>211,761</u> |
| Capital activities | | |
| Purchase of tangible capital assets | - | (439,999) |
| Proceeds on disposal of tangible capital assets | 8,406 | 14,719 |
| Net change in cash and cash equivalents | <u>602,392</u> | <u>(213,519)</u> |
| Cash, beginning of the year | <u>2,939,941</u> | <u>3,153,460</u> |
| Cash, end of year | <u>\$ 3,542,333</u> | <u>\$ 2,939,941</u> |

Okanagan Basin Water Board

Summary of Significant Accounting Policies

| | | | | | | | | | | | |
|--------------------------------|---|-----------|----------|-----------|---------------|----------|-----------|------------------------------|----------|-----------|---------|
| Nature of Business | The Okanagan Basin Water Board ("The Board") is established under Section 138 of the Municipalities Enabling and Validating Act (Province of British Columbia) and administers and operates the aquatic weed control program, the sewerage facilities assistance fund, and a water management program as an agent of the three participating regional districts. The participating regional districts are: Regional District of Central Okanagan (R.D.C.O.); Regional District of Okanagan-Similkameen (R.D.O.S.); and Regional District of North Okanagan (R.D.N.O.). | | | | | | | | | | |
| Basis of Presentation | It is the Board's policy to follow accounting principles generally accepted for municipalities in the Province of British Columbia and to apply such principals consistently. The financial statements include the account of all funds for the Board. All inter-funds have been eliminated. They have been prepared using guidelines issued by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. | | | | | | | | | | |
| Use of Estimates | The preparation of financial statements in conformity 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 those estimates. | | | | | | | | | | |
| Portfolio Investments | Portfolio investments are recorded at the lower of cost and market value. | | | | | | | | | | |
| Financial Instruments | The Board's financial instruments consist of cash, portfolio investments, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency, liquidity or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. | | | | | | | | | | |
| Tangible Capital Assets | <p>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. 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:</p> <table><tr><td>Buildings</td><td>40 years</td></tr><tr><td>Equipment</td><td>20 - 25 years</td></tr><tr><td>Vehicles</td><td>5-7 years</td></tr><tr><td>Office furniture & equipment</td><td>10 years</td></tr><tr><td>Computers</td><td>4 years</td></tr></table> | Buildings | 40 years | Equipment | 20 - 25 years | Vehicles | 5-7 years | Office furniture & equipment | 10 years | Computers | 4 years |
| Buildings | 40 years | | | | | | | | | | |
| Equipment | 20 - 25 years | | | | | | | | | | |
| Vehicles | 5-7 years | | | | | | | | | | |
| Office furniture & equipment | 10 years | | | | | | | | | | |
| Computers | 4 years | | | | | | | | | | |

Okanagan Basin Water Board

Summary of Significant Accounting Policies

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the Board will be required to settle. The Board recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate of a liability includes costs directly attributable to asset retirement activities.

Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. Subsequently, the asset retirement costs are allocated to expenses over the useful life of the tangible capital asset. The obligation is adjusted to reflect the period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.

Revenue Recognition

The levies from member Regional Districts are recognized when the levies for the fiscal year are approved by the Board and requisitioned.

Grants, interest and other income are recognized in the period in which they are earned.

Government Transfers

Government transfers, which include grants and funding agreements are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimate of the amount can be made.

**Okanagan Basin Water Board
Notes to the Financial Statements**

March 31, 2023

1. Cash

The Board's bank account is held at one financial institution. The bank account earns interest at bank prime minus 1.95%.

2. Grants Payable

The Sewerage facilities grants program provides funds for municipalities to upgrade their waste water treatment system, the Board's grants provide partial funding for debt repayment on 20-25 year MFA notes. The process for the sewerage facilities grants program involves municipalities requesting an approximate grant amount early in their funding process, then verifying the final grant amount once municipalities have secured MFA notes and begin making payments. Once the grants are awarded, the Board will only issue the grants based on the proper documentation submitted by individual municipalities, such as a formal invoice to the Board.

The Water Conservation and Quality Improvement grant program provides funds to Okanagan local governments, improvement districts, and non-government organizations to support innovative, tangible, on the ground, water initiatives. The program takes a collaborative approach to water management issues and promotes more uniform standards and best practices throughout the valley. Up to \$350,000 per year is made available for Okanagan projects. Grants will be expensed in the year of approval as per the budget.

Okanagan Basin Water Board Notes to the Financial Statements

March 31, 2023

3. Asset Retirement Obligations

The Board owns and operates a building that is constructed on leased land, which was found to contain mold in the roof of the building and oil spills on the property. Mold and oil spills are considered contaminants in the lease agreement, and the Board is legally obligated to remediate these contaminants at their own cost. Following the adoption of Public Accounting Standard PS 3280 *Asset Retirement Obligations*, the Board recognized an obligation relating to the removal of the contaminants as estimated at March 31, 2023. The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings capital asset. The increase in capital assets is amortized on a straight-line basis over the remaining term of the lease agreement.

The Board has adopted this standard prospectively. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Estimated costs totalling \$40,156 have been discounted using a present value calculation with a discount rate of 4.09% and inflated using an average inflation rate of 1.92% (BC CPI over the last 20 years). The timing of these expenditures is estimated to occur between fiscal year 2024 and 2025. No recoveries are expected at this time.

| | 2023 | 2022 |
|---|------------------|------|
| Opening asset retirement obligation | \$ - | - |
| Initial recognition of expected discounted cash flows | 29,961 | - |
| Increase due to accretion | 1,225 | - |
| Closing asset retirement obligation | \$ 31,186 | - |

Okanagan Basin Water Board
Notes to the Financial Statements

March 31, 2023

4. Tangible Capital Assets

| | 2023 | | | | | |
|---|-------------|--------------|------------|--------------------------------|-----------|--------------|
| | Buildings | Equipment | Vehicles | Office furniture and equipment | Computers | Total |
| Cost, beginning of year | \$ 118,352 | \$ 1,544,801 | \$ 239,748 | \$ 1,518 | \$ 22,651 | \$ 1,927,070 |
| Additions | - | - | - | - | - | - |
| Additions due to ARO recognition (Note 3) | 29,961 | - | - | - | - | 29,961 |
| Disposals | - | (59,085) | (58,710) | - | - | (117,795) |
| Cost, end of year | 148,313 | 1,485,716 | 181,038 | 1,518 | 22,651 | 1,839,236 |
| Accumulated amortization, beginning of year | 70,925 | 1,034,021 | 127,398 | 909 | 18,203 | 1,251,456 |
| Amortization | 5,456 | 26,576 | 16,050 | 152 | 2,723 | 50,957 |
| Disposals | - | (59,085) | (58,710) | - | - | (117,795) |
| Accumulated amortization, end of year | 76,381 | 1,001,512 | 84,738 | 1,061 | 20,926 | 1,184,618 |
| Net carrying amount, end of year | \$ 71,932 | \$ 484,204 | \$ 96,300 | \$ 457 | \$ 1,725 | \$ 654,618 |

Okanagan Basin Water Board
Notes to the Financial Statements

For the year ended March 31, 2023 (Prior year comparative information)

4. Tangible Capital Assets (continued)

| | | | | | | | 2022 |
|--|------------|--------------|------------|-----------------------------------|-----------|--------------|------|
| | Buildings | Equipment | Vehicles | Office furniture and equipment | Computers | Total | |
| Cost, beginning of year | \$ 118,352 | \$ 1,233,201 | \$ 166,022 | \$ 3,773 | \$ 32,440 | \$ 1,553,788 | |
| Additions | - | 311,599 | 128,400 | - | - | 439,999 | |
| Disposals | - | - | (54,674) | (2,255) | (9,789) | (66,718) | |
| Cost, end of year | 118,352 | 1,544,800 | 239,748 | 1,518 | 22,651 | 1,927,069 | |
| Accumulated amortization, beginning of year | 66,182 | 977,793 | 157,499 | 3,012 | 24,842 | 1,229,328 | |
| Amortization | 4,743 | 56,228 | 19,901 | 152 | 2,723 | 83,747 | |
| Disposals | - | - | (50,002) | (2,255) | (9,361) | (61,618) | |
| Accumulated amortization, end of year | 70,925 | 1,034,021 | 127,398 | 909 | 18,204 | 1,251,457 | |
| Net carrying amount, end of year | \$ 47,427 | \$ 510,779 | \$ 112,350 | \$ 609 | \$ 4,447 | \$ 675,612 | |

