

Okanagan Basin Water Board Meeting Agenda



DATE: Tuesday, June 4, 2024

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 7, 2024 held at Kelowna Yacht Club ([page 1](#))

5. DELEGATIONS

5.1 Shaun Reimer, B.C. Section Head, Public Safety & Protection update on Okanagan Lake level management

5.2 Madison Attwood, BDO Manager, presenting on the OBWB's 2024 Audited Financial Statements

5.2.1 OBWB Draft 2024 Financial Statements

6. STAFF REPORTS

6.1 Executive Director Report ([page 5](#))

6.1.1 OBWB 2024 Management Letter ([page 6](#))

6.1.2 OBWB 2024 Representation Letter ([page 7](#))

6.1.3 OBWB Draft 2024 Financial Statements ([page 10](#))

6.1.4 OBWB Audit Final Report to the Board ([page 33](#))

6.1.5 Mission Creek Workshop Report (*sent separately & available soon at www.OBWB.ca*)

6.2 Water Stewardship Director Report ([page 53](#))

6.3 Deputy Administer Report ([page 56](#))

6.3.1 Mussel Working Group Draft Report (*sent separately*)

6.4 Communications Director Report ([page 62](#))

7. CORRESPONDENCE

7.1 Letter from OBWB to B.C. Minister of Water, Lands and Resource Stewardship Nathan Cullen re: Watershed Security Fund ([page 68](#))

8. NEXT MEETING

8.1 The next meeting of the Okanagan Basin Water Board will on Tuesday, August 6, 2024 at 10 a.m. at the Regional District of North Okanagan

9. ADJOURNMENT

*** NOTE:** Meetings of the Okanagan Basin Water Board are open to the public, and only closed for in-camera sessions as set out in the B.C. Community Charter. From time-to-time, the board will be holding its meeting online. If you are interested in attending an online meeting, please contact our Communications Director Corinne Jackson at corinne.jackson@obwb.ca for further details. Thank you for your patience and understanding.



**MINUTES OF A REGULAR MEETING OF THE OKANAGAN BASIN WATER BOARD
HELD MAY 7, 2024, AT KELOWNA YACHT CLUB
1-1370 WATER ST., KELOWNA, B.C.**

PRESENT

Chair Blair Ireland	Regional District Central Okanagan
Vice-chair Doug Holmes	Regional District Okanagan-Similkameen
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
Alt-Director Subrina Monteith	Regional District Okanagan-Similkameen
Director Sue McKortoff	Regional District Okanagan-Similkameen
Director Bob Hrasko	Water Supply Association of B.C.
Director Jeremy Fyke	Okanagan Water Stewardship Council (OWSC)

REGRETS

Director Christine Fraser	Regional District of the North Okanagan
Director Tim Lezard	Okanagan Nation Alliance (ONA)

GUESTS

Theresa Lowens	B.C. Institute of Agrologists (BCIA), AgriFood Canada
Faezeh Ketabchi	UBC Okanagan
Patti Meger	Water Supply Association of B.C. (WSABC)
Marta Green	B.C. Groundwater Association
Rod MacLean	City of Kelowna

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
Amanda Burnett	Communications Coordinator
Sandra Schira	Water Science Specialist

1. CALL MEETING TO ORDER

Chair Ireland called the meeting to order at 9:09 a.m.

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

2. INTRODUCTION OF LATE ITEMS

3. APPROVAL OF AGENDA

“THAT the agenda of the regular meeting of the Okanagan Basin Water Board of May 7, 2024 be approved.”

CARRIED

4. ADOPTION OF MINUTES

- 4.1 Minutes of the Regular Meeting of the Okanagan Basin Water Board of April 2, 2024, held at Regional District of North Okanagan.

A small amendment was noted regarding who attended the April meeting from RDOS.

“THAT the minutes of the regular meeting of the Okanagan Basin Water Board on April 2, 2024, held at Regional District of North Okanagan, be approved as amended.”

CARRIED

5. STAFF REPORTS

- 5.1 Executive Director Report

Dr. Sears reported that the OBWB’s annual audit report is being prepared and will be presented at the June board meeting. The audited financial statements will be included in the OBWB’s upcoming annual report.

The board discussed the B.C. government’s new Watershed Security Fund and concerns about the size of the fund.

“THAT the OBWB send a letter to B.C. Minister of Water, Land and Resource Stewardship Nathan Cullen, regarding the Watershed Security Fund and the needs and costs for restoration and maintenance of primary water source areas in the Okanagan; AND THAT the board urge the province to either increase the endowment or create an alternative funding source.”

CARRIED

Dr. Sears noted her participation in the International Joint Commission semi-annual meeting. Discussions included drought management, water quality issues, and the structure of the International Osoyoos Lake Board of Control. There is interest, she noted, in the board becoming an “International Watershed Board” which would allow the body to expand its scope of work. There was also talk about the updating the Zosel Dam operating orders to reflect the challenges posed by climate change since their last revision in 2013. Dr. Sears also noted that Osoyoos Lake’s water level is now maintained at a record high in anticipation of drought this summer.

The board was told of a recent presentation at an online meeting of the House of Commons Standing Committee on Environment and Sustainable Development. Dr. Sears presented recommendations including; increased investment in local government flood, drought, and wildfire mitigation; increased funding for aquatic invasive species (AIS) management in Western Canada; and, implementation of the recommendations in Commissioner Julie Gelfand’s report on AIS. A video of the presentation is available at <https://youtu.be/Qfb8JKldbUI?si=IJ04iUxuKs694htw>.

Dir. Victor Cumming joined the meeting at 9:16 a.m.

“THAT the Executive Director’s Report, dated May 7, 2024, be received.”

CARRIED

5.2 Water Stewardship Director Report

Dr. Jatel provided an update on the annual Okanagan Water Supply webinar held April 12. Presentations from provincial and federal water authorities indicate a trend towards hotter and drier conditions.

The board was briefed on a presentation from Canada Water Agency (CWA) representatives at the previous Okanagan Water Stewardship Council meeting. It was noted that the Okanagan is not listed as a priority region, even though the federal government has previously recognized it as such. The CWA has also had discussions with Environment Funders Canada (EFC), of which OBWB is a member, requesting that EFC donate to the CWA priority watersheds. The board asked staff to draft a letter to CWA and inquire about their decision-making process, and send a separate letter to EFC.

“THAT the OBWB send a letter to the Canada Water Agency regarding their selection of priority watersheds; AND THAT a separate letter be sent to Environment Funders Canada.”

CARRIED

“THAT the Water Stewardship Director’s Report, dated April 30, 2024, be received.”

CARRIED

5.3 Water Science Specialist Report

Ms. Schira reported that Okanagan snowpack levels are substantially below average, with the province reporting levels at 39% of normal as of April 22. The region is currently at Drought Level 2, and in response, the provincially-led Thompson-Okanagan Regional Drought Response Team will begin drought calls earlier than usual to prepare for the anticipated continuation of drought conditions.

“THAT the Water Science Specialist’s Report, dated April 30, 2024, be received.”

CARRIED

5.4 Communications Director Report

Ms. Jackson provided an update on the annual “Make Water Work” (MWW) outdoor residential water conservation campaign. Details are being worked out for the launch, but the 2024 launch and campaign will include the theme of “learning from fire.” The board was told of conversations staff have had with Okanagan fire officials around the importance of being WaterWise in times of drought and wildfire. The Make Water Work Plant Collection is being reviewed and will emphasize plants that are water efficient and FireSmart.

Ms. Jackson highlighted efforts to raise awareness for the “Preparing for Invasive Mussels: Vulnerability Assessment Guide,” including a news release, social media posts, and website updates aimed at promoting the guide. The board was also informed about a recent funding announcement from the province, recognizing funding from BC Hydro and other partners for its Invasive Mussel Defence Program. The Water Board was invited to provide a quote and staff worked with Chair Ireland to provide one. It was also noted that a report will be brought to the board in June to determine next steps in addressing the invasive mussel threat.

“THAT the Communications Director’s Report, dated April 30, 2024, be received.”

