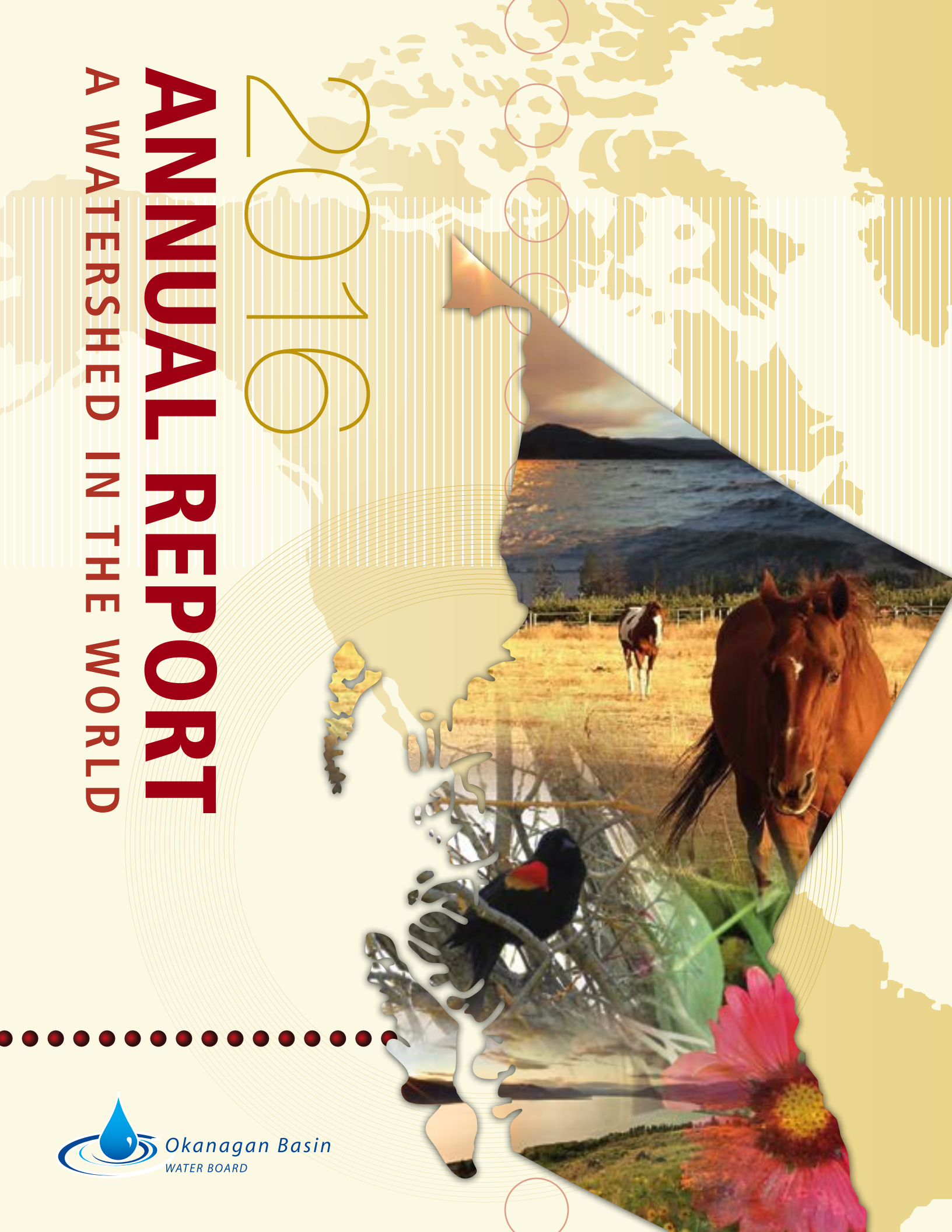


ANNUAL REPORT

A WATERSHED IN THE WORLD

2016



Okanagan Basin
WATER BOARD



OKANAGAN

*Okanagan: © Photo courtesy of
Advanced Satellite Productions Inc.*

NORTH AMERICA



BRITISH COLUMBIA

B.C.: © Photo courtesy of Advanced Satellite Productions Inc.

North America: NASA Earth Observatory (NASA Goddard Space Flight Center)

A WATERSHED IN THE WORLD

Watersheds are defined by natural geographic boundaries, the height of land from where water flows together into a central basin. Watersheds are also defined by how they sit in the larger region. The images on the first few pages of this report allow us to look at the Okanagan watershed in this larger context. Water from the Okanagan valley flows into the Columbia River that carries our water to the Pacific Ocean. We are linked through the movement of people and animals and weather patterns to all the valleys and watersheds around us. The governments of B.C. and Canada provide a framework of laws that bind us with communities from Prince Rupert to Halifax. We have global commercial ties supporting our local economy. We are connected to other local governments and other watershed organizations that inform our perspectives and extend our efforts. The Okanagan is a small watershed, surrounded by mountains, but we are strongly affected by what goes on outside our boundaries. While you look at these spectacular satellite images, we invite you to focus on the blues and yellows that are visible from space. While we're on the ground, we see blue water in abundance, but the larger perspective shows vast amounts of dry yellow landscape, even after the blue lakes and rivers have faded from view. In the drought of summer 2015 we saw how the blues and yellows interact, and how we are connected to the surrounding landscape and to the larger world. The OBWB works hard each year to protect the waters of the Okanagan, knowing that how we act locally can have greater impacts and we hope our work also supports others in the world.