Okanagan Basin Water Board
Notes to the Financial Statements

March 31, 2023

5. Accumulated Surplus

The Board maintains a reserve for future expenditures. Canadian public sector accounting standards require that non-statutory reserves be included with operating surplus. The reserve and changes therein are included in the operating surplus as follows:

| | 2023 | 2022 |
|--|--------------|--------------|
| Aquatic Weed Control Equipment Reserve | | |
| Balance, beginning of year | \$ 563,784 | \$ 878,297 |
| Proceeds from sale of tangible capital assets | 8,406 | 14,719 |
| Gain on disposal of tangible capital assets | (8,406) | (9,619) |
| Net surplus | 27,580 | 43,365 |
| Transfer of amortization | 48,082 | 77,021 |
| Transfer for acquisition of tangible capital assets | - | (439,999) |
| Transfer for recognition of asset retirement obligations | (29,961) | - |
| Balance, end of year | 609,485 | 563,784 |
| Invested in Tangible Capital Assets | | |
| Balance, beginning of year | 675,612 | 324,460 |
| Disposal of unamortized assets | - | (5,100) |
| Transfer of amortization | (50,957) | (83,747) |
| Transfer for acquisition of tangible capital assets | - | 439,999 |
| Transfer for recognition of asset retirement obligations | 29,961 | - |
| Balance, end of year | 654,616 | 675,612 |
| Sewerage Facilities Assistance Reserve Fund | | |
| Balance, beginning of year | 1,160,373 | 1,336,433 |
| Net deficit | (8,576) | (176,060) |
| Balance, end of year | 1,151,797 | 1,160,373 |
| Water Management Accumulated Surplus | | |
| Balance, beginning of year | 1,235,662 | 685,563 |
| Net surplus (deficit) | (71,416) | 543,373 |
| Transfer of amortization | 2,875 | 6,726 |
| Balance, end of year | 1,167,121 | 1,235,662 |
| | \$ 3,583,019 | \$ 3,635,431 |

Okanagan Basin Water Board
Notes to the Financial Statements

March 31, 2023

6. Levies from Member Regional Districts

| | 2023 Actual | | 2023 Budget | | 2022 Actual |
|----------------------|---------------------|----|------------------|----|------------------|
| North Okanagan | \$ 662,527 | \$ | 662,527 | \$ | 646,724 |
| Central Okanagan | 2,305,399 | | 2,304,812 | | 2,263,718 |
| Okanagan Similkameen | 725,678 | | 725,678 | | 724,885 |
| | \$ 3,693,604 | \$ | 3,693,017 | \$ | 3,635,327 |

7. Sewerage Facility Grants to Member Local Governments

Included in Sewerage Facilities Assistance are the following grants to member local governments:

| | 2023 | | 2022 |
|---|---------------------|----|------------------|
| City of Kelowna | \$ 162,652 | \$ | 165,782 |
| City of Penticton | 152,338 | | 152,338 |
| City of Vernon | 112,757 | | 143,078 |
| City of West Kelowna | 23,353 | | 27,174 |
| District of Coldstream | 10,888 | | 11,114 |
| District of Lake Country | 176,049 | | 194,526 |
| District of Peachland | 135,511 | | 135,511 |
| District of Summerland | 261,016 | | 261,412 |
| Town of Osoyoos | 16,401 | | 16,790 |
| Regional District of North Okanagan | - | | 4,679 |
| Regional District of Okanagan Similkameen | 119,665 | | 119,665 |
| Westbank First Nation | 41,937 | | 42,634 |
| | \$ 1,212,567 | \$ | 1,274,703 |

Okanagan Basin Water Board
Notes to the Financial Statements

March 31, 2023

8. Budget information

The budget adopted by the Board was not prepared on a basis consistent with that used to report actual results based on current PSAB standards. The budget was prepared on a modified accrual basis while PSAB requires a full accrual basis. The following reconciles the difference:

| | <u>2023</u> |
|---|---------------------|
| Budget surplus (deficit) for the year as per board budget | \$ - |
| Less: | |
| Transfer from previous years surplus in revenues | <u>(100,000)</u> |
| Budget deficit per statement of financial operations | <u>\$ (100,000)</u> |

9. Commitments

The Board has exercised its right to renew their lease with the Regional District of North Okanagan for another five year term, which will end March 31, 2024 for the lease of land, on which the Board's machine shop building resides. The original agreement provided an annual lease payment of \$14,560, with increases in 2014 and 2019 indexed to the annual CPI for British Columbia. At the conclusion of the lease term, ownership of the Board's building will be transferred to the Regional District of North Okanagan.

The Board is also currently in a five year lease agreement, which expires December 31, 2023, with the option to renew for one additional term of five years, with the Regional District of Central Okanagan for office space as well as financial, administrative and technology services. The agreement provides for a monthly payment of \$9,303.

Okanagan Basin Water Board
Notes to the Financial Statements

March 31, 2023

10. Employee Benefits

Retirement Benefits

The Board and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Board paid \$66,188 (2022 - \$68,322) for employer contributions to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024, with results available in 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Okanagan Basin Water Board
Notes to the Financial Statements

March 31, 2023

11. Segment Disclosures

Aquatic Weed Control

This program controls the growth of Eurasian watermilfoil in the shallow waters around Okanagan beaches and boating areas. This is a year-round program managing weed growth with rototillers in the winter and harvesters in the summer. The goal of the program is to keep public areas clear of weed, but when time allows operators and equipment will also contract work on a cost-recovery basis.

Sewerage Facilities Assistance

This program reduces the discharge of polluted water to Okanagan lakes and streams by supporting upgrades of sewage treatment plants and community sewers. Grants go to Okanagan municipalities as a local match for senior government infrastructure funding. It is one of the Board's longest-running programs, and has led to great improvements in water quality.

Water Management

This initiative undertakes projects and programs that support water sustainability in the Okanagan. It supports the original mandate of the board, providing leadership and coordinating water management activities in the interests of Okanagan citizens. The initiative includes the Water Conservation and Quality Improvement grant program, water education and outreach, advocacy to senior government for Okanagan water concerns, and establishing the science and monitoring systems required for informed decision making. Many of the projects are conducted as multi-year partnerships with other funding agencies, and operating surplus balances are specifically designated for project commitments through funding agreements with senior government, or targeted to planned projects in development. The Water Management Accumulated Surplus includes \$932,041 (2022 - \$1,083,714) for previously committed projects.

Okanagan Basin Water Board
Notes to the Financial Statements

March 31, 2023

11. Segment Disclosures and Expense by Object (continued)

| | Aquatic Weed Control | Sewerage Facilities Assistance | Water Management | 2023 Total |
|--|---------------------------------|---|-----------------------------|-----------------------|
| Revenues | | | | |
| Levies | \$ 749,650 | \$ 1,193,567 | \$ 1,750,387 | \$ 3,693,604 |
| Grant income | - | - | 56,855 | 56,855 |
| Interest income | 28,948 | 51,948 | 52,874 | 133,770 |
| Other income | 8,406 | - | - | 8,406 |
| | 787,004 | 1,245,515 | 1,860,116 | 3,892,635 |
| Expenses | | | | |
| Assistance grants | - | 1,212,567 | 350,000 | 1,562,567 |
| Amortization | 48,082 | - | 2,875 | 50,957 |
| Accretion expense | 1,225 | - | - | 1,225 |
| Contract services | 14,712 | 1,524 | 892,801 | 909,037 |
| Director's remuneration and expenses | 6,917 | - | 7,450 | 14,367 |
| Equipment costs | 129,904 | - | 4,106 | 134,010 |
| Insurance | 41,742 | - | 2,905 | 44,647 |
| Interest charge | - | - | 92 | 92 |
| Office | 13,852 | - | 33,987 | 47,839 |
| Outreach and publicity | 481 | - | 40,088 | 40,569 |
| Overhead allocation | (20,000) | 40,000 | (20,000) | - |
| Professional fees | 40,073 | - | 40,543 | 80,616 |
| Rental costs | 23,462 | - | 8,903 | 32,365 |
| Safety | 4,397 | - | (340) | 4,057 |
| Stewardship council expenses | - | - | 2,311 | 2,311 |
| Travel, conference and meetings | 1,128 | - | 45,418 | 46,546 |
| Utilities, yard supplies and maintenance | 19,124 | - | - | 19,124 |
| Wages and benefits | 434,325 | - | 520,393 | 954,718 |
| | 759,424 | 1,254,091 | 1,931,532 | 3,945,047 |
| Annual surplus (deficit) | \$ 27,580 | \$ (8,576) | \$ (71,416) | \$ (52,412) |