CARRIED

6. **CORRESPONDENCE**

“THAT the letters from Conservative Party of Canada MPs to federal government, cc’d to OBWB regarding invasive mussels, and that the letter from Regional District Central Okanagan to the B.C. government, cc’d to OBWB regarding invasive mussels be received.”
CARRIED

7. **NEXT MEETING**

7.1 The next meeting of the Okanagan Basin Water Board will be on Tuesday, June 4, 2024 at 10 a.m. at the Regional District of Okanagan-Similkameen.

8. **ADJOURNMENT**

“THAT there being no further business, the regular meeting of the Okanagan Basin Water Board of May 7, 2024 be adjourned at 9:50 a.m.”
CARRIED

Certified Correct:		
Chair		Executive Director

MEMORANDUM

Okanagan Basin Water Board
Regular meeting
June 4, 2024
Agenda No: 6.1

To: OBWB Directors
From: Anna Warwick Sears
Date: May 29, 2024
Subject: **Executive Director Report**

Annual Audit

Our 2024 audit is complete, and a representative from BDO will be presenting the audited financial statements (attached) to the board, and answering any questions. Many thanks, as usual to our accountants at RDCO, making the whole process smooth and efficient.

Watershed Security Fund letter

As directed at the May OBWB meeting, and as reviewed by the board, we have sent a letter (in correspondence) to Minister Nathan Cullen, urging greater funding for watershed work. This was also hand-delivered directly to the minister by Dir. Sue McKortoff when the B.C. cabinet met in Osoyoos this week.

Mission Creek Report

After a long collaborative process, the report from our workshop on Mission Creek is now complete, and will be posted on our website and shared widely. The workshop, co-hosted by the OBWB and MLA Renee Merrifield, brought together a diverse group of people and organizations working in and around Mission Creek, from the upper watershed to the lakeshore. The report (attached separately), lists a number of suggested actions, including (notably for this drought year), a recommendation to update the Mission Creek Water Use Plan which lays out ways water can be managed in times of scarcity. The previous water use plan was done in 2010. Since that time, we are experiencing higher flows and many changes to who is involved in managing the creek.

Farmer Rally

On May 28, I attended a rally in Osoyoos, hosted by the B.C. Fruit Growers' Association. The rally highlighted the crop damage caused by extreme weather in several years back-to-back. Most of the discussion focused on damage to date, and there was little if any mention of the expected drought conditions this summer. Agriculture has the highest water demand of any sector in the valley, and in some water source areas may be forced to reduce irrigation. If the drought continues, it is going to be important for residents to do their part with conservation, and for greater efforts everywhere to reduce leaks from pipes and other infrastructure. We don't want to lose food production.

Weather Report

Shaun Reimer, Section Head at B.C. Ministry of Water, Land, and Resource Stewardship, will be making a presentation to the board on how staff are managing lake levels to cope with the ongoing drought conditions. The Okanagan water supply depends in large part on our snow pack, which had a significantly low accumulation this year. The current cool weather will slow evaporation/evapotranspiration, but unless it is a wet summer, there will be competition for water on a number of sources. Remaining snow will melt rapidly as the weather warms up.



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June 4, 2024

Okanagan Basin Water Board
1450 KLO Road
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Okanagan Basin Water Board Regular meeting June 4, 2024 Agenda No: 6.1.1

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, 2024, 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

MS/rd

June 4, 2024

BDO Canada LLP
Chartered Professional Accountants
1631 Dickson Ave, Suite 500
Kelowna, British Columbia
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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, 2024, 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.

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

Okanagan Basin Water Board
Regular meeting
June 4, 2024
Agenda No: 6.1.3



**Okanagan Basin Water Board
Financial Statements
For the year ended March 31, 2024**

DRAFT

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DRAFT

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 4, 2024



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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, 2024, 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, 2024, 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 1 to the financial statements, which explains that certain comparative information for the year ended March 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

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 4, 2024

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

March 31	2024	Restated 2023
Financial Assets		
Cash (Note 2)	\$ 3,275,192	\$ 3,542,333
Accounts receivable	145,893	36,042
	3,421,085	3,578,375
Financial Liabilities		
Accounts payable and accrued liabilities	466,909	280,029
Grants payable (Note 3)	483,135	465,280
Asset retirement obligation (Note 4)	-	31,186
	950,044	776,495
Net Financial Assets	2,471,041	2,801,880
Non-Financial Assets		
Prepaid expenses	14,474	126,522
Tangible capital assets (Note 5)	1,519,462	739,233
Accumulated Surplus (Note 6)	\$ 4,004,977	\$ 3,667,635

Approved on behalf of the Board:

_____ Chairperson

**Okanagan Basin Water Board
Statement of Operations**

For the year ended March 31	2024		2024	Restated 2023
	Actual	Budget		Actual
Revenues (Note 12)				
Levies from member Regional Districts (Note 7)	\$ 3,833,982	\$ 3,833,982	\$	3,693,604
Grants	42,750	-		56,855
Interest income	210,338	18,050		133,770
Other income	306,887	-		-
Gain on disposal of assets	-	-		8,406
	4,393,957	3,852,032		3,892,635
Expenses (Note 12)				
Aquatic weed control	778,694	884,227		759,424
Sewerage facilities assistance	1,254,894	1,248,441		1,254,091
Water management	2,023,027	1,819,364		1,898,408
	4,056,615	3,952,032		3,911,923
Annual surplus (deficit) (Note 12)	337,342	(100,000)		(19,288)
Accumulated surplus, beginning of the year	3,667,635	3,667,635		3,635,431
Adjustment on tangible capital assets (Note 1)	-	-		51,492
Accumulated surplus, beginning of the year, as restated	3,667,635	-		3,686,923
Accumulated surplus, end of year	\$ 4,004,977	\$ 3,567,635	\$	3,667,635

Okanagan Basin Water Board
Statement of Change in Net Financial Assets

For the year ended March 31	2024	2024	Restated 2023
	Actual	Budget	Actual
Annual surplus (deficit)	\$ 337,342	\$ (100,000)	\$ (19,288)
Acquisition of tangible capital assets	(860,089)	-	(45,181)
Amortization of tangible capital assets	79,858	-	63,015
Increase in tangible capital assets due to asset retirement obligations	-	-	(29,961)
Prepaid expenses	112,050	-	(126,522)
Net change in net financial assets	(330,839)	(100,000)	(157,937)
Net financial assets, beginning of the year	2,801,880	2,801,880	2,959,817
Net financial assets, end of year	\$ 2,471,041	\$ 2,701,880	\$ 2,801,880

Okanagan Basin Water Board
Statement of Cash Flows

For the year ended March 31	2024	Restated 2023
Cash provided by (used in)		
Operating Activities		
Annual surplus (deficit)	\$ 337,342	\$ (19,288)
Items not involving cash		
Amortization	79,857	63,014
Accretion	-	1,225
Gain on disposal of tangible capital assets	-	(8,406)
	<u>417,199</u>	<u>36,545</u>
Changes in working capital items		
Account receivable	(109,850)	508,124
Accounts payable and accrued liabilities	186,879	58,593
Asset Retirement Obligations	(31,186)	-
Grants payable	17,859	162,427
Prepaid expenses	112,047	(126,522)
	<u>175,749</u>	<u>602,622</u>
Cash from operations	<u>592,948</u>	<u>639,167</u>
Capital activities		
Purchase of tangible capital assets	(860,089)	(45,181)
Proceeds on disposal of tangible capital assets	-	8,406
Net change in cash and cash equivalents	<u>(267,141)</u>	<u>602,392</u>
Cash, beginning of the year	<u>3,542,333</u>	<u>2,939,941</u>
Cash, end of year	<u>\$ 3,275,192</u>	<u>\$ 3,542,333</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 The financial statements of the Board are the representations of management and are prepared in accordance with Public Sector Accounting Standards.

Financial Instruments The Board has elected to measure other specific financial instruments at fair value, to correspond with how they are evaluated and managed.

Cash and equity instruments quoted in an active market are measured at fair value. All other financial instruments, are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

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

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

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

Use of Estimates The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and asset retirement obligations.

Actual results could differ from these estimates.