*Earth: NASA Earth Observatory
(NASA Goddard Space Flight Center)*

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MESSAGE FROM THE CHAIR

The OBWB saw a lot of progress in 2015-16, much of it related to our role in communications and education and linking together efforts of different groups and governments across the valley.

In particular, we were pleased to see that our outreach and advocacy for invasive mussel inspections was heard by both the public and the province. The Okanagan now has the highest awareness about invasive mussels of anywhere in B.C. Thanks to the responsiveness of the government and funding by industry partners and the Columbia Basin Trust, working with surrounding states and provinces, there is now a perimeter of inspection stations forming a multi-layer barrier to identify boats that may be infested with these damaging mussels. While we still have questions about how many hours a day and how many months a year these stations are open, we've made a strong start toward protecting the Okanagan lake system.

The 2015 drought raised awareness across southern British Columbia about the need for greater preparedness, especially over the long-term with climate change. Warmer winters and earlier snow melt may be the new normal, and Okanagan communities need to carefully consider their infrastructure needs, drought response plans and, on the other side of the coin, flood preparedness. The prolonged warm weather also dramatically increased milfoil growth in the lakes, raising our own organizational concerns about long term equipment and staffing needs. We are working on plans to adjust to these changes in weather conditions.



The Okanagan is one of the very best places to live in Canada – one of the greatest countries in the world. The OBWB is committed to continuing to provide the highest standards of service and help our communities protect water quality, water supply, and all the Okanagan has to offer.

Doug Findlater, Chair

MESSAGE FROM THE EXECUTIVE DIRECTOR

This year is another milestone for us. The first ever meeting of the Okanagan Water Stewardship Council was in February, 2006, 10 years ago. This marked a shift for the OBWB, making the deliberate decision to look outward at the world, form partnerships with other groups and other agencies, and take on a much more diverse set of questions and solutions. Prior to that, for more than 30 years, the OBWB had focused its energy on milfoil control and sewage facilities grants, without the capacity to do more. With the establishment of the council, the board recognized that in a changing world with more stresses on Okanagan water, we needed more ideas and more partners.

Every year, our collaborations with groups from the council grow wider and deeper. We are collaborating on a major project with the Okanagan Nation Alliance and the Ministry of Forests, Lands and Natural Resource Operations to better understand environmental flow needs. We have also brought them into a partnership with the City of Kelowna, South East Kelowna Irrigation District and Rutland Waterworks to better understand the groundwater contributions to Mission Creek. We are partnering with every local government in the valley, businesses and more, on our Make Water Work and Don't Move a Mussel campaigns. We are linking together local water suppliers, provincial water managers, the agriculture sector and fisheries advocates to improve drought planning and response.



These are all tangible examples of thinking globally and acting locally. What's on the horizon? What do we need to prepare for? And what people, approaches and ideas can we draw on to make the best use of our resources? This is what the OBWB is all about, and we are grateful for our many volunteers and community partners.

Anna Warwick Sears, Executive Director

ORGANIZATIONAL OVERVIEW

The OBWB has always had a broad water mandate, going back to our first meeting in 1968 in Penticton. Local officials knew that living on a big lake system means that all local governments have to work together across a wide range of issues, to keep the waters clean and abundant. Over the years, the need for collaboration has grown even stronger. As the capacity of provincial agencies has diminished, local governments have had to fill gaps and evaluate how to respond to new, unprecedented issues like preventing invasive mussels and developing valley-wide systems for sharing information; creating economies of scale and more efficient ways to work across jurisdictions.

BOARD OF DIRECTORS

The Board of Directors represents the citizens of the Okanagan valley and their shared water interests, rather than specific jurisdictions. Nine directors are elected officials from the valley's three regional districts, the Regional Districts of North Okanagan, Central Okanagan and Okanagan-Similkameen. One director is appointed by the Okanagan Nation Alliance, one represents the Water Supply Association of BC, and one represents the Okanagan Water Stewardship Council. Because of their variety of roles and geography, the directors provide a balance of views for considering the water needs of the valley as a whole.



Doug Findlater,
Chair, RDCO
(Mayor of West Kelowna)



Juliette Cunningham,
Vice Chair, RDNO
(Councillor, City of Vernon)



Doug Dirk,
RDNO (Councillor,
District of Coldstream)



Bob Fleming,
RDNO (Director,
Electoral Area "B")



Cindy Fortin,
RDCO (Mayor,
District of Peachland)



Tracy Gray,
RDCO (Councillor,
City of Kelowna)



Andre Martin,
RDOS (Councillor,
City of Penticton)



Sue McKortoff,
RDOS (Mayor,
Town of Osoyoos)



Peter Waterman,
RDOS (Mayor,
District of Summerland)



Okanagan Nation Alliance,
currently open



Toby Pike,
Water Supply
Association of B.C.



Rob Birtles,
Chair, Okanagan Water
Stewardship Council

OBWB STAFF

The eight OBWB staff members keep the organization flowing. Through the various programs and projects, they manage water-related science, policy, governance, finance, communications, safety and milfoil operations.