Okanagan Basin Water Board
Notes to the Financial Statements

For the year ended March 31, 2023 (Prior year comparative information)

11. Segment Disclosures and Expense by Object (continued)

| | Aquatic Weed Control | Sewerage Facilities Assistance | Water Management | 2022 Total |
|--|-------------------------|-----------------------------------|---------------------|---------------|
| Revenues | | | | |
| Levies | \$ 807,000 | \$ 1,129,176 | \$ 1,699,151 | \$ 3,635,327 |
| Grant income | - | - | 1,140,709 | 1,140,709 |
| Interest income | 5,187 | 9,468 | 5,748 | 20,403 |
| Other income | 10,047 | - | 12,330 | 22,377 |
| | 822,234 | 1,138,644 | 2,857,938 | 4,818,816 |
| Expenses | | | | |
| Assistance grants | - | 1,274,704 | 350,000 | 1,624,704 |
| Amortization | 77,021 | - | 6,726 | 83,747 |
| Contract services | - | - | 1,355,356 | 1,355,356 |
| Director's remuneration and expenses | 8,573 | - | 8,573 | 17,146 |
| Equipment costs | 108,018 | - | 229 | 108,247 |
| Insurance | 41,841 | - | 3,584 | 45,425 |
| Interest charge | 570 | - | 366 | 936 |
| Office | 13,130 | - | 36,010 | 49,140 |
| Outreach and publicity | 347 | - | 26,185 | 26,532 |
| Overhead allocation | (20,000) | 40,000 | (20,000) | - |
| Professional fees | 38,242 | - | 38,287 | 76,529 |
| Rental costs | 23,462 | - | 8,903 | 32,365 |
| Safety | 5,812 | - | 1,050 | 6,862 |
| Travel, conference and meetings | 2,014 | - | 29,957 | 31,971 |
| Utilities, yard supplies and maintenance | 16,972 | - | - | 16,972 |
| Wages and benefits | 402,868 | - | 529,339 | 932,207 |
| Transfer from Aquatic Weed Control to Water Management | 60,000 | - | (60,000) | - |
| | 778,870 | 1,314,704 | 2,314,565 | 4,408,138 |
| Annual surplus (deficit) | \$ 43,365 | \$ (176,060) | \$ 543,373 | \$ 410,678 |

12. Comparative Figures

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

MEMORANDUM

Okanagan Basin Water Board
Regular meeting
June 6, 2023
Agenda No: 6.1

To: OBWB Directors
From: Anna Warwick Sears
Date: May 31, 2023
Subject: Executive Director Report

Fiscal Year-end

The OBWB's 2023 audit has been completed and the auditors will be available to answer questions at the meeting. Once the audited financial statements are adopted, I will begin work on the OBWB's annual report and strategic plan tracking measures.

Recommended resolution: "THAT the Okanagan Basin Water Board approve the 2023 Audited Financial Statements as presented."

Upcoming OBWB meetings

The July OBWB meeting is cancelled this year, because of a conflict with the Canada Day long-weekend. The OBWB's next meeting will be on August 1, from 10 a.m. – 2 p.m. at RDNO in Coldstream. Directors who have vacation plans over that time should please give their alternates advance notice so that we can be sure of having a quorum.

Report on the Potential Economic Impact of Zebra and Quagga Mussels in B.C.

The Province of B.C.'s long-awaited, updated economic impact study on Z-Q mussels has finally been released, showing significant long-term costs in the event of an invasion. The report by the B.C. Ministry of Water, Land, and Natural Resources is available here ([link](#)). The following are some highlights:

Most of B.C.'s infrastructure, equipment, and activities for sectors that are vulnerable to ZQM are located in waterbodies at moderate to high-risk of ZQM invasion, including:

- 60% of hydro facilities representing 80% of hydro-generation capacity
- 93% of irrigation infrastructure
- 63% of municipal treatment facilities
- 89% of self-supplied domestic water systems; and
- 85% of the recreational fish catch.

Updated annual cost estimates range from \$64 to \$129 million including (Table 1):

- \$33.7 – \$92.5 million in mitigation costs for water-related infrastructure; including \$17.1 – \$23.3 million for hydro infrastructure; \$8.0 – \$49.7 million for water supply infrastructure for municipal, domestic and aquaculture; and \$2.5 – \$5.3 million for agricultural irrigation and golf courses
- \$3.7 – \$8.1 million in additional annual maintenance to boats and marinas
- \$2.5 – \$12.6 million in lost profits and provincial revenues from losses in water-based non-resident tourism; and

- \$30.2 million annualized loss in residential property values and property taxes due to reduced water quality and lost shoreline amenity values.

As this report was just released, OBWB staff are still reviewing it, and we look forward to discussing it with board directors.

Select Standing Committee on Finance and Government Services: Budget 2024 Consultation.

I have been invited to present in person to the committee, on Thursday, June 8th. We are allowed to provide up to three recommendations. Considering the OBWB's priorities, and the B.C. government's mandates, I will again prioritize (1) the review and update of the Okanagan Lake Regulation System infrastructure and operating plan; (2) the need for additional funds to support restoration and protection of drinking water sources, expanding the Watershed Security Fund; and (3) consistent, long-term funding for the prevention of zebra and quagga mussel infestations. This last point is particularly important given the economic impacts of an invasion described in the recent report. We can provide a written version of the submission to government, as well as the in-person presentation, and I will share the submission with the board before I post it to the provincial public website next week.

Syilx language classes

One of the goals of our strategic plan is to increase OBWB staff, board, and council's knowledge about the history, culture, and values of Okanagan Indigenous communities with respect to water. Over the past few years, we've participated in a number of different trainings. This year, given the expansion of Syilx language use in meetings, signs, and place names, we are holding two language training sessions focused on water-related words and places. The sessions will be on the mornings of June 22 and June 23, at the Regional District of Central Okanagan. Board directors and council members are invited to attend, but please let us know in advance if you can make it.

Regional Extension Committee

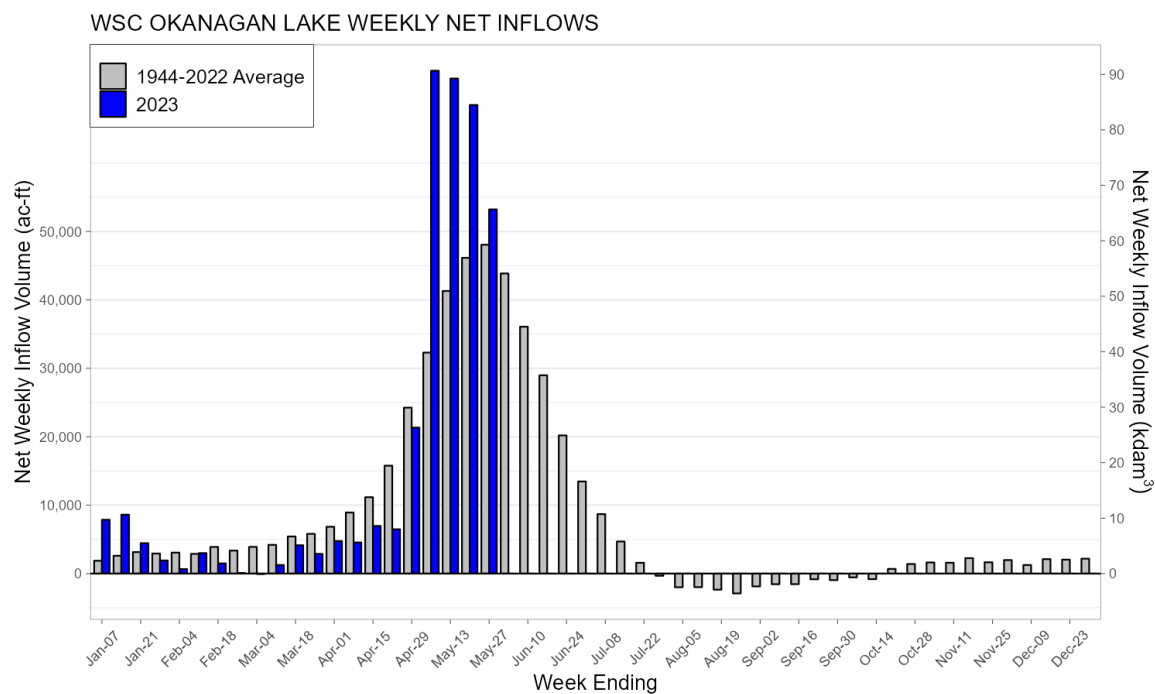
I've been invited to participate in a new initiative by the B.C. Ministry of Agriculture. It is an advisory committee for setting up a regional extension service for agriculture, focusing on climate adaptation and resilience, climate change mitigation, and environmental sustainability. The regional extension services will support farmers and ranchers through on-farm research and demonstrations. The committee is not a decision-making body, but will guide the ministry on program development. I think this is a great step forward, as the OBWB and Okanagan Water Stewardship Council have long noted the need for agricultural extension and training to improve on-farm water use efficiency, irrigation, and other water and climate-related aspects of farming and ranching. The advisory committee is established as a short-term body, and my commitment is only through the beginning of 2024.