Okanagan Basin Water Board Summary of Significant Accounting Policies

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. 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:

Buildings	40 years
Equipment	20 - 25 years
Vehicles	5-7 years
Office furniture & equipment	10 years
Computers	4 years

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.

Sales of services and other revenue is recognized on an accrual basis.

Government Transfers

Government transfers, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. The transfer of revenue is initially deferred and then recognized in the statement of operations as the stipulation liabilities are settled.

When the Board is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.

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

March 31, 2024

1. Restatement of Prior Year Figures

It has been determined that the Hydrometric Monitoring equipment was not recognized as a tangible capital asset in accordance with public sector accounting standards. As a result, accumulated surplus, tangible capital assets and amortization were misstated in prior periods. A retroactive adjustment with restatement of prior periods, has been made to reflect equipment as a tangible capital asset. The restatement had the following impact on the financial statements:

	Previously Report	Adjustment	2023 Restated
Equipment	1,485,716	120,587	1,606,303
Accumulated Amortization	1,001,512	35,972	1,037,484
Amortization	26,576	12,058	38,634
Water Management Contract Services	892,801	(45,182)	847,619
Accumulated Surplus	3,583,019	84,616	3,667,635

2. Cash

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

3. 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, 2024

4. 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.

During the 2024 fiscal year, The Board remediated the mold and oil spills for which the asset retirement obligation standard existed and for which it is directly responsible and has concluded that no contamination exists that exceeds an environmental standard. Accordingly, no amount has been accrued in the financial statements as a liability for asset retirement obligation.

	2024	2023
Opening asset retirement obligation	\$ 31,186	-
Initial recognition of expected discounted cash flows	-	29,961
Increase due to accretion	-	1,225
Settlement of asset retirement obligation	(31,186)	-
	\$ -	31,186
Closing asset retirement obligation	\$ -	31,186

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

March 31, 2024

5. Tangible Capital Assets

	2024					
	Buildings	Equipment	Vehicles	Office furniture and equipment	Computers	Total
Cost, beginning of year	\$ 148,313	\$ 1,606,302	\$ 181,038	\$ 1,518	\$ 22,651	\$ 1,959,822
Additions	18,698	833,925	-	-	7,466	860,089
Disposals	-	-	-	-	(3,993)	(3,993)
Cost, end of year	167,011	2,440,227	181,038	1,518	26,124	2,815,918
Accumulated amortization, beginning of year	76,381	1,037,485	84,738	1,061	20,926	1,220,591
Amortization	7,014	53,984	16,050	152	2,658	79,858
Disposals	-	-	-	-	(3,993)	(3,993)
Accumulated amortization, end of year	83,395	1,091,469	100,788	1,213	19,591	1,296,456
Net carrying amount, end of year	\$ 83,616	\$ 1,348,758	\$ 80,250	\$ 305	\$ 6,533	\$ 1,519,462

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

For the year ended March 31, 2024 (Prior year comparative information)

5. Tangible Capital Assets (continued)

						Restated 2023
	Buildings	Equipment	Vehicles	Office furniture and equipment	Computers	Total
Cost, beginning of year	\$ 118,352	\$ 1,620,207	\$ 239,748	\$ 1,518	\$ 22,651	\$ 2,002,476
Additions	-	45,181	-	-	-	45,181
Additions due to ARO recognition (Note 4)	29,961	-	-	-	-	29,961
Disposals	-	(59,085)	(58,710)	-	-	(117,795)
Cost, end of year	148,313	1,606,303	181,038	1,518	22,651	1,959,823
Accumulated amortization, beginning of year	70,925	1,057,935	127,398	909	18,203	1,275,370
Amortization	5,456	38,634	16,050	152	2,723	63,015
Disposals	-	(59,085)	(58,710)	-	-	(117,795)
Accumulated amortization, end of year	76,381	1,037,484	84,738	1,061	20,926	1,220,590
Net carrying amount, end of year	\$ 71,932	\$ 568,819	\$ 96,300	\$ 457	\$ 1,725	\$ 739,233

Okanagan Basin Water Board
Notes to the Financial Statements

March 31, 2024

6. 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:

	2024	Restated 2023
Aquatic Weed Control Equipment Reserve		
Balance, beginning of year	\$ 609,485	\$ 563,784
Proceeds from sale of tangible capital assets	-	8,406
Gain on disposal of tangible capital assets	-	(8,406)
Net surplus	108,865	27,580
Transfer of amortization	55,974	48,082
Transfer for acquisition of tangible capital assets	(860,089)	-
Transfer for recognition of asset retirement obligations	-	(29,961)
Balance, end of year	(85,765)	609,485
Invested in Tangible Capital Assets		
Balance, beginning of year	739,231	675,612
Prior year transfer for acquisition of tangible capital assets		75,406
Prior year transfer of amortization		(23,914)
Transfer of amortization	(79,857)	(63,015)
Transfer for acquisition of tangible capital assets	860,089	45,181
Transfer for recognition of asset retirement obligations	-	29,961
Balance, end of year	1,519,463	739,231
Sewerage Facilities Assistance Reserve Fund		
Balance, beginning of year	1,151,797	1,160,373
Net deficit	(30,061)	(8,576)
Balance, end of year	1,121,736	1,151,797
Water Management Accumulated Surplus		
Balance, beginning of year	1,167,122	1,235,662
Prior period adjustment on transfer of tangible capital assets	-	(45,181)
Net surplus (deficit)	258,538	(38,292)
Transfer of amortization	23,883	14,933
Balance, end of year	1,449,543	1,167,122
	\$ 4,004,977	\$ 3,667,635

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

March 31, 2024

7. Levies from Member Regional Districts

	2024 Actual	2024 Budget	Restated 2023 Actual
North Okanagan	\$ 687,049	\$ 687,049	\$ 662,527
Central Okanagan	2,394,322	2,394,322	2,305,399
Okanagan Similkameen	752,611	752,611	725,678
	\$ 3,833,982	\$ 3,833,982	\$ 3,693,604

8. Sewerage Facility Grants to Member Local Governments

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

	2024	Restated 2023
City of Kelowna	\$ 162,339	\$ 162,652
City of Penticton	155,777	152,338
City of Vernon	130,359	112,757
City of West Kelowna	1,012	23,353
District of Coldstream	10,888	10,888
District of Lake Country	137,690	176,049
District of Peachland	118,709	135,511
District of Summerland	261,016	261,016
Town of Osoyoos	16,401	16,401
Regional District of Okanagan Similkameen	119,665	119,665
Westbank First Nation	41,037	41,937
	\$ 1,154,893	\$ 1,212,567

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

March 31, 2024

9. 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>2024</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>

10. 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, 2029 for the lease of land, on which the Board's machine shop building resides. There is an automatic renewal term in place, which will begin April 1, 2029 and end March 31, 2034. Annual lease payments are \$24,800, with annual increases of 2.5% thereafter. 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, 2028, 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 \$9,512.

March 31, 2024

11. Employee 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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, 2022, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Board paid \$74,863 (2023 - \$66,188) for employer contributions to the plan in fiscal 2024.

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

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

March 31, 2024

12. 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 \$1,008,245 (2023 - \$932,041) for previously committed projects.