OFFICE STAFF



Anna Warwick Sears,
Executive Director



Nelson Jatel,
Water Stewardship Director



Corinne Jackson,
Communications Director



James Littley,
Operations and Grants Manager

MILFOIL STAFF



Ian Horner,
Milfoil Supervisor



Pat Field,
Milfoil Operator



David Hoogendoorn,
Milfoil Operator



Monique Stone,
Milfoil Operator

STRATEGIC PLAN

In 2014 the OBWB completed a five-year strategic plan. The plan includes four long-term goals of the OBWB relaying our strategic priorities. This annual report is organized by these long-term goals to show how our programs and projects fit within that framework. Each section begins with one of our strategic priorities and a brief description of what these mean.



STRATEGIC PLAN GOAL #1: Adequate Supplies of Water for All Human and Environmental Uses

“Water shortages are common in dry years. Under extreme conditions, with high environmental needs, high irrigation demands and reduced snow pack (expected in the future), we risk mining our lakes – drawing them down during multi-year droughts. Many conflicts can be avoided with careful management, planning and efficient water use.”

2015 DROUGHT RESPONSE

In 2015, the Okanagan was in drought. A mild winter and spring with below-normal precipitation was followed by above-normal temperatures in June and July. We saw increased irrigation demand and evaporation from lakes, and an early fire season. Sockeye salmon returning up the Columbia River suffered heat stress. The province declared a Level 3 drought in July, in response to low stream flows – although many suppliers began the season with full reservoirs. In August, the drought declaration was elevated to Level 4.

Communication was a big challenge – between the provincial drought managers, the water suppliers, and the public. The OBWB began regular mass email updates, sharing information on stream and weather conditions, conservation measures, river temperatures for salmon migration, and the unfolding regulatory process. We held a workshop in August, bringing together provincial staff, local authorities, Okanagan Nation Alliance fisheries staff, and agricultural users. While water storage helped larger systems, and the weather eased in mid-August, 2015 showed us where we still need work to forestall future shortages.

ENVIRONMENTAL FLOW NEEDS PROJECT

For many years and with many partners, the OBWB has been working to improve the science for provincial water licensing decisions. This includes the 2010 Water Supply and Demand Project, land use inventories, evaporation studies and other research. Probably the most important question now is about the water needed for fish and the environment in the streams (*Environmental Flow Needs or EFNs*). The new BC Water Sustainability Act requires consideration of EFNs for new licences, but it takes detailed information to properly understand EFNs. We need information on hydrology, biology, and the current demands and management regimes on each stream. Increasing water use and an uncertain climate make this project even more complex and important. In 2015, working with the B.C. Ministry of Forests, Lands, and Natural Resource Operations (FLNRO) and the ONA fisheries staff, and supported by a grant from Environment and Climate Change Canada, we created a plan for determining EFNs for all major fish-bearing streams. We also received a large grant from the Gas Tax Strategic Innovations Fund to begin the field work in 2016. Being a watershed in the world means looking for opportunities to gain from outside knowledge and outside funding, and provide solutions at home that can also be shared anywhere.

MISSION CREEK GROUNDWATER - SURFACE WATER STUDY

In January 2016, the OBWB initiated a project to measure the groundwater/surface water interactions on Mission Creek - the largest tributary to Okanagan Lake - working with Kelowna-area water utilities, the province, the Okanagan Nation Alliance fisheries department, and UBC - Okanagan.

PHOTO: Mission Creek
Project team takes measurements



Mission Creek gains and loses groundwater along different reaches. The groundwater provides cooling in the summer months and (relatively) warm base flows in the winter that are critical for fish survival. This is important in the Okanagan, but also beyond. Salmon that spawn in the Okanagan are part of the Pacific fisheries and a significant part of the Pacific Northwest's economy. The province is just beginning to issue groundwater licenses under the new Water Sustainability Act, as well as protecting fish flows, but is unsure about sustainability of supply. With climate change creating higher summer water temperatures, we need to know where it is safe to develop wells without harming environmental values.

The first phase of the project has included running water measurements across the channel at 10 locations along the creek, installing gauges to continuously measure flow and water temperature, and drilling eight wells adjacent to those locations. This coming year, we'll be working with university researchers to analyze the measurements and understand how groundwater feeds, or is lost from the surface flows of the stream. The