Weather Report

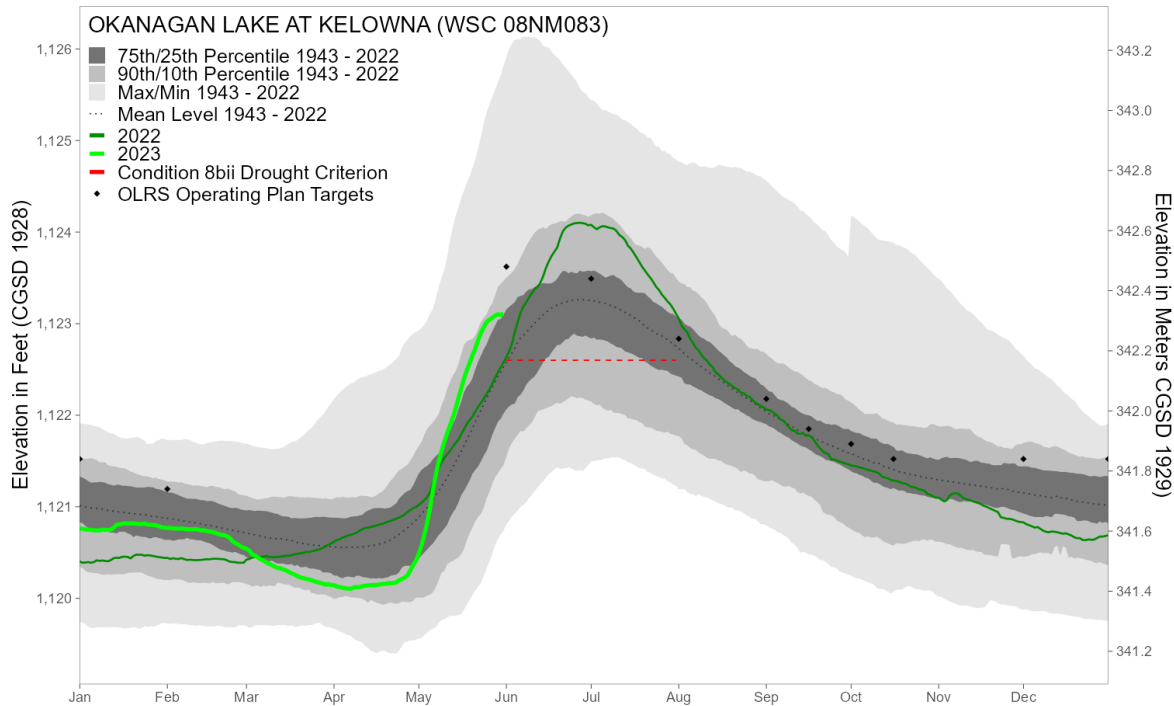
The Okanagan had a very quick turn-around from spring to summer, with a swift and early snowmelt. Globally, we are now in an El Nino cycle, which for B.C. means warmer than average temperatures. We can only hope for a mild fire season.

The following graphs were created by staff from Environment Canada to update the International Osoyoos Board of Control. The Board of Control is interested in Okanagan Lake because it has so much influence on Osoyoos Lake.

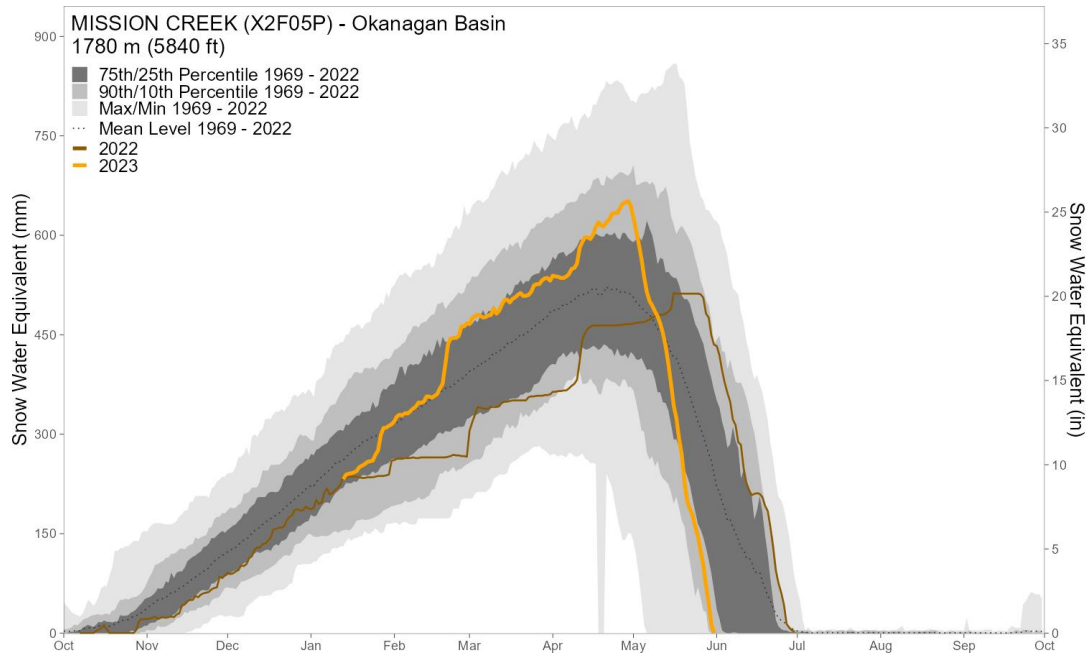
Okanagan Lake inflows, showing the earlier and higher than normal freshet.



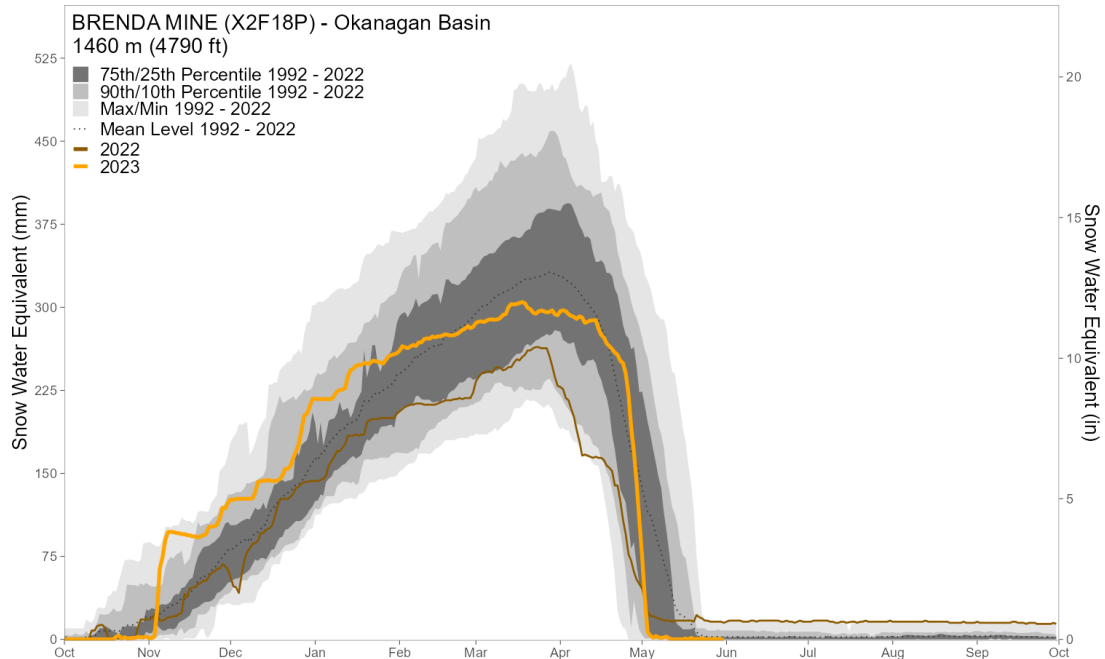
Okanagan Lake appears to be leveling off at near-normal height this year.