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

March 31, 2024

12. Segment Disclosures and Expense by Object (continued)

	Aquatic Weed Control	Sewerage Facilities Assistance	Water Management	2024 Total
Revenues				
Levies	\$ 881,277	\$ 1,138,841	\$ 1,813,864	\$ 3,833,982
Grant income	-	-	42,750	42,750
Interest income	6,282	85,992	118,064	210,338
Other income	-	-	306,887	306,887
	<u>887,559</u>	<u>1,224,833</u>	<u>2,281,565</u>	<u>4,393,957</u>
Expenses				
Assistance grants	-	1,154,894	322,223	1,477,117
Amortization	55,974	-	23,883	79,857
Contract services	48,456	-	706,724	755,180
Director's remuneration and expenses	7,805	-	9,682	17,487
Equipment costs	98,173	-	4,151	102,324
Insurance	32,033	-	3,443	35,476
Interest charge	-	-	237	237
Office	14,505	-	44,635	59,140
Outreach and publicity	524	-	42,978	43,502
Overhead allocation	(50,000)	100,000	(50,000)	-
Professional fees	41,792	-	44,183	85,975
Rental costs	33,756	-	10,763	44,519
Safety	11,014	-	-	11,014
Stewardship council expenses	-	-	5,589	5,589
Travel, conference and meetings	13,085	-	193,202	206,287
Utilities, yard supplies and maintenance	18,167	-	570	18,737
Wages and benefits	453,410	-	660,764	1,114,174
	<u>778,694</u>	<u>1,254,894</u>	<u>2,023,027</u>	<u>4,056,615</u>
Annual surplus (deficit)	\$ 108,865	\$ (30,061)	\$ 258,538	\$ 337,342

Okanagan Basin Water Board
Notes to the Financial Statements

For the year ended March 31, 2024 (Prior year comparative information)

12. Segment Disclosures and Expense by Object (continued)

	Aquatic Weed Control	Sewerage Facilities Assistance	Water Management	Restated 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
	<u>787,004</u>	<u>1,245,515</u>	<u>1,860,116</u>	<u>3,892,635</u>
Expenses				
Assistance grants	-	1,212,567	350,000	1,562,567
Amortization	48,082	-	14,933	63,015
Accretion expense	1,225	-	-	1,225
Contract services	14,712	1,524	847,619	863,855
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
	<u>759,424</u>	<u>1,254,091</u>	<u>1,898,408</u>	<u>3,911,923</u>
Annual surplus (deficit)	\$ 27,580	\$ (8,576)	\$ (38,292)	\$ (19,288)

Okanagan Basin Water Board Notes to the Financial Statements

For the year ended March 31, 2024 (Prior year comparative information)

13. Financial Instruments

The Board is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments. This note describes the Board's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Board is exposed to credit risk through its cash and accounts receivables.

The Board manages its credit risk by holding cash at federally regulated chartered banks with cash accounts insured up to \$100,000. The Board measures its exposure to credit risk based on how long amounts have been outstanding and historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable. Accounts receivable are with other local governments, and reimbursement from the federal government for GST credits. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due. The Board is exposed to liquidity risk through its accounts payable and accrued liabilities and grants payable.

To help manage the risk, the Board has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Board's five-year financial plan is approved by the Board of Directors, which includes operational activities and capital investments. The Board measures its exposure to liquidity risk based on the results of cash forecasting and expected outflows and extensive budgeting.

Interest rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Board is exposed to interest rate risk only when it uses its line of credit.

The Board manages its interest rate risk on its line of credit by planning, budgeting and forecasting processes to help determine when they will begin to utilize their line of credit and for how long. The Board measures its exposure to interest rate risk based on the results of cash forecasting and expected outflows and extensive budgeting.

14. Comparative Figures

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

Okanagan Basin Water Board
Regular meeting
June 4, 2024
Agenda No: 6.1.4

Okanagan Basin Water Board

Audit final communication to the Board of
Directors for the year ended March 31, 2024

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, 2024.

The enclosed final communication includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also communicate 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.

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 4, 2024



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Audit at a glance

As communicated to you in our Planning Communication to the Board of Directors, preliminary materiality was \$127,000. Final materiality was \$130,000 to reflect the final year end revenue totals.

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 Okanagan Basin Water Board and our Firm that may reasonably be thought to bear on our independence.

LEAD PARTNER ON YOUR AUDIT	Markus Schrott, CPA, CA	START DATE	October 2023	END DATE	June 2024
	Email: mschrott@bdo.ca				
	Direct: (250) 275-8852				

Status of the audit

We have substantially completed our audit of the year ended March 31, 2024 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 Communication to the Board of Directors dated January 24, 2024.



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>
Fraud risk due to improper revenue recognition	<p>Per CAS 240.26, the auditor shall presume that there are risks of fraud in revenue recognition. Per CAS 240.A28, material misstatement due to fraudulent financial reporting relating to revenue recognition often results from an overstatement of revenues through or recording fictitious revenues. It may result also from an understatement of revenues.</p>	<p>BDO executed planned procedures and found there was no evidence of fraud due to improper revenue recognition.</p>



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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 communicate 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.



Adjusted and unadjusted differences

Summary of unadjusted differences

There were no unadjusted differences noted during the course of our audit engagement.

Summary of adjusted differences

There were no differences that were corrected by management during the course of our audit engagement.



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.

Recommended Resource

Staying in the know with knowledge and perspective

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.

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The latest tax pointers



Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the organization's bottom line. Our tax collection keeps you current.

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Trending topics



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Public Private Partnerships (P3s): A to Section PS 3160 Practical Approach



This publication will walk through a practical approach to applying Section PS 3160 including: identification, recognition and measurement of a P3, and the different options available to entities on transition.

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Spotlight on ESG



Transformative world events—an international health crisis, social movements, shareholder and investor values, global supply chains, energy transition, smart cities, and sustainable finance—are transforming Canadian business.

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ESG Insights



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Appendices

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



Appendix A: Independent auditor's report



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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, 2024, 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, 2024, 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 1 to the financial statements, which explains that certain comparative information for the year ended March 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

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 4, 2024



Appendix B: Representation letter

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

June 4, 2024

BDO Canada LLP
Chartered Professional Accountants
1631 Dickson Ave, Suite 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, 2024, 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.

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

MEMORANDUM

Okanagan Basin Water Board
Regular meeting
June 3, 2024
Agenda No: 6.2

To: OBWB Directors
From: Nelson R. Jatel
Date: May 29, 2024
Subject: **Water Stewardship Director's Report**

Okanagan Water Stewardship Council (a technical advisory body to the OBWB)

Joint Council-Board Meeting – May 7th:

The Okanagan Water Stewardship Council and the Okanagan Basin Water Board met last month to discuss crucial issues in water management across the valley. Established in 2006, the council provides technical advice to the board, ensuring the Okanagan's water supply remains clean and abundant, supporting ecosystems, agriculture, and the region's quality of life.

The meeting offered an opportunity for the council's four subcommittees (Supply and Demand, Policy, Water Quality and Health, and Building Ethical Space for Water Stewardship) to share their ongoing activities and discuss contemporary challenges. Key topics included managing invasive aquatic species, improving sockeye salmon habitats, adapting to climate change and its impact on water supply, and enhancing environmental flows.

The meeting supported dialogue between the council and the board, allowing us to align strategies, coordinate initiatives, and promote sustainable water management. This collaborative effort addressed Okanagan's immediate and long-term challenges and provided an opportunity to discuss the OBWB's strategic plan, looking forward to supporting healthy water for the region's future.

June 13th Council meeting

Our next Water Stewardship Council meeting is scheduled for June 13, from 12 to 4 p.m. at the Coast Capri Hotel in Kelowna. Board members are always welcome and encouraged to attend.

This month's agenda will discuss the low snowpack year and its potential implications for the upcoming summer. The meeting will feature guest speaker **Adrian Arts**, Team Lead for the Southern Interior at the Extension and Support Services Branch, B.C. Ministry of Agriculture and Food, who will provide expert insights into the situation.

In addition, we will be releasing the draft report from the Policy Committee titled "Robust Okanagan Water Infrastructure: Now and Future" for a preliminary review. This report addresses current and future challenges in maintaining and enhancing the region's water infrastructure.

Okanagan Hydrometric (Stream Flow) Monitoring Program

Throughout May, we continued monitoring stream flows and water levels across the Okanagan, generating reliable hydrometric data for sustainable water management. This program's importance is heightened by the region's unique climatic conditions, fishery management, agricultural practices, and growing urbanization.

1. Water Resource Management:

Hydrometric data is crucial for balancing limited water resources, especially during the dry summer, ensuring sufficient water for agricultural, drinking, and industrial uses.

2. Agricultural Planning:

The Okanagan valley's agricultural sector relies on accurate hydrometric data for effective irrigation planning, optimizing water use for crop health and yield.

3. Flood Risk Management:

Spring floods pose a risk to the Okanagan. Hydrometric data aids in flood forecasting and risk assessment, enabling timely mitigation strategies to protect communities and infrastructure.

4. Drought Monitoring and Response:

Droughts are a recurring threat to the valley. Hydrometric data assists in monitoring drought severity, supporting conservation measures and response plans.