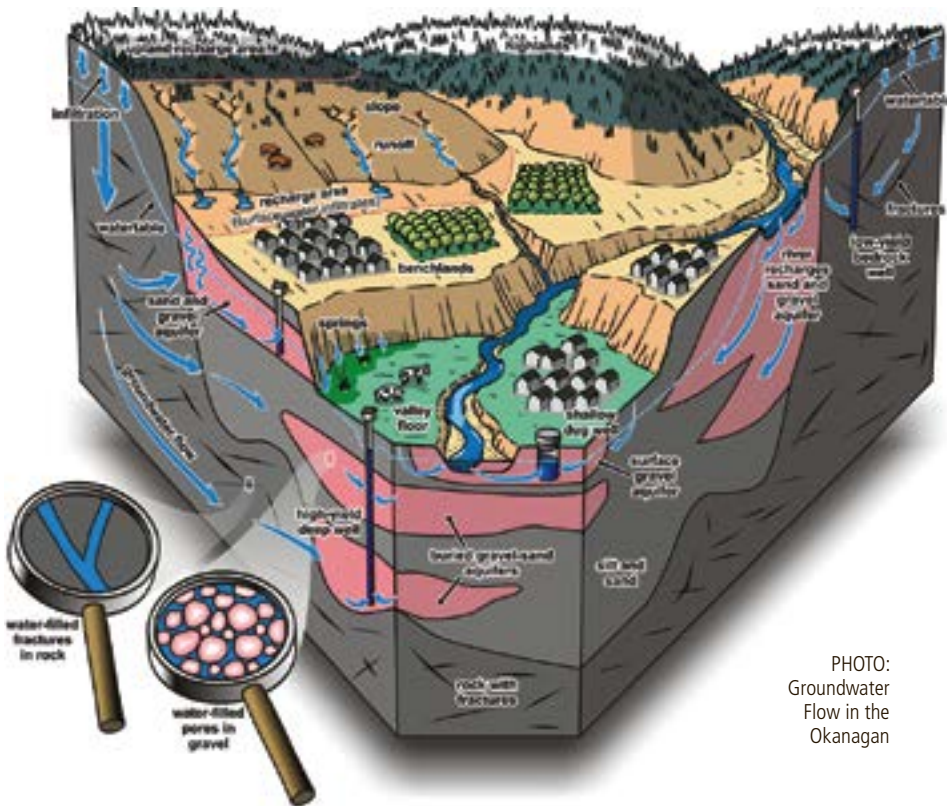


PHOTO:
Groundwater
Flow in the
Okanagan

results of this study will help resolve long-standing questions about how groundwater relates to habitat conditions for fish, and the long-term sustainability of groundwater as a drinking water source. We hope that the lessons we learn from Mission Creek can be applied to other significant drainages in the Okanagan Basin.

BC WATER USE REPORTING CENTRE

Over the past eight years the OBWB, in partnership with local and senior levels of government, has developed the BC Water Use Reporting Centre (BCWURC). The BCWURC is easy to use web-based software that allows surface and ground water license holders to easily and securely report their water use (extractions). Piloted in the Okanagan and the Regional District of Nanaimo, the software delivers a made-in-B.C. solution to water use reporting. The collected data is integrated into the Aquarius water database platform—currently used by the province and by Water Survey of Canada.

In 2015-16, with assistance from water utilities and agriculture water users, we added specific water-use calculators for agricultural users who may not have expensive flow meters. Farmers can now calculate their water use based on agricultural practices like: sprinkler irrigation, pivot irrigation, drip irrigation, water meter and electrical power use. Other improvements to the BCWURC system included improved reporting capabilities, automatic connection to the Water License Query database (MoE) and the ability for designated water managers to attribute multiple licences to the same property.

We all need access to reliable and accurate water use and supply data to develop appropriate models and management plans. The most recent upgrades make the system fully-compatible with BC e-ID security systems and government software standards. The BC Water Use Reporting Centre is a tested tool that was designed to work for water users and water managers across our province.



PHOTO: Downloading data in the field.

STRATEGIC PLAN GOAL #2: Excellent Source Water Quality— Drinkable, Swimmable, Fishable

“Water quality is difficult to manage because small sources of pollution can add up to big problems. Source protection falls into three areas: upper-watersheds around reservoir lakes and streams (mostly Crown land); agricultural runoff; and developed areas, where it’s called “stormwater.” Different actions are needed for each. Healthy riparian areas protect water quality, and reduce runoff from roads, agriculture and development. Aquatic invasive species are a special kind of water pollution.”



Photo: Skaha Beach,
Penticton B.C.

MILFOIL CONTROL PROGRAM

In the summer of 2015, aided by the early hot weather and the ongoing drought, milfoil grew faster and denser than in any year since the 1980s. In order to control this growth and keep up with demand, OBWB expanded both summer harvesting, and winter de-rooting treatments. Changing conditions around the lakes, including increased development, hotter weather, and less precipitation—which increase milfoil growth—continue to put pressure on milfoil operations. This is why OBWB collaborates with other invasive weed control groups throughout the Pacific Northwest. Communicating with other groups keeps us better informed about weed control efforts in other watersheds, but also recognizes that our watershed is part of the bigger Columbia River system. For over 45 years, this program has controlled milfoil in our public swimming and boating areas, keeping Okanagan lakes and beaches beautiful for residents, and attractive to tourists. More than this, it aids in the health of our ecosystems and water quality.

SEWERAGE FACILITIES ASSISTANCE GRANTS

The longest running program of the OBWB is the Sewerage Facilities Assistance Grants. This program provides money to local governments to install or upgrade sewer pipes and treatment plants to older neighborhoods on septic systems. By reducing the amount of untreated and undertreated wastewater entering our lakes, local governments have achieved a significant reduction in water pollution since the 1970's. Now, the goal is to make sure that future land development does not recreate the same pollution problems by allowing small-lot septic systems, which account for more than 85% of all septic failures. As technologies change, the OBWB continues to fund the most current Best Management Practices in wastewater treatment, ensuring provincial standards are met for all funded projects.



DON'T MOVE A MUSSEL

Recognizing the threat invasive zebra and quagga mussels pose to our valley's drinking water and ecosystem as a whole, our Okanagan WaterWise program continued to raise awareness about the mussels with its Don't Move A Mussel (DMM) initiative. The campaign included the www.DontMoveAMussel.ca website, radio ads, billboards, bus shelters, signs at local boat launches, Facebook ads, as well as outreach materials such as posters, rack cards, and the distribution of Don't Move A Mussel muscle shirts.

Photo: F1 racer, Mike McLellan proudly displays the Don't Move A Mussel message.