As we saw with the inflows graph, the snow melted earlier than normal at the Mission Creek snow pillow.



Brenda Mine's snow pillow also shows an earlier than normal melt.



MEMORANDUM

Okanagan Basin Water Board
Regular meeting
June 6, 2023
Agenda No: 6.2

To: OBWB Directors
From: Nelson R. Jatel
Date: May 31, 2023
Subject: **Water Stewardship Director's Report**

Okanagan Water Stewardship Council (OWSC)

Our most recent Board of Directors-OWSC meeting featured extensive presentations from six key committees - Policy, Climate Change, Agriculture and Irrigation Water, Wetlands, Alluvial Fans, and Water Quality. These presentations furnished an overview of the council committees' activities.

A poster session over our lunch break allowed further communication between the council and the board, fostering better understanding and engagement. This annual gathering presents a platform for mutual information exchange, enhancing relationships between the board and the council. As a technical advisory body to the board, the council's contributions address the strategic and practical water-related concerns and disputes we anticipate in the Okanagan region's future.

Upcoming Water Stewardship Council meetings

Our forthcoming meeting is scheduled for Thursday, June 15th, from 12 noon to 4 p.m. at the Manteo Resort. We are privileged to welcome our distinguished guest speaker, Dr. Pete Millard. Dr. Millard completed his Ph.D. in Plant Sciences at the University of Leeds in 1981 and has since served in research institutes, initially for 29 years in Scotland and, as of 2010, in New Zealand. He spent nine insightful months of his sabbatical at the PARC, Summerland 2003. He is the General Manager of Science at Manaaki Wheuna Landcare Research, overseeing science delivery and excellence in biodiversity, biosecurity, climate change, and sustainable land use research. Dr. Millard's presentation, entitled "Waiti: How Aotearoa New Zealand is Dealing with Water Quality and Other Environmental Issues," should be enlightening.



A significant portion of the June council meeting will be devoted to drafting our work plan for Term 11, which spans the upcoming two years. Board members' attendance is highly encouraged to ensure active participation in shaping our future strategies.

Okanagan Water Supply Webinar

The Okanagan Water Supply Webinar held on May 9th, from 11 a.m. to 12 p.m. addressed our region's susceptibility to extreme weather events like floods and droughts, significantly impacting our

local economy and inhabitants' quality of life. Our annual one-hour webinar aims to dispense vital information to aid water management decisions throughout Okanagan. Covering a breadth of topics, including snowpack, groundwater, and weather, this webinar provides the most current data to support informed regional decision-making.

During the webinar, water experts predicted a warmer and wetter weather forecast for May and June. Interestingly, however, the webinar brought forth the unanticipated observation of low water levels in the valley bottom aquifers in the southern Okanagan.

The annual Okanagan Water Supply Webinar exemplifies our commitment to timely information dissemination, so we ensure the event occurs in early May each year. This webinar bolsters collaboration within our Okanagan community, underlining the importance of a sustainable water supply. We continue to encourage everyone to partake in these essential discussions.

Okanagan Hydrometric (stream flow) Monitoring

In our ongoing dedication to optimizing the efficiency and accuracy of our hydrometric monitoring program, we're happy to report substantial progress on key activities undertaken in the past month.

Our team has been focusing on measuring high-flow levels in streams, a critical component for accruing essential stream water flow data. This information is invaluable in maintaining and improving the region's water management strategies.

A significant advancement under our initiative is exploring boat drone technology for flow measurement. We are in the planning stages of testing innovative equipment, using a drone, to measure these high-flow levels. This approach aims to improve the existing salt dilution method, offering a more efficient and precise method for data collection.

Moreover, we are nearing the completion of a pilot application designed to provide critical insights into stream flow conditions. This app, scheduled for launch in June, will display a stream's critical low flow and ideal environmental flow in tandem with the actual hydrometric reading. This tool promises to bring clarity and accessibility to real-time stream flow data, augmenting our ability to manage water resources effectively.

Our team remains committed to advancing our hydrometric monitoring program, ensuring we remain at the forefront of sustainable water management in the Okanagan region. Figure 1 shows an updated hydrograph of Mission Creek reflecting recent rain events and a melting snowpack.

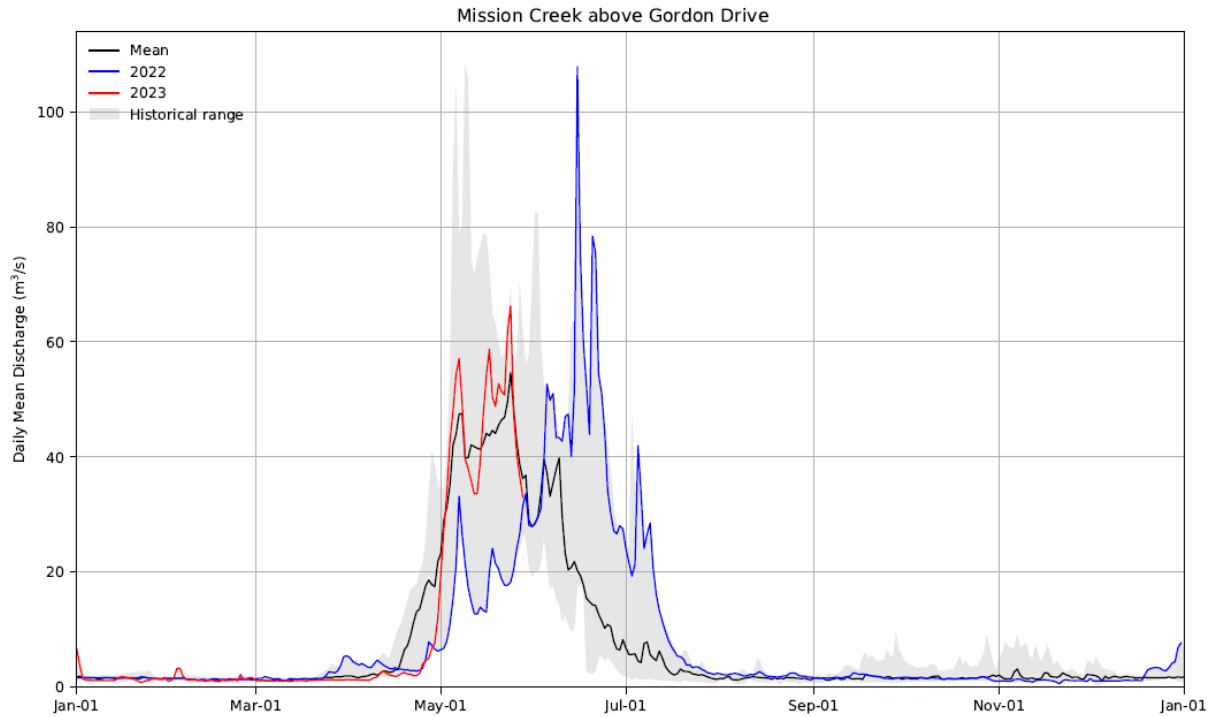


Figure 1. OBWB Hydrometric station readings for May 30, 2023

MEMORANDUM

Okanagan Basin Water Board
Regular meeting
June 6, 2023
Agenda No: 6.3

To: OBWB Directors
From: Kellie Garcia
Date: May 30, 2023
Subject: Policy and Planning Director Report

Drought Management

The Thompson Okanagan Regional Drought Response Team had our first meeting of the year on May 17. The team is comprised of provincial staff, including aquatic ecologists, fisheries biologists, ecosystems officers, hydrogeologists, hydrologists, agrologists, and district water officers. Advisors from Fisheries and Oceans Canada, Agriculture Canada, First Nations organizations, local governments, and other groups also participate.

For the first time, the Province of B.C. has assigned a staff person to work on drought initiatives full time, year round. This will hopefully enable better coordination of drought response activities and progress on action items the team identified in our 2021 debrief (no debrief was held in 2022 due to staff turnover at the province). Some of those actions include more frequent field observations, increased monitoring stations, and a long-term monitoring plan; better data on groundwater usage and groundwater curtailment; improvement of drought indicators used to develop the drought level recommendations; and proactive work to understand the available legal tools and responsible authorities. Climate change projections are for more frequent, widespread droughts, so the team must remain committed to improving our response and collaboration.

We did not set drought levels at our first meeting, but we will do so at our second meeting on May 31. While snowpack throughout much of the region was normal to above normal this year, we had a dry fall that caused low flows and dry soils in many areas into the winter. Freshet this spring was about a month earlier than last year, so we do not have much snowpack to support baseflows heading into June. We have also been experiencing unseasonably warm temperatures. I will give the board a verbal report on the most recent conditions at our June meeting.