5. Environmental Protection:

Maintaining adequate water flow and levels protects aquatic ecosystems, preventing harm to fish populations and sustaining biodiversity.

6. Climate Change Adaptation:

As climate change intensifies droughts and floods, hydrometric data supports adaptive management strategies, ensuring water security and ecosystem resilience.

7. Recreational and Cultural Values:

Water flows impact recreational activities, including fishing, boating, and swimming, contributing to the local economy. Additionally, water bodies hold cultural significance for Indigenous communities, including the Syilx people.

New Hydrometric Stations:

This month, we installed and maintained three new hydrometric stations:

- 1. Irish Creek:** Monitored via a cellular network.
- 2. Nashwhito Creek:** Monitored via Iridium satellite above Jealous Fruits Orchard.
- 3. Ewer Creek:** Monitored via Iridium satellite.

The OBWB's Hydrometric Monitoring Program plays a pivotal role in sustainable water management, protecting against natural hazards, preserving ecosystems, and adapting to climate change impacts while supporting the economic and cultural needs of the Okanagan community. Photos are provided below.



Photo above: Hydrometric Installation at Ewer Creek at Siwash Rock Main Bridge



Photo above: Installation of Hydrometric Station at Naswhito Creek above Pumphouse.

MEMORANDUM

Okanagan Basin Water Board
Regular meeting
June 4, 2024
Agenda No: 6.3

To: OBWB Directors
From: James Littley
Date: May 28, 2024
Subject: Deputy Administrator Report

Okanagan-Interior Invasive Mussel Working Group

The Okanagan-Interior Invasive Mussel Working Group's first meeting draft summary report (attached separately) is ready to distribute back to the working group. The summary report captures the main themes and action items that emerged from the inaugural meeting, with additional information included to inform the working group going forward. Writing the report also allowed us to identify committees that could tackle specific action items and report back to the larger working group. Finally, the report includes a short list of priority actions for OBWB staff to make progress on this issue.

The following committees are proposed to form part of the working group:

- Communications and Outreach Committee
- Funding and Resource Development Committee
- Gap Analysis and Research Committee
- Regional Emergency Planning Committee

The following priority actions for OBWB staff were identified:

- Public Outreach and Education
- Research and fact-based gap analysis
- Convene working group committees

Invasive Mussel Update and Calls to Action

Increased partner funding – still insufficient

On April 30, the province announced that BC Hydro had committed to fund \$900,000/year over the next five years toward the provincial Invasive Mussel Defence Program (IMDP). For 2024, the program was also supported by contributions from the B.C. Wildlife Federation, Pacific Salmon Foundation, and Habitat Conservation Trust Foundation totalling \$150,000.

While this was excellent news for the program, the total funding for 2024 is now only \$3.3 million, absent of any federal funding, and still significantly less than the \$4 million called for by OBWB and partners. This year the province is running six inspection stations and two roving crews with 49 inspectors – similar numbers to last year when the IMDP conducted 20,900 inspections. OBWB's call for \$4 million/year is equivalent to the 2019 IMDP budget when the program conducted 52,000 inspections running 12 stations with 64 inspectors.

Pull-the-plug order introduced due to Whirling Disease

On May 16th, the Chief Veterinarian of B.C. issued Animal Health Act General Order WD2024-01 as a response to the detection of Whirling Disease in the province. The order states:

2024-06-04_DA Report_memo

“A person must not transport a boat or other watercraft on a highway if the watercraft has a drainage hole in the lower hull or bilge that is blocked with a plug.

In this order, “highway” has the same meaning as in the Transportation Act, SBC 2004, c 24.”

While the order is intended to stop the transmission of Whirling Disease, it has the added effect of preventing mussel-contaminated water from being transported as well. It is important to note that the order has no expiry date and would have to be terminated by the Chief Veterinarian or the Minister. I believe the province will keep this order in place to prevent Whirling Disease, while also exploring ways to introduce pull-the-plug rules under legislation or regulations as part of the ongoing Wildlife Act review.

Montana Inspection update

Montana requires all watercraft to be inspected for mussels before launching into state waters. Their highway inspection stations opened in early April, and in the first week intercepted 5 mussel-fouled boats, including one headed for B.C. By May 23rd, Montana had inspected more than 10,000 boats, including 16 fouled with invasive mussels. Montana currently has no known infestations of invasive mussels.

Snake River, Idaho update

Last September, quagga mussel larvae were found in multiple water samples in the Snake River at Twin Falls, Idaho. One adult mussel was also found by divers in 16 feet of water. Last fall, Idaho used a chelated copper pesticide in an attempt to eradicate the mussels in a 26 km stretch of the Snake River. The State also significantly enhanced their budget for monitoring and increased enforcement on the Snake River, with watercraft entering or leaving that area now required to be inspected and decontaminated.

Water temperatures in that section of the Snake River are currently at 10.5 °C, with the breeding temperatures for invasive mussels starting at 12 °C. Once the water temperature reaches breeding temperatures, water samples may start to show whether the pesticide treatment was effective, or if the Snake River is still infested. States require five years of continuous mussel-free sampling to be declared mussel free after an initial detection. It is important to note that quagga mussels take significantly longer (12 years) on average to reach peak populations compared to zebra mussels (2.6 years). This may make it harder to detect a population of quagga mussels as there will likely be less larvae per liter in the water samples.

Update on Calls to Action:

Following the quagga mussel detection in the Snake River, OBWB issued nine Calls to Action to the province. The following provides updates for each of these items:

1. Introduce a temporary moratorium on out of province watercraft entering B.C. until the full status of the infestation in the Columbia basin is assessed, and until the effectiveness of the chemical and biocontrol treatments in Idaho is known.

- The province responded that any watercraft moratorium would be a federal jurisdiction.

2. Introduce “pull-the-plug” legislation to be in effect prior to the 2024 boating season, and before the moratorium is lifted, requiring all watercraft owners to remove the drain plug prior to vessels being transported on public roads.

- Complete as reported above.

3. Ask Canada’s Minister for Public Safety to issue direction for all watercraft entering Canada at all border crossing from Saskatchewan to B.C. to be inspected prior to allowing entry.

- Following the mussel detection in Idaho, watercraft coming from that state were upgraded to “high-risk.” Provincial staff have confirmed that they are now receiving more notifications from CBSA for watercraft coming from the south. I was also made aware of a CBSA “[Departmental Memorandum](#)” from 2019 which details the responsibility of watercraft and floatplane owners to ensure their vessels are free from Aquatic Invasive Species under the Fisheries Act, Aquatic Invasive Species Regulations.

4. Commit funding to the Invasive Mussel Defence Program of no less than \$4 million per year (all sources), indexed to inflation for at least 10 years.

- As reported above, the current IMDP budget for 2024 is \$3.3 Million, absent of any federal funding. OBWB should continue to call for this action.

5. Enhance funding to recruit and retain B.C. Conservation Officers, Auxiliary Conservation Officers, and other IMDP staff as needed to 2019 levels (64 inspectors).

- These efforts fall within the annual IMDP budget which is currently under-funded.

6. Update the provincial Early Detection, Rapid Response plan (EDRR), including a round of consultation with partner organizations prior to finalization.

- This is an ongoing process with provincial staff gathering relevant information from other jurisdictions, and planning “table-top exercises” to work through the rapid response process. OBWB should continue to call for this action.

7. Lead a planning process to create long-term response, containment, and control plans in regions at high risk of introduction and vulnerable to infestation, including the Okanagan, Shuswap, and Kootenay regions.

- Provincial staff are supporting the new Okanagan-Interior Invasive Mussel Working Group, attending and presenting at the inaugural meeting. At the current time, it appears there is not enough staff capacity within the IMDP at the province to take on this call to action. I recommend that OBWB continue working toward an Okanagan-focussed regional plan, with provincial participation, and share the outcomes with other regions.

8. Promote vulnerability assessments by utilities, local jurisdictions, and private entities.

- Complete by OBWB with provincial support. The Invasive Mussel Vulnerability Assessment Guide was complete and released in April. I also presented and distributed the guide to the Water Supply Association of B.C. conference on April 18.