Every year since DMM launched in 2013, the number of agencies and individuals wanting to connect to the initiative to help 'Spread the message. Not the mussel.' has grown. In 2015, OkWaterWise welcomed Formula 1 Tunnel Boat Racing Team driver Mike McLellan.

According to McLellan, "After seeing the Don't Move a Mussel billboards, going to the website and reading about the issue, I knew it was a concern for everyone who uses our lakes, paddle boarders, anyone who pulls an inner-tube off the back of their boat, anglers, beachgoers, just everyone."

McLellan, who races across North America, had his boat, and the truck he uses to haul it, decaled with the Don't Move a Mussel message.

This year also saw the launch of the powerful video "Mussel Threat" by Vernon filmmaker Brynne Morrice. He was also inspired by the DMM message and contacted us for background information and to interview us about the threat invasive mussels pose to our waters.

Finally, our partners at the Okanagan and Similkameen Invasive Species Society (OASISS) and the Regional District of Okanagan Similkameen were able to use \$219,000 in DMM funding and partner support, to bring an additional \$100,000 into the Okanagan through the RBC Blue Water Project. Funds were to be used to develop additional outreach materials, including an education trailer, and hire more summer staff.



Photo: New mussel education trailer on display

WETLAND STRATEGY

The Okanagan Wetland Strategy is a framework for promoting, protecting and enhancing our region's wetlands. Over 85% of Okanagan wetlands have been lost to land development, river channelization and other human activity. Wetlands are an important but often overlooked part of the Okanagan's landscape. Dotted across the valley, these vibrant natural areas are biodiversity hotspots, serving as refuge to an enormous array of plants, birds, insects and other animals. Wetlands provide ecosystem services which save money and contribute significantly to our quality of life through flood protection, water quality improvement and climate moderation.

Over the past three years, the Okanagan Basin Water Board in partnership with the Okanagan Nation Alliance, government and non-government partners has developed an inventory of Okanagan wetlands and two years of boots-on-the-ground efforts to restore, enhance and create wetlands. Collectively, the partnership's strategy has a goal of no net loss of wetlands. But the strategy also strives to improve the quality of the Okanagan's remaining wetlands and maximize their ecological functions.

This past year focussed on hands-on projects and included native planting and signage at: McLachlan Lake, Stink Lake, Ritchie Lake, Lakers Ponds, and Garnet Spring. To support increased turtle habitat and enhance over 20 hectares of wetlands throughout the Okanagan, western painted turtle basking logs were installed in the Osoyoos Oxbows, Road 22 Oxbows, Munson Pond, Art Pond, Shannon Lake, Goldie's Pond and Rose's Pond.



Photo: Western Painted Turtle basks in the sun. This turtle is blue-listed in B.C. as a species of concern.

Wetlands are loved by bird and wildlife enthusiasts, and they are also nature's outdoor classrooms. In 2015-16 we've been building out a new website with maps and descriptions of Okanagan wetlands to visit. The website text will be provided in three languages: English, French, and Nsyilxcen – the indigenous Okanagan language both in text and with an audio recording of an Okanagan elder. www.OkanaganWetlands.ca

An aerial photograph showing a coastal town with a winding road, surrounded by green vineyards and fields. In the background, a large blue body of water (likely Okanagan Lake) stretches across the horizon under a blue sky with scattered white clouds. The town is built on a slight rise, with some buildings and trees visible. The overall scene is a mix of natural beauty and human development.

STRATEGIC PLAN GOAL #3: Okanagan Local Governments, First Nations, Water Purveyors and Stakeholders Have Up-to-Date Coordinated Plans and Policies to Protect Water Quality and Water Supply

“Most of the risk for water problems in the Okanagan—from droughts to floods to pollution—can be well managed with solid plans, based on up-to-date information. The OBWB has been focused on gathering the science for better water plans, and it is time to place new effort on linking and strengthening local government plans into a truly regional approach.”

BC WATER FUNDERS

As a grantmaker, we want to be well-informed about the best standards for granting in Canada. As a watershed agency, we also want to help local governments identify potential funding sources to match OBWB grants for water initiatives. The OBWB is one of the founding members of the BC Water Funders group, a network of public, private, and industry organizations that give to water projects in B.C. As a member, we communicate about what water issues are top of mind for communities in the Interior, and identify opportunities for funder collaboration. A big focus among funders this year is working together to support the implementation of the BC Water Sustainability Act. Staying informed about other groups throughout the province strengthens our ability to coordinate plans and policies to protect water quality and water supply.

WATER SUSTAINABILITY ACT— THE CHALLENGE OF GROUNDWATER

The WSA was officially enacted in 2014, but was formally brought into force on March 29th, 2016. The first significant wave of regulations are intended to bring groundwater into the surface water licensing system. Groundwater users have a honeymoon period to license (large users) or register (small, domestic users) their wells, and waive the fees, but the administrative challenge of getting the wells into the system is only part of the work.

Because groundwater was unregulated in the past, there has been relatively little monitoring of aquifers, and few studies—so not enough is known about the sustainability of supplies. The OBWB has been working for several years with provincial ministries to expand well monitoring networks. In 2015, we helped the province model groundwater/surface water budgets for the Town of Oliver and Kelowna aquifers. The OBWB also began a field study to test the flows of groundwater into and out of Mission Creek. Groundwater remains high on our priority list for 2016.