I will be assisting provincial staff with updating their Thompson Okanagan Drought Response Implementation Plan. The objectives of the plan are to provide guidance to B.C. Government ministries and other members of the drought team, helping us to accurately assess and effectively respond to changing drought conditions so we can minimize the effect of drought on aquatic ecosystems and water users.

Improving Lake Level Management in the Okanagan

On April 5, OBWB staff met with Okanagan Nation Alliance and Government of B.C. staff to discuss status and next steps for the studies identified in the 2021 'Plan of Study' report. We have regularly scheduled check-in meetings in our calendars now to make sure the initiative continues to move forward. Several studies are in progress or planned for this fiscal year: Study 2 Improve OLRs operating plan documentation, Study 3 Create an integrated hydraulic model for the Okanagan mainstem, Study 6 Refine Fish Water Management Tool input data and model, Study 8 State of the Okanagan mainstem lakes and river before European settlement, Study 12 Okanagan mainstem drought risk assessment, and Study 14 OLRs lifecycle and replacement cost analyses. OBWB staff also had an internal meeting on May 25 to further flesh out the studies and identify best approaches to getting them completed. I am drafting detailed scoping documents for each study, so we can have a better understanding of costs, timelines, and resourcing needs. More information on the OLRs modernization can be found at www.obwb.ca/lakelevelmanagement/.

Groundwater Protection Companion Guide

I am almost finished updating the OBWB's 2009 Groundwater Bylaws Toolkit. Rather than create another standalone resource, I simplified, shortened, and repackaged the document as a companion guide to the Source Water Protection (SWP) Toolkit. The guide includes sample groundwater policy and bylaw language that can be tailored by local governments to each unique area and provides case studies that highlight leadership and best practices in groundwater protection. Look for the guide next month at www.sourcewaterprotectiontoolkit.ca. I will continue promoting the SWP toolkit and its groundwater companion guide to local governments in the fall.

MEMORANDUM

Okanagan Basin Water Board
Regular meeting
June 6, 2023
Agenda No: 6.4

To: OBWB Directors
From: Sandra K. Schira
Date: May 31, 2023
Subject: Climate Indicators Intern Report

Climate Change Indicators Project

Hello everyone, I am excited to be starting at the OBWB as the Climate Indicators Intern. I grew up under the big blue prairie skies of Manitoba, where we are no strangers to extreme floods, droughts, and the fight against invasive species. I studied environmental science and geography at Brandon University, where I worked on climate reconstruction using fossil leaves. I spent a summer working for the Water Survey of Canada in 2019, where a drought meant I waded across the normally very deep Assiniboine River, a surreal experience. The last few years I have been in Germany studying a masters degree in Global Change Ecology – an interdisciplinary program which combines climate change, biodiversity loss, and social structures to give a holistic view of global change topics. For my masters thesis I looked at tree-ring data from the Roman era to the Industrial Revolution to see how well climate models could replicate natural drought variability in central Europe. I am looking forward to taking these skills and my love of the beautiful wilderness of Canada to help on a new OBWB project!

The new **Okanagan Basin Climate Change Indicators Project** was inspired by the *Climate Projection for the Okanagan Region 2020* report, which clearly showed that due to climate change the Okanagan is on a path to significant warming and changes in precipitation patterns. The indicators project will expand on this report by examining how far we have already gone down that path. The project will use historical climate and hydrological data throughout the Okanagan to create indicators to see what is happening to heatwaves, extreme precipitation events, freshwater resources, droughts, snowpacks, and more. The goal is to present these indicators in a manner that will inform the residents of the Okanagan and help decision makers understand the current effects of climate change. To start the conversation about the project below are some examples of some example indicators for Kelowna, Vernon, and Penticton.

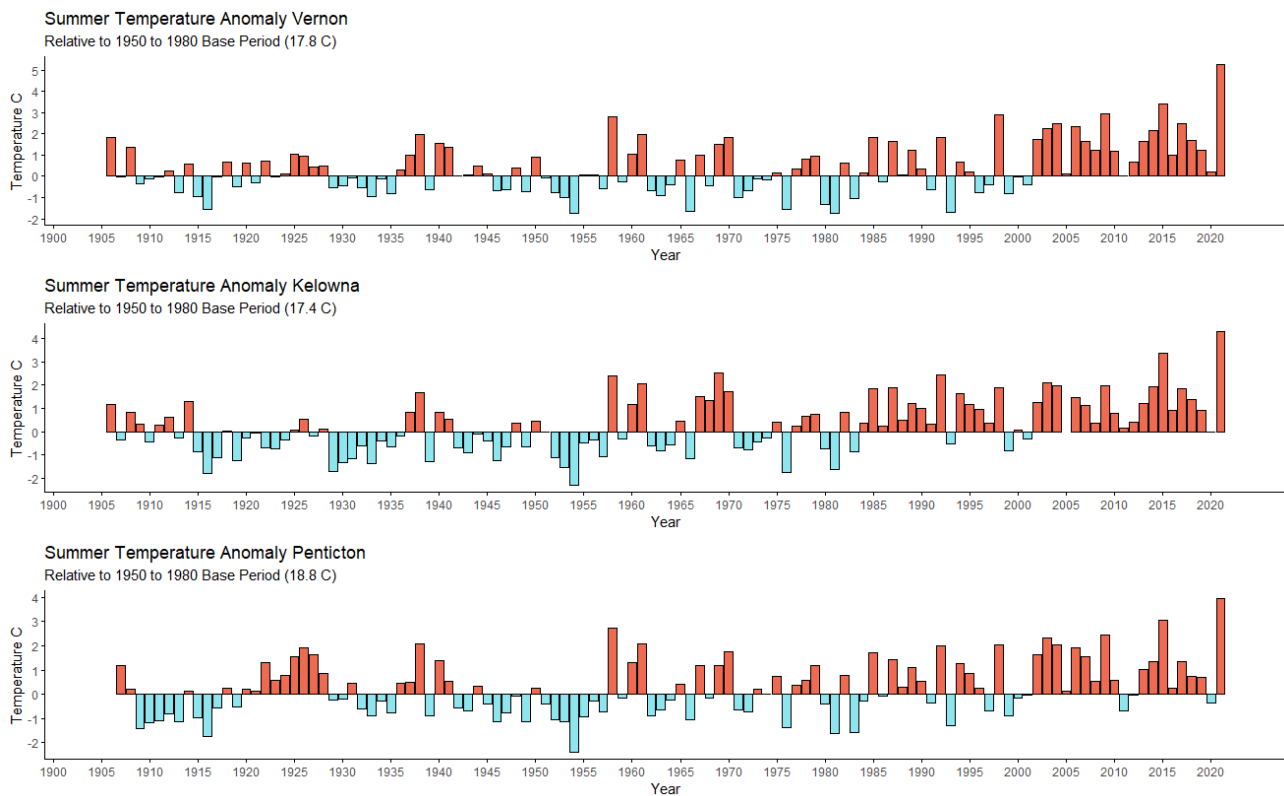


Figure 1: Summer Temperature Anomaly 1905 to 2022. This figure shows if the summer temperature was warmer or cooler than normal for Vernon, Kelowna, and Penticton. Normal is defined as the average summer temperature from 1950 to 1980 and the anomaly is the deviation from that normal. For example, the typical summer temperature for Penticton was 18.8C but in 2021, it had an anomaly of +4C, which means the 2021 summer temperature in Penticton was 22.8C. **For all 3 cities since 2000, almost all summers were warmer than normal, with 2021 being the warmest.**