9. Require inspections for all watercraft entering B.C., both at federal and provincial borders.

- The province has still not indicated a willingness to consider mandatory inspections for watercraft entering B.C. This should be OBWB’s priority Call to Action, working with partners and through the working group to find feasible and sustainable models such as exist in other jurisdictions. This will be one task of the working group and its committees.

Over the next few months, the working group and its committees have a chance to inform further actions, and staff attend PNWER to receive a broader update from all Pacific Northwest jurisdictions. The anticipated timing of the election, and the ongoing summer work of the IMDP makes it unlikely that any further Calls to Action will be prioritized before next year. Meanwhile, OBWB staff will continue to work with the working group and provincial staff on these issues.

Recommended Resolution: *THAT the board again call on the federal government to immediately match provincial funding for invasive mussel prevention in Saskatchewan, Alberta, and B.C.*

Sewerage Facilities Assistance (SFA) Grants Program Review

The draft SFA program Terms of Reference (TOR) were forwarded to all eligible local governments on March 27, with a request for feedback by May 17. We received both verbal and written questions and suggestions for the new draft TOR. Written feedback is attached to this memo.

I recommend the following changes to the draft TOR based on the feedback received.

1. Include the following additional exemptions to the 1.0 hectare policy under section 4.8.5 (previously 4.6):
 - a. *A subdivision that does not create additional lots/parcels and only results in road or park dedications or an adjustment of boundaries between existing parcels.*
 - b. *a subdivision of a parcel to accommodate unattended equipment necessary for the operation of a utility use.*
 - c. *a subdivision of a parcel to accommodate the following:*
 - i. *a wildlife management area designated under the Wildlife Act;*
 - ii. *a park preserved in its natural state and having no buildings or structures; or*
 - iii. *natural area conservation, provided that the parcel is transferred to a government entity or a nongovernmental organization and also charged by a covenant prohibiting the construction of buildings and structures of all types.*

Staff comments: These changes were recommended by RDOS and Osoyoos to provide reasonable exemptions to the 1.0 ha policy. The exemptions would allow us to better meet the intent of the 1.0 ha policy, protecting water with less restrictions.

2. Definitions – add the following to the definitions section: *Definitions are intended to clarify these Terms of Reference for the administration of the SFA program only and are not intended to regulate local government definitions in zoning bylaws or other regulatory documents. In cases where existing definitions are in conflict, OBWB staff will work with the local government to ensure the intent of the SFA program TOR is understood and met.*

Staff comments: The Town of Osoyoos recommended the removal of the definitions section as the TOR is not a regulatory document and the definitions may cause confusion if not aligned with local government bylaws. The inclusion of a definitions section was crucial to the SFA program review to ensure that the intent of the grant program, especially the 1.0 ha policy was met. A review of local government compliance with the 1.0 ha policy found that only 50% of local governments receiving grants had policies that were compliant with the old program TOR. This was largely because definitions in the TOR were ambiguous.

3. Include details about how local governments will confirm compliance on an annual basis by including the following under section 4.7 (previously 4.6):
 - a. *Applicants must provide a list of all adopted amendment bylaws and issued permits approved by the local government in the previous calendar year, if any, that provided exceptions and/or variances to the bylaw regulations that relate to the OBWB's 1.0 ha Policy.*

Staff comments: This change was suggested by the RDOS and Osoyoos and provides additional detail on the process for confirming eligibility for the SFA program.

4. Reorganize paragraphs in section 4.6 to make the 1.0-ha policy easier to read, as well as minor wording edits in the ToR for easier reading.

In addition to the changes in the TOR above, the following staff comments address additional issues raised by RDOS and Oliver in their submitted feedback:

1. Oliver Council expressed “profound disappointment” about the inclusion of the 1.0 ha policy and asserted that “no efforts have been made to amend the 1.0 ha policy to ensure equitable funding conditions for rural areas and jurisdictions.”

Staff comments: Provincially approved Liquid Waste Management Plans (LWMP) have been an alternative to the 1.0 ha policy since it was introduced by OBWB in 2007. LWMPs also meet the criteria for provincial infrastructure funding, and they are a tool to increase housing supply while protecting community health through appropriate local wastewater management. Through the new TOR, OBWB is proposing to help fund the development of LWMPs, which are most relevant to rural areas and jurisdictions. Staff received positive feedback from several local governments about this new funding stream and the opportunities it provides for rural areas.

2. RDOS requested that OBWB “allow detached accessory dwellings on parcels less than 1.0 ha in area when they are connected to the same on-site private sewage system servicing the principal dwelling.”

Staff comments: The [Provincial Policy Manual and Site Standards for Small-scale, Multi-Unit Housing](#) specifies that “to mitigate risks related to groundwater contamination, local governments should only permit secondary suites and not accessory dwelling units on properties under one hectare in size that are not serviced by a local government sewer system.” This provision of the 1.0 ha policy was introduced in 2013, recognizing that allowing an accessory dwelling unit has the same effect as allowing a two-lot subdivision on lots less than 1.0 ha. Provincial staff confirmed this requirement of the OBWB SFA program during the SFA program review, and it is consistent with the new provincial housing policy.

In order to address concerns about housing and the 1.0 ha policy, the new TOR bring forward eligibility for SFA grants from lots created prior to 1978, to lots created prior to 2007. This program change provides funding for any lots created on septic (and not subsequently connected to sewer) between the year the program was introduced and the time the 1.0 ha policy was adopted by OBWB.

Local governments retain the option to develop a LWMP as an alternative to the 1.0 ha policy, and OBWB is proposing to incentivise these plans through funding – a proposal consistent with provincial requirements and supported by the province.

3. RDOS requested that the TOR be amended to replace references to “sewer systems provided as a service by a municipality or regional district” with “community sewers” at the proposed Section 4.6.2; A detailed staff report to the RDOS board cites the concern that this wording will require prohibiting accessory dwellings where a non-RDOS sewer system exists, such as Apex Mountain Resort, Gallagher Lake, Heritage Hills and in parts of “Upper Naramata.”

Staff Comments: The wording presented in the draft TOR is taken from the new provincial housing policy and is consistent with the intent to define acceptable sewage systems to ensure effective, long-term wastewater management for community health. “Community Sewer” was not defined under the old TOR, leaving a significant gap which allowed the creation of private systems with no local government oversight. In cases where these “community sewers” failed, local governments have been asked to buy the systems from the developer or strata in order to fix the problem, leaving the local government to own and run the system. A LWMP could be developed to address areas of concern, and OBWB is proposing to help pay for that process.

Recommended Resolution: *THAT the board approve the changes to the SFA program TOR as outlined. AND THAT staff submit the SFA program TOR to the province for approval.*

Milfoil Program and New Harvester Launch

I am still working to secure the next five-year permit for the milfoil control program that needs to be in place before July 2 for summer harvesting. I have been working with our contractor, Ecoscape Environmental and provincial staff to approve a new process to provide more flexibility in harvesting operations, and a consistent process to add new areas for rototilling. I do not anticipate any delays to our operations. We plan to host a launch event for our new amphibious milfoil harvester at 1 p.m. June 20 at Paddlewheel Park in Vernon. The event will be open to the public and media to showcase our program, and especially the functionality of the new machine. More details will follow once confirmed.

MEMORANDUM

Okanagan Basin Water Board
Regular meeting
June 4, 2024
Agenda No: 6.4

To: OBWB Directors
From: Corinne Jackson
Date: May 29, 2024
Subject: **Communications Director Report**

Drought update

The B.C. government-led Thompson Okanagan Regional Drought Team (being renamed the Regional Technical Drought Working Group – RTDWG) met today to review water conditions in the region. As noted at the last board meeting, the Brenda Mines snowpack was found to be snow-free the earliest in its 28 years of recorded history. The Okanagan’s snowpack, overall, has moved from 60% of normal on May 1, to 49% of normal as of May 15.

Cooler temperatures and more precipitation in the last week has resulted in some streamflow in Okanagan creeks, but streamflow is below average throughout the region to varying degrees. Looking at the 365-day cumulative precipitation, both Osoyoos and Penticton are trending below their normal range. Groundwater in Spallumcheen’s Hullcar aquifer is below its historical low and decreasing, and Oliver’s aquifer at Tuc-El-Nuit is also below normal.