MAKE WATER WORK

Make Water Work is a valley-wide outdoor water conservation initiative of the OBWB's Okanagan WaterWise program. It brings together local governments and water utilities with a united message to help tackle the largest discretionary use of water in the valley – outdoor residential landscaping.

Photo: Staff at GardenWorks
Penticton show off the Make
Water Work Plant Collection



The campaign includes the www.MakeWaterWork.ca website, radio, billboard and Facebook ads, a story series in local media, and in 2015, a contest to win \$8,000 in WaterWise yard prizes including a \$6,000 WaterWise yard upgrade. New in 2015, we developed the “Make Water Work Plant Collection” in partnership with Bylands Nursery and the Okanagan Xeriscape Association, and introduced the collection at seven garden centres in the valley.

In a summer of drought when it may have mattered most, perhaps the greatest accomplishment of the campaign was the record number of Okanagan residents who pledged to Make Water Work. At least 939 residents took the pledge—the greatest number since we began collecting annual pledges in 2012. Although the number of those taking the pledge has been climbing year after year and should be celebrated, we know that this does not fully account for the number of people who are hearing the conservation message and making changes to be WaterWise.



Photo: Armstrong Mayor Chris Pieper,
proudly displays the award for Make
Water Work Champion, 2015

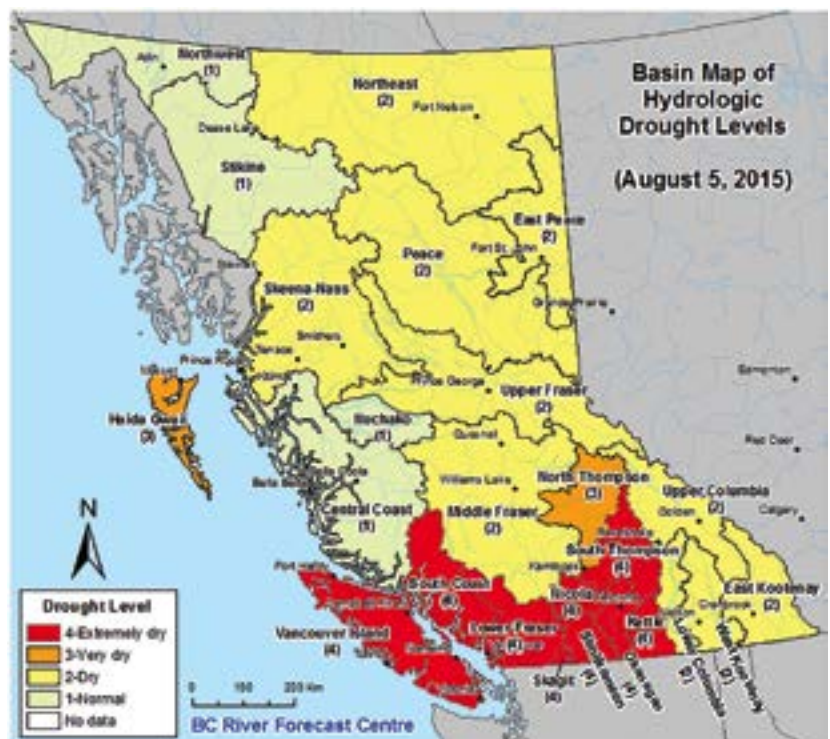
DROUGHT STRATEGY, DROUGHT PLANNING


Through the hot, dry summer of 2015, we reviewed the state of Okanagan drought planning. The report, “Building Drought Resilience in the Okanagan,” found that many communities do not have drought plans, or their plans are out of date. Watering restrictions also mean different things in different communities, leading to some confusion among the public.

Good progress has been made since the report was released. Seven water suppliers have adopted consistent watering restrictions, and five suppliers are working together on their drought management plans. We hired a new part-time staff person who is facilitating more consistent approaches to drought planning. We are bringing water suppliers together to share knowledge and experiences, identifying and promoting best practices, and preparing templates and other resources for water suppliers to share with their customers.

We are also working on a valley-wide drought response strategy to outline the actions the OBWB will take to support water suppliers during drought. The strategy provides a structure for information flow between water suppliers, the province, and the public. It also defines how the OBWB will integrate and share information on emerging drought conditions with the appropriate people in a timely manner. Actions taken under the strategy will complement (not duplicate) actions taken under provincial and local response plans.

Being a watershed in the world means managing for drought for the mutual benefit of the Okanagan and its downstream neighbours, and vice versa. By ensuring proper management of the resource, we can help to lessen the effects of drought for downstream users, while also ensuring enough for the fish that need water to return to our lakes.





STRATEGIC PLAN GOAL #4: OBWB Has Excellent Relationships, a Defined Role, and Clear Communications with Stakeholder and Other Levels of Government

"The OBWB is a unique water agency in Canada, without rule-making authority, but with a special capacity for forming partnerships, communicating with all levels of government, and aligning resources to meet shared goals and priorities. We are effective because we focus on equity, and on outcomes with valley-wide benefit, and by being a trusted broker of information. Strong relationships and trust are our greatest assets and allow us to serve the valley's needs."

OKANAGAN WATER STEWARDSHIP COUNCIL

The Okanagan Water Stewardship Council continues to have an active membership, with monthly meetings filled to capacity. Each meeting hosts a series of presentations on current and developing water issues. The Council, which includes representatives from across the Okanagan water sector, then discusses each issue, and provides expert information to OBWB staff on how best to make progress or engage on that issue.