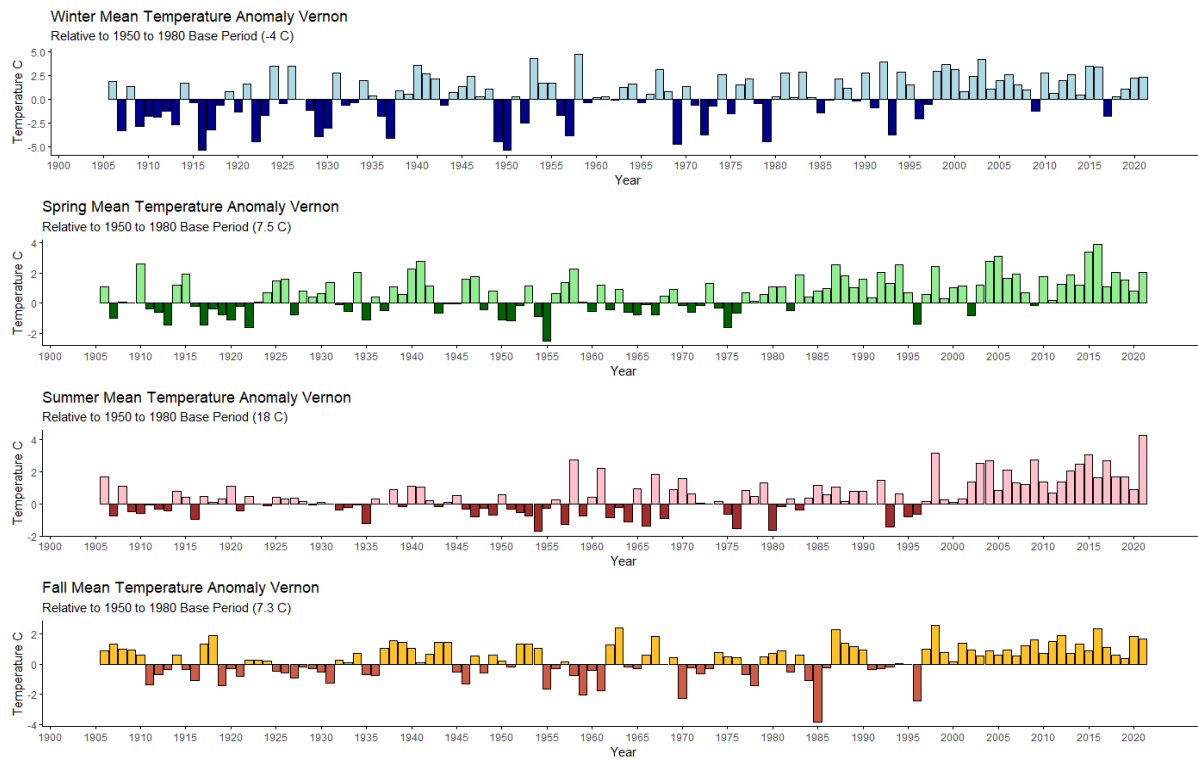


Figure 2: Seasonal temperature anomalies in Vernon 1905 to 2022. This figure shows if the temperature for each season was warmer or cooler normal in Vernon. Normal is a season's average temperature between 1950 and 1980. For example, the normal temperature for winter is -4 C and in 2022 the anomaly was +2.5C meaning the temperature was -1.5C. **Since 2000 almost all seasons are warmer than normal in Vernon.**

MEMORANDUM

Okanagan Basin Water Board
Regular meeting
June 6, 2023
Agenda No: 6.5

To: OBWB Directors
From: Corinne Jackson
Date: May 31, 2023
Subject: Communications Director Report

Make Water Work & Don't Move A Mussel 2023

With the early onset of warm temperatures and a heavy freshet, we were hearing earlier this month from some Okanagan local governments who were dealing with flooding while also being taxed by increased irrigation demand, as residents began watering their yards. At the same time, hot temperatures had people filling backyard pools and flocking to Okanagan lakes with their water toys to cool off. As such, we've been busy ramping up WaterWise messaging on social media, while working on the roll-out of our Make Water Work and Don't Move A Mussel campaigns.

We had the launch of Make Water Work on May 18 at the UnH2O xeriscape demonstration garden, with chiefs, mayors and councillors speaking to the importance of water in the Okanagan and pledging to conserve this summer. This year, two new garden centre partners have joined the campaign, promoting the Make Water Work Plant Collection: Wild Bloom Nursery in Kelowna and Kel-Lake Garden Centre in Lake Country, both of whom were in attendance for the launch. A few photos from the launch are posted below. More can be found on our Facebook page at <https://bit.ly/300yGEZ>.



Photo – Back row (l to r) OXA Exec. Dir. Sigrie Kendrick, Okanagan Indian Band Chief Byron Louis, Armstrong Mayor Joe Cramer, West Kelowna Mayor Gord Milsom, five Westbank First Nation Utility staff, including manager Krista Derrickson and Coun. Jordan Coble. Front row (l to r) RDNO Water Efficiency Coordinator Amanda Summerfelt, Town of Oliver Bylaw Enforcement Supervisor Dayyán Robbie and Water Ambassador Conor Loughnane, OBWB Vice-Chair and Lake Country Mayor Blair Ireland, Kel-Lake Greenhouse Manager Sarah Patton, and OBWB Communications Dir. Corinne Jackson.



Photo on left: (l to r) Armstrong Mayor Joe Cramer, Okanagan Indian Band (OKIB) Chief Byron Louis, West Kelowna Mayor Gord Milsom, OBWB Vice-Chair and Lake Country Mayor Blair Ireland, and Westbank First Nation Coun. Jordan Coble. Missing but who provided a written statement: OBWB Chair and Osoyoos Mayor Sue McKortoff and Oliver Mayor Martin Johansen.
Photo on right: OKIB Chief Louis giving an interview to Global Okanagan.

In addition to the launch event, MWW billboards will be posted in the coming days, along with gig-economy wrapped advertising vehicles, radio, TV and digital ads, and more. A sample of the billboard images for this year's campaign are shown below.



There is considerable interest in the campaign right now, with several local government partners taking the message to residents at farmer's markets, at special events including open houses, and more.

In addition, the Okanagan Xeriscape Association has been hosting an information table, sharing MWW info. at some of our garden centre partners, including Sandhu Greenhouses in Osoyoos, Sagebrush Nursery in Oliver, and Wild Bloom. They will be doing this with all the business partners throughout the gardening season.

If you haven't already done so, we encourage you, your fellow councillors and residents to visit www.MakeWaterWork.ca, find tips to conserve, watering restrictions for your community, and take the pledge. Of course, the community with the most pledges collected per capita will be awarded the title of Make Water Work Community Champion at the end of the campaign!

And, I have been just as busy this month, working on the Don't Move A Mussel campaign roll-out. The campaign will focus on what we have to lose if invasive zebra & quagga mussels are introduced to Okanagan waters, encouraging residents to "Share memories. Not mussels." The campaign will include an updated www.DontMoveAMussel.ca website, billboards, radio ads, social media, and more. Once again, we are funding the Okanagan and Similkameen Invasive Species Society to help us get the message out. There has already been strong demand for mussel outreach at various water-related events in the Okanagan this spring and so I have been getting various materials ready and delivered to OASISS. An example of this year's messaging is included below.



Other communication initiatives

Since my last report, I was happy to attend the **Southern Interior Local Government Association** annual conference on May 26. It was a terrific opportunity to speak with electeds about the Okanagan Basin Water Board, its various projects, and to share resources that address common water and climate issues. In particular, there was great interest in water conservation, flooding and drought issues, as well as invasive mussels. Among the items shared, I took the opportunity to promote the CivicInfo-OBWB online Planning Guides and Toolkits hub, helping local governments carry out sustainable land and water use practices. The online resource hub can be found here:
https://www.civicinfo.bc.ca/documents_search?collection=planningguide.

I was happy to have several of our directors come by and say hi. I've included some photos below.

Communications support has also been given to a number of **Water Conservation and Quality Improvement Grant**-funded projects this month, including to the Okanagan and Similkameen Stewardship Society, Chute Creek Stewardship Society, and Town of Oliver. I have also had some conversations with the City of Armstrong about a xeriscape demonstration project. Support was also provided to the **Okanagan Water Supply Webinar** that was held May 9. The video is posted on our YouTube channel at <https://www.youtube.com/watch?v=yu1dXsIOV-E>.



Photos from SILGA - top (left to right): OBWB Chair and Osoyoos Mayor Sue McKortoff with me, and a mystery friend of the Water Board; OBWB Dir. and Kelowna Coun. Charlie Hodge with me; City of Vernon Brian Quiring with OBWB and RDNO Dir. Rick Fairbairn; Bottom (left to right) Town of Spallumcheen Coun. Gerry Popoff with Spallumcheen Mayor and OBWB Dir. Christine Fraser; Mayor of Vernon and OBWB Dir. Victor Cumming; RDNO and OBWB Alt. Dir. Bob Flemming and RDOS and OBWB Dir. Rick Knodel.