With a forecast for more precipitation and cooler temperatures in the next seven to 10 days, it was decided to downgrade the drought level for the Okanagan from Level 2 (very dry) to Level 1 (dry). There was discussion about dropping the drought level, knowing that aquifers and soils in the region are still suffering from the effects of last year’s drought. The team will be keeping a close watch on conditions and review drought levels again at the next meeting on June 12.

On May 16, Ms. Schira and I issued our first drought bulletin of the year to local governments, water utilities and media. A copy of the bulletin is attached at the end of this report.

Make Water Work 2024

The launch of our annual valley-wide outdoor residential water conservation campaign, *Make Water Work* is set for tomorrow, Thurs. May 30. We are holding it at Lakestone Villas, 10100 Tyndall Road in Lake Country, from 11 a.m. to 12:30 p.m.

It came to our attention during last year’s wildfires that the public was receiving conflicting messages about how to deal with a deepening drought and tightening water restrictions, while also dealing with the possibility of fire bearing down on their homes. In response, we have had a number of conversations with Okanagan water utility and fire department staff about how to prepare residents. This year, the launch will focus on “Learning from fire - Water conservation during drought & wildfires.”

We chose Lakestone Villas because it is a good example of how a community that follows WaterWise and FireSmart principles is able to withstand fire, even as it surrounds them.

I'm excited to announce that in working with FireSmart BC, we are updating our Make Water Work Plant Collection and including the FireSmart BC label on qualifying perennials, grasses, shrubs and trees. The addition of the FireSmart label is something that water utility and garden centre partners, as well as members of the public have indicated interest in.

This year, we are also pleased to have two additional local governments join us as full partners in the campaign: the Township of Spallumcheen and Penticton Indian Band. Together, they join Regional District of North Okanagan, City of Armstrong, District of Lake Country, Black Mountain Irrigation District, City of Kelowna, Glenmore Ellison Irrigation District, Rutland Water Works, Westbank First Nation, City of West Kelowna, District of Peachland, District of Summerland, City of Penticton, Regional District of Okanagan-Similkameen, Town of Oliver and Town of Osoyoos.

I am working with Habit Communications on updating and expanding some of the materials available to ourselves and our local government, utility, and business partners. And, a contract is now in place with Okanagan Xeriscape Association to expand the reach of the campaign and they are beginning to conduct public outreach at partnering garden centres.

Don't Move A Mussel 2024

I am working with Habit on the development and launch of our Don't Move A Mussel (DMM) campaign.

In addition to the DMM supplies we provide to the Okanagan and Similkameen Invasive Species Society to conduct outreach on our behalf, we are receiving a number of requests from other groups looking for materials. We have social media materials, as well as hard copies of posters, rack cards, information sheets and more. Those interested in DMM items are invited to contact me by email at corinne.jackson@obwb.ca, or by phone at 250-469-6271, for more information.

Please note that I have also put out a call to local governments in the Okanagan with an offer to help with the purchase of Don't Move A Mussel boat launch signs. The last time we offered to help with signs was in 2018. Images of the signs from 2018 are provided below.



This year the signs begin at \$92.75 + taxes each and we are offering a \$20 subsidy on each sign purchased. Again, those interested in purchasing signs should contact me.

Although we are still working out details for the 2024 campaign, we had to act quickly to secure a much sought-after billboard in Osoyoos for the summer, catching traffic on its way into town and with a view of Osoyoos Lake. Our DMM message was posted as of yesterday. Image is posted below.



OBWB-Related News Coverage Highlights (with hyperlinks)

- April 30 “[Op-Ed: B.C. needs local watershed boards to avoid water wars](#),” *Vancouver Sun*
- May 6 “[Kelowna council hears of devastating impact of invasive mussels](#),” *Kelowna Capital News*
- May 16 “[B.C. boaters must now pull their drain plug before transporting between water bodies](#),” *Castanet.net*
- May 17 “[Okanagan begins annual drought watch at Level 2, very dry](#),” *Global Okanagan*
- May 24 “[Mini mussels, massive headache](#),” *Winnipeg Free Press, The Narwhal*
- May 24 “[Vernon Chamber against idea of boat ban to deal with invasive mussels](#),” *Vernon Matters*
- May 26 “[Vernon Chamber of Commerce opposes a ban on boats, says inspections and education best for invasive mussels](#),” *Castanet.net*

Recent Presentations

- May 10 “OBWB update” to Sunshine Rotary Club – Anna Warwick Sears
- May 16 “River Film screening and water conservation” to First Things First Okanagan – Corinne Jackson
- May 21 “Invasive Mussels” to Downtown Rotary Club – James Littley
- May 28 “Invasive Mussels” to BC Backcountry Hunters and Anglers Region 8 – James Littley

Upcoming Presentations

- May 30 “Learning from Fire – Water conservation during drought & wildfires” at Make Water Work launch – Corinne Jackson
- June 5 “Helping Okanagan Residents Save Water in Canada’s Most Water-Stressed Region” to Municipal Pension Retirees Association – Corinne Jackson

OKANAGAN DROUGHT BULLETIN #2024-1

May 16, 2024



OKANAGAN MOVED TO DROUGHT LEVEL 2

Lingering effects from the 2023 drought, low winter snowpack, low precipitation, and warmer than normal temperatures causing an early freshet, have prompted the Government of B.C. to move the Okanagan to a Level 2 drought rating. While recent localized rains have helped, drought conditions will persist into 2024 unless we have prolonged rain within the next few weeks.

Okanagan water purveyors should closely monitor supplies and customer demand and begin communicating with customers in preparation for continuing drought conditions this summer.

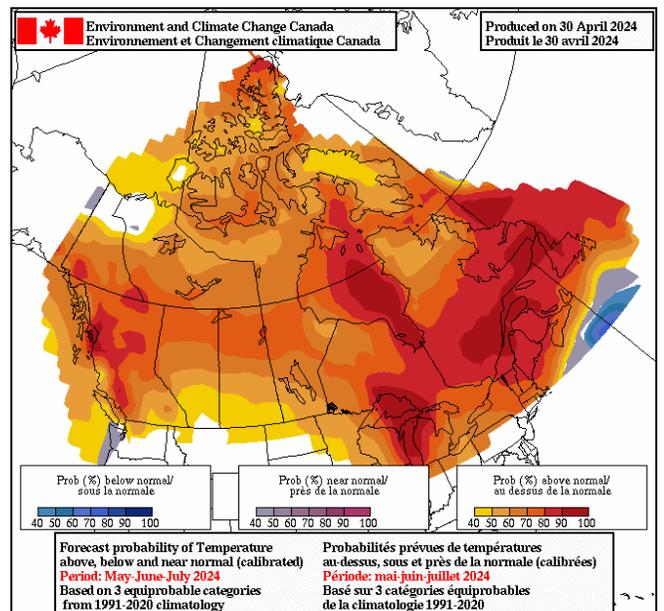
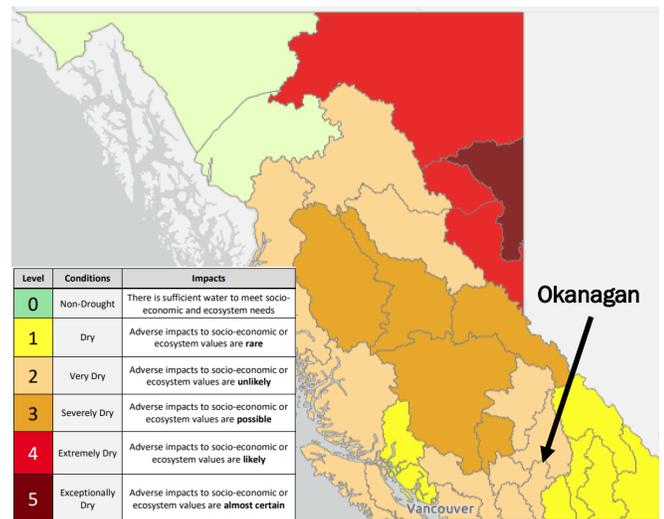
The Okanagan spent more than half of 2023 in drought, starting in June, and this drought is persisting into 2024. The below normal snowpack this winter means, despite some rain in April, the Okanagan hasn't seen significant recovery from last year's drought. In addition to the low snowpack, above normal temperatures have caused an earlier melt. For example, Brenda Mines reported the earliest ever snow-free conditions in its 28 year record. This early melt has led to an early freshet, bringing concerns for late season water supply. Projections are also calling for above normal temperatures and minimal precipitation to continue through to July.