Some of the emerging issues that were actively discussed this year included: providing input to the B.C. government's Environmental Flow Needs (2014) Policy, economic and environmental impacts of Mysis shrimp harvesting on Okanagan Lake, discussion on best practices and examples of Okanagan Protocol Agreements with Okanagan First Nations, improving drought planning and management in the Okanagan, fishery management, improving the management of water data, preventing new invasive aquatic species, improving habitat for sockeye salmon, adapting to climate change and the increased variability in water supply, cooperative management strategies, and improved groundwater and hydrometric monitoring.

In addition to these regular meetings, the Council also has standing committees to go deeper on specific topics. In 2015-16, these included: Stormwater and Wetlands; Drought Management; Environmental Flow Needs; and Water Sustainability Act Groundwater Regulations.

Council Members (Nov 2013–Apr 2015) — APPOINTED REPRESENTATIVE

| | |
|---|--|
| AAFC – Research Branch Denise Neilsen/Scott Smith | Fisheries and Oceans Canada Doug Edwards |
| APEGBC Don Dobson/Ehren Lee | Interior Health Rob Birtles/Judi Ekkert |
| BC Agriculture Council Hans Buchler | Ministry of FLNRO: Fish/Wildlife Grant Furness/Lora Nield |
| BC Cattlemen's Association Lee Hesketh/Linda Allison | Ministry of FLNRO: Resource Mgmt Robert Warner/Ray Crampton |
| BC Fruit Growers Association Sukhdeep Brar/Denise MacDonald | Okanagan Collaborative Conservation Carol Luttmmer |
| BC Ground Water Association Remi Allard/Marta Green | Okanagan College Leif Burge |
| BC Ministry of Agriculture Andrew Petersen/Stephanie Tam | Okanagan Mainline Real Estate Board David O'Keefe/Howard Newfeld |
| BC Water Supply Association Toby Pike/Patti Meger | Okanagan Nation Alliance Natasha Lukey/Zoe Masters/Elinor McGrath |
| BC Wildlife Federation – Region 8 Doug Flintotf/Lorne Davies | RD of Central Okanagan Margaret Bakelaar/Chris Radford |
| Canadian Water Resources Association Brian Guy/Rod MacLean/Dwayne Meredith | RD of North Okanagan Renee Clark/Anna Page |
| City of Kelowna Andrew Reeder | RD of Okanagan – Similkameen Evelyn Riechert/Lisa Bloomfield |
| City of Vernon Rob Dickinson/Rob Miles | Shuswap Okanagan Forestry Association Kerry Rouck/Murray Wilson |
| Environment Canada – Pacific & Yukon Kendall Woo/Ian Rogalski | UBC Okanagan Bernard Bauer/Carolina Restrepo-Tamayo |

WATER CONSERVATION AND QUALITY IMPROVEMENT GRANTS



Photo: WCQI Grant
workshop and 10th
anniversary celebration

2016 marked the 10th anniversary for the Water Conservation and Quality Improvement Grant (WCQI) program. Since 2006, over \$3.1 million dollars has been provided to over 200 projects in all three Okanagan regional districts.

In November, organizations from throughout the valley gathered to celebrate this milestone, by sharing project successes, discussing future collaborations, and hearing about new granting opportunities from other funders. Each project was summarized in a poster, and displayed with projects in the same category so that attendees could see the cumulative impact of the projects on our shared water. This focus on collaboration and collective impacts had an immediate effect, which could be seen by the cooperative project applications submitted for the 2016-17 grant year.

OKANAGAN WATERWISE

In 2010, OBWB launched the Okanagan WaterWise program, an outreach and education initiative aimed at making local water research more accessible to valley residents, encouraging the public to engage on our region's water issues. The program includes a website (www.OkWaterWise.ca) with information for homeowners, businesses, teachers and students.

Highlights in 2016 included a partnership with the Okanagan Institute for Biodiversity, Resilience, and Ecosystem Services (BRAES-UBC Okanagan) to bring in internationally-celebrated water champion Margaret Catley-Carlson for Canada Water Week. We also worked with Allan Brooks Nature Centre to create an education trailer that travels throughout the Okanagan and engages all ages on water, biodiversity and other environmental issues.

OkWaterWise is also active on social media. "Like" us on Facebook at www.facebook.com/OkWaterWise, follow us on Twitter at www.twitter.com/OkWaterWise, and watch a growing number of videos on our YouTube channel at www.youtube.com/user/OKBasinWaterBoard. As well, watch for us at outreach events throughout the year, including our popular Canada Water Week events, held annually in the third week of March to coincide with UN World Water Day.

OSOYOOS LAKE WATER SCIENCE FORUM

Osoyoos Lake is one of the most vulnerable water bodies in the valley, and the focus of much interest, in part, because it is critically important for sockeye salmon. As it straddles the U.S. - Canada border, it falls under the Boundary Waters Treaty, overseen by the International Joint Commission (IJC) and the International Osoyoos Lake Board of Control. Residents and resource agencies on both sides of the border must work together and have good communication to protect the health of the lake.

In October 2015, we partnered with the IJC, Environment Canada, the Washington Department of Ecology, the Town of Osoyoos, and many other groups to host the third Osoyoos Lake Water Science Forum: "A Watershed Beyond Boundaries." Specialists, scientists and local government representatives, among others, presented on topics such as climate variation, water supply, fisheries recovery, water quality, and local stewardship efforts.