Summary of OBWB-Related News Coverage

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| April 25 | "Annual water restrictions coming to Penticton residents," <i>Castanet.net</i> |
| April 26 | "Increased water demand coming from climate change," <i>Castanet.net</i> |
| April 26 | "Column - Gardening with nature: Plant sale fundraiser to offer unique drought tolerant plants," <i>Castanet.net</i> |
| April 26 | "Sutherland Bay project will be studied," <i>Penticton Herald</i> |

- April 28 [“Water briefs Okanagan has voice in cross border talks,”](#) *Vernon Morning Star, Keremeos Review, Summerland Review, Lake Country Calendar, Penticton Western News, Kelowna Capital News*
- April 29 “Town of Oliver’s project gets \$15,000 water grant,” *Castanet.net*
- May 1 “Central Okanagan projects supported by water board grants,” *Kelowna Capital News, WestK News, Lake Country Calendar*
- May 2 “MP Mel Arnold awarded as a Water Warrior for work on invasive species,” *Castanet.net*
- May 3 [“North Okanagan Shushwap MP recognized for fight against invasive species,”](#) *AM1150*
- May 5 “Armstrong increases water restrictions,” *Vernon Morning Star*
- May 10 “Column-Gardening with Nature: Mother knows best—Mother Nature that is,” *Castanet.net*
- May 11 “Lake level looking fine as freshet heats up,” *Penticton Herald*
- May 18 [“‘We need to be more water wise’ Okanagan chiefs, mayors encourage conservation”](#)
Kelowna Capital News, Vernon Morning Star, Keremeos Review, Summerland Review, Lake Country Calendar, WestK News, Penticton Western News
- May 18 “Okanagan residents encouraged to conserve water,” *Global Okanagan*
- May 18 [“Save water this summer - Average Okanagan household water use more than double the national average,”](#) *Castanet.net*

Recent Presentations

- April 27 “Hydrology modeling in the Okanagan and Similkameen” to International Joint Commission and Boards of Control – Anna Warwick Sears
- May 18 Make Water Work - valley-wide outdoor water conservation launch – Corinne Jackson

Upcoming Presentations

- April 27 “Hydrology modeling in the Okanagan and Similkameen” to International Joint Commission and Boards of Control – Anna Warwick Sears
- June 14 “Tapping into Water Sustainability - Watershed Management in the Okanagan” to UBC-UVic Water WEST (Water & Environment Student Talks) Conference – Nelson Jatel, James Littlely, Corinne Jackson
- June 21 Kelowna Water Sustainability to Kelowna South-Central Association of Neighbourhoods – Anna Warwick Sears

MEMORANDUM

Okanagan Basin Water Board
Regular meeting
June 6, 2023
Agenda No: 6.6

To: OBWB Directors
From: James Littley
Date: May 24, 2023
Subject: Deputy Administrator Report

Amphibious Milfoil Harvester

Staff will be conducting a final equipment review in late May for a new amphibious milfoil harvester which will address several current and future operational issues for our program. I will provide an update with a PowerPoint presentation during the board meeting.

Milfoil Control Program Update

We are still rototilling in Osoyoos Lake, with other lakes now complete for the season. There were no major issues or breakdowns this winter, ensuring efficiency in our operations. We also recently received a summary report of our 2021-2022 field season, showing that for the whole valley we rototilled approx. 186 ha, and we harvested approx. 18 ha.

In mid-May, I completed and submitted permit applications to add Vaseux Lake to our harvesting operations for summer 2023. Pending the permits and support from the Osoyoos Indian Band and Okanagan Nation Alliance, we anticipate treating Vaseux for milfoil in early July, as lake levels allow.

We are also continuing to work on an expanded permit for the next five-year period, as our current permit expires in March 2024. We are working to increase flexibility for our program using a pre-approved ruleset to add new areas, and a professional reliance model, rather than continual regulatory review.

Sewerage Facilities Assistance Grant Program Review

Following the May board meeting, staff prepared and sent a letter to Okanagan local governments providing an update on the sewer grant program review. The letter is attached.

Insert LG Address here

May 17, 2023

Sewerage Facilities Assistance Grants Program and One-hectare Policy Review

Dear Mayor and Council (or Chair and Directors),

The Okanagan Basin Water Board has recently been asked to provide clarity on the existing one-hectare policy that is an eligibility requirement to receive Sewerage Facilities Assistance grants (SFA). The SFA program currently pays 16% of the eligible project costs for local governments in the Okanagan to build sewer treatment plants, and to extend community sewer to neighborhoods. The program is supported through a pooled funding model, wherein property tax dollars from all Okanagan jurisdictions go to support as-needed upgrades in other jurisdictions. Since it was created in 1970, the program has paid more than \$70 million to Okanagan local governments for this purpose. Due to this pooled-funding model, all Okanagan jurisdictions must operate under the same rules and policies for OBWB sewerage infrastructure grants.

The one-hectare policy

The one-hectare policy is an eligibility requirement where local governments must have policies or bylaws in place to prohibit the creation of lots smaller than one hectare in size unless they are connected to a community sewer. The policy also outlines that a provincially approved Liquid Waste Management Plan (LWMP) may be used to waive the one-hectare policy.

Although the one-hectare policy is generally viewed as an OBWB policy by local governments in the Okanagan, it was introduced as provincial policy in 1995, and adopted by OBWB in 2000 to remain consistent with provincial granting policy. The formula for the OBWB SFA program requires the approval of the province according to the OBWB's Supplementary Letters Patent (SLP). Provincial infrastructure grants are also still contingent on adoption of the one-hectare policy by local governments.

The policy is not intended to regulate land use, only to avoid water pollution caused by unmaintained or failing septic systems in the absence of bylaws or policies to enforce maintenance. The OBWB recognizes the need to address the current housing crisis in all communities and is working to clarify the ways this can be done without compromising our shared progress on Okanagan water quality since 1970.

One-hectare policy review

As part of a broader SFA program review, OBWB has asked the province to provide increased clarity on the one-hectare policy and how it applies to our program. We have specifically requested the following:

1. B.C. Ministry of Municipal Affairs staff review the OBWB SFA Terms of Reference for consistency with current provincial policy, and provide feedback on how to update and strengthen the one-hectare policy as appropriate.
2. The Minister provide a letter (similar to past Ministerial letters on this subject to OBWB) providing guidance for the updated and consistent policy.
3. Provide the current written provincial one-hectare policy, including any background information and supporting references as a communication tool for local governments, homeowners and developers.
4. Elaborate on what is required for local governments to use the Liquid Waste Management Plan option where they wish to allow a variance to the one-hectare bylaw.
5. Following the OBWB SFA program review and the adoption of updated Terms of Reference by the Board, provide the equivalent “approval of the Inspector of Municipalities” as required by the SLP, in whatever form that takes today.

Once we have received the requested information, OBWB will communicate to Okanagan local governments any policy changes, options to create a LWMP, or other alternatives that might arise through the review.

Broader SFA program review

Beyond the one-hectare policy, the overall SFA program is also in the process of being reviewed. Since the SFA program first provided grants in 1977 Okanagan lakes have seen a significant improvement in water quality, especially reduced nitrogen and phosphorus and related milfoil growth and algae blooms. These changes support the economy, enhance the ecosystem, improve sources for drinking water and generally improve the quality of life in the valley.

The objectives of the program review are to:

- Review areas that remain eligible under the current program Terms of Reference
- Review one-hectare policy compliance throughout the Okanagan
- Review current provincial policy and regulations to ensure alignment
- Consider circumstances where variances may be justified for local governments
- Ensure policy is defensible and enforceable
- Consider technological advances to enhance water quality protection
- Consider other aspects of water infrastructure funding to enhance water quality protection

Local government participation in SFA program and in program review

The SFA program is ultimately a partnership between 11 municipalities and three regional districts in the Okanagan. All communities fund the program, and all communities benefit from the water quality improvements that the fund ultimately supports. It is critical that the program eligibility requirements are applied consistently to maximize the fairness and shared benefits of this funding model.

While the program review is being managed by OBWB staff, we are relying on an advisory committee including several relevant provincial ministries, Interior Health, and local government staff. We welcome further participation from all Okanagan local governments and would be happy to add new members to the Advisory Committee. Please email OBWB's Deputy Administrator James Littlely at james.littlely@obwb.ca to be added to the committee.

The final outcome of the program review will be a set of recommendations for the program going forward. Early feedback from the Advisory Committee relates to clarifying the one-hectare policy, reviewing the pre-1978 eligibility requirement, reviewing the 16% funding amount, and exploring options to expand the program to include storm sewer funding to address that significant source of water pollution, particularly with increased runoff due to climate change. As the review moves forward, we will consult with participating jurisdictions on proposed changes or recommendations before they are adopted by the OBWB. We welcome input from your board/council on any aspect of the program.

OBWB's mandate is to protect and enhance the quality of life in the Okanagan through sustainable water management. We look forward to hearing from your **board/council** and staff about ways we can continue to deliver on this for your community.

Sincerely,



Anna Warwick Sears
Executive Director