Okanagan drought levels have been set to "Very Dry" (Level 2). At this level, there is emphasis on curtailing unauthorized water use and water suppliers may consider implementing water restrictions.

Local water restrictions (*stages*) are set using different indicators than provincial drought *levels*, and water supply conditions vary across the region. Whether a utility moves to a higher restriction stage depends on several factors, including customer demand, infrastructure capacity, and local water supply conditions. That said, everyone should be using water wisely.

Customers of water utilities should comply with all watering restrictions and advice from their supplier. Water licence holders on streams and wells who are not customers of local water utilities should adhere to conservation measures communicated by the Government of B.C.

Provincial drought level map on May 16, 2024
Source: [BC Drought Information Portal](#)



The long-term forecast is for above normal temperatures this summer. Source: [ECCC66](#)

Implementing effective water conservation strategies now will help mitigate the effects of drought. By working together we can help reduce conflict and support both agriculture and fish, through 2024 and into the future.

WATER FOR FISH

Using water efficiently on our farms and in our yards now, can help keep enough water in the streams and aquifers to support fish spawning later in the year.

The Okanagan basin is the most northern extent accessible to anadromous (returning from the sea to spawn in rivers and streams) salmon in the Columbia River system. Sockeye, Chinook, Steelhead and Coho (in small numbers) use Okanagan tributaries for spawning and rearing. Okanagan streams and lakes are also home to resident Kokanee, Rainbow Trout and Whitefish. These fish species are culturally important to the Syilx Nation, support a vibrant fishery, and are critical for healthy freshwater systems.

The Okanagan Nation Alliance is continuing restoration efforts of these native and vital fish species and local ecosystems. This work includes annual fry releases. This year, ceremonial releases are being held throughout the Okanagan in May. Details are available at <https://syilx.org/events/fry-releases/>.



WATER FOR FOOD PRODUCTION

Agricultural producers are facing a challenging year as they recover from last year's drought and the cold snap in January. The sudden cold weather resulted in significant crop damage. Ensuring these growers have a reliable water supply through this recovery year will be critical.

Agriculture is the number one use of water in the Okanagan. We refer to this as "working water" since it feeds local communities and the economy. Prolonged periods of dry weather can cause crop damage and water shortages for livestock. Good water management by farmers is essential to make sure the valley's limited and stressed water supply lasts throughout the growing season. Agricultural water users are encouraged to visit www.OBWB.ca/ag to find tools and information that can help conserve water and maximize crop yield.

RESIDENTIAL WATER CONSERVATION

The OBWB's Okanagan WaterWise outreach and education program works with water utilities throughout the valley to deliver the "Make Water Work" (MWW) campaign, encouraging residential outdoor water conservation from mid-May to mid-October when demand for water is highest. However, as the drought continued through fall and winter, OkWaterWise responded and promoted indoor water conservation efforts.



Now, with spring here and residents anxious to water their yards, preparations are underway to re-launch MWW. This year, with concern about drought and the possibility of another intense fire season, the messaging has been reviewed to ensure it meets WaterWise but also FireSmart best practices. The *Make Water Work Plant Collection* list has been updated to indicate the plants that have been tested and deemed FireSmart. The plant collection is promoted by garden centre partners throughout the Okanagan. The campaign will also be emphasizing past messages that encourage residents to save water for what's most important: food, fish and firefighting.

This year's campaign will include:

- an interactive MakeWaterWork.ca website where residents can find local watering restrictions, tips to make water work better, the *Make Water Work Plant Collection*, a contest to encourage pledges to conserve with the chance to win WaterWise yard prizes, and more;
- advertising on billboards, TV, radio, digital and social media;
- MWW materials for partners to distribute, including gardening gloves; and
- a friendly challenge, encouraging residents to pledge to help their community win the title of "Make Water Work Champions."

Interested in becoming a MWW utility or business partner? Email corinne.jackson@obwb.ca or call 250-469-6271.

May 27, 2024

Honourable Nathan Cullen
B.C. Minister of Water, Lands, and Resource Stewardship
WLRs.Minister@gov.bc.ca

Okanagan Basin Water Board Regular meeting June 4, 2024 Agenda No: 7.1

Re: Growing the Watershed Security Fund

Dear Minister Cullen,

We commend your efforts to address the need for water and watershed protection and restoration through the creation of the B.C. Watershed Security Fund. However, we are concerned by the small size of the fund—at present, the fund is only likely to generate \$5 million/year at most, which is significantly undersized and insufficient to meet the aims of your B.C. Watershed Security Strategy. We are also concerned as to how the fund will be managed and how the resulting funding will be distributed.

B.C. watersheds are experiencing extreme challenges from climate change and the legacy of historical natural resource management decisions. B.C. water purveyors, local governments, First Nations, Irrigation Districts, and other community water systems are responsible for providing clean drinking water, water for agriculture, and maintaining environmental flows, but have no authority over natural resource development in watersheds—especially for forestry, range, and mining. B.C. communities also are in the path of wildfires, floods and debris flows related to the cumulative effects of historical natural resource management. The Watershed Security Fund was developed to help address issues such as these.

As it currently stands, the Watershed Security Fund is much too small to have a meaningful impact on water and watershed protection and restoration in B.C. Between 1994 and 2002, under Forest Renewal B.C., the province distributed an average of \$66 million/year (\$110 million/year in 2023 dollars) for watershed restoration projects alone. Since that time, the population of B.C. has grown rapidly, and our water and watershed challenges have become more intense. To provide the level of support B.C. watersheds had 22-30 years ago, the fund should be grown to \$2.5 billion/year, with the fund income distributed across the province.

Given the complexity of managing a fund that size, we are concerned about plans for its long-term management, located outside of government. We have an expectation that the government will be closely involved establishing the funding criteria, and the terms of reference for the fund advisory body. The current “Grants Working Group” has First Nations and non-profit representatives, but it does not have any local government members, or professional hydrologists. Local governments have extensive practical experience in source water protection and watershed restoration, and the grant decision making will be significantly less robust without their informed perspective. We

recommend having full transparency for how the permanent advisory body is established, and how decisions are made.

With respect to the distribution of funding, it will be most useful if money can be made available over multi-year timeframes. It is very difficult to do meaningful work in watersheds with project-based, limited-term grant funding. We ask that you consider a structure similar to how Gas Tax funds are distributed by the Union of BC Municipalities, with a mixture of transfer funds and grants that provide both reliability and flexibility for communities and groups undertaking watershed security work.

Thank you for considering these issues. Please don't hesitate to contact me with any questions.

Yours truly,



Blair Ireland, Chair
Okanagan Basin Water Board

CC:

- Okanagan MLAs: Harwinder Sandhu, Norm Letnick, Renee Merrifield, Ben Stewart, Dan Ashton, Roly Russell
- Okanagan Nation Alliance, Chiefs Executive Council
- Okanagan Local Government Chairs and Mayors
- Fin Donnelly, Parliamentary Secretary for Watershed Restoration
- James Mack, Assistant Deputy Minister, Water Land and Resource Stewardship

The Okanagan Basin Water Board (OBWB) is a partnership of the three regional districts of the Okanagan Basin, serving an area with 11 municipalities, five First Nation bands, and more than 390,000 people. Our board includes mayors and other elected officials from Armstrong in the north to Osoyoos in the south, and additional board directors from the Okanagan Nation Alliance, the Water Supply Association of B.C., and the Okanagan Water Stewardship Council. Our mandate is to protect and enhance the quality of life in the Okanagan through sustainable water management. For more than 50 years the board's central responsibilities include reducing water pollution from all sources, and supporting long-term water supply for people, agriculture, and the environment.