COLUMBIA RIVER TREATY WORKSHOP

The Okanagan is part of the Columbia River watershed, but outside of the Columbia River Treaty area. Nonetheless, there is intense local interest in the current process to renegotiate the treaty. Between 75-90% of all Columbia sockeye salmon are born in the Okanagan. Seasonal flows and dam operations on the Columbia can help or harm young smolts swimming downstream, or adults returning home to spawn. Water storage behind the dams has also provided an unexpected and uncalculated subsidy for U.S. farmers, without compensation for Okanagan fruit growers. These and other topics were raised at an international workshop held by the Canadian Water Resources Association and Simon Fraser Universities' Adaptation to Climate Team in Osoyoos, in October 2015. The OBWB was pleased to be a partner, and assist with organizing the event in conjunction with the Osoyoos Lake Water Science Forum.

Photo: A panel discussion at the third Osoyoos Lake Water Science Forum



LOOKING FORWARD

Each year, the world gets smaller. There are more people living closer together, and faster transportation and communication links. Although the Okanagan was once a remote mountain valley, it's now the third largest metropolitan area in the province. As a result, we have to focus hard on local water issues while paying close attention to what's happening in B.C., Canada, neighboring states, and global weather and climate changes.

The summer of 2015 raised concerns about the long-term stability of water supplies and gave us record growth of milfoil weeds in the lakes. The spring of 2016 also came warm and early. These patterns are consistent with the latest climate predictions, and we have to consider how best to adjust to this "new normal." California's five-year drought has been a cautionary example – in some places they were well-prepared, but in other regions towns have run out of water.



In many ways, looking forward, we're taking a back-to-basics approach. We want to make sure that the basic plans, basic data, basic policies, and basic equipment are there to help us weather warm, dry, wet, variable conditions in the future. Our upcoming priorities are to work one-on-one with local government staff, providing hands-on assistance with plans and policy making. We've created many guides and toolkits in the past, and now it's time to put them to use.

For water science, we're focusing on two critical areas: groundwater and environmental flow needs. Both of these are vital for improving the water licensing

systems and ensuring that water is allocated in a sustainable manner. As for milfoil control, we're updating our equipment to fight the onslaught of weed growth, and ensuring appropriate staffing to help with the increased work load.

Perhaps most importantly, we are renewing our focus on partnerships and communications – with local governments, the Okanagan Nation, provincial agencies, water groups and the general public. We are best prepared for local challenges – and global challenges affecting us right here – when we work together.

OVERVIEW OF FINANCIALS

Building local capacity is a core part of the OBWB's strategic plan. Whether it's diversifying funding sources, pooling local tax dollars, or tapping volunteer expertise in the local community, the more we can leverage our resources, the farther we can go to protect water for our communities. We are truly grateful to our partners in making this happen – local, senior and First Nations governments, community groups, industry, academic, and funding agencies.

The OBWB is fortunate to have unusual flexibility for building partnerships and leveraging external funds and in-kind contributions. In 2015-16, the OBWB received almost \$245,000 in grants and funding agreements that went to many of the projects described in this report. But resources are about much more than balance sheets and our success depends on partners and volunteers. The "Make Water Work" and "Don't Move a Mussel" campaigns attracted contributions from media and other partners together totaling more than \$240,000. The volunteer members of the Okanagan Water Stewardship Council, donated time this year worth more than \$69,000.

In 2015-16 the OBWB awarded more than \$1.6 million in infrastructure grants to improve wastewater treatment, and \$300,000 in Water Conservation and Quality Improvement Grants to local governments and community groups. We also made the final installment of \$100,000/year to UBC Okanagan, a five-year agreement that triggered more than \$1.5 million in external funds to support a Water Research Chair.

This year was the fourth in a row without a budget increase. We are slowly spending down accumulated reserve funds in the sewage facilities grants program. We have also had to draw this year on the milfoil equipment fund to replace aging equipment that is getting heavy use. It's a balancing act, maintaining or expanding projects and programs, and maintaining equipment, while keeping costs down. We continue to have the goal of excellent service delivery, at the lowest cost to the taxpayer.



Okanagan Basin
WATER BOARD

Financial Statements
For the year ended March 31, 2016

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Management's Responsibility for Financial Reporting

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Certain amounts used in the preparation of the consolidated financial statements are based on management's best estimates and judgments. 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.

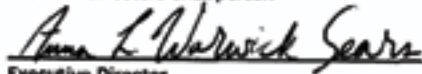
The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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 BDO Canada LLP Chartered 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 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



Tel: 250 763 6700
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Toll-free: 800 928 3307
www.bdo.ca

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

Independent Auditors' Report

To the Chairperson and Directors of the Okanagan Basin Water Board:

We have audited the accompanying financial statements of the Okanagan Basin Water Board, which comprise the statement of financial position as at March 31, 2016, and the statements of financial activities, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to management's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of management's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Okanagan Basin Water Board as at March 31, 2016, and its financial activities and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
June 7, 2016

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK District limited by guarantee, and forms part of the international BDO network of independent member firms.



Okanagan Basin Water Board
Statement of Financial Position

| March 31 | 2016 | 2015 |
|--|---------------------|---------------------|
| Assets | | |
| Cash (Note 1) | \$ 247,045 | \$ 216,972 |
| Temporary investments (Note 2) | 2,863,118 | 2,817,540 |
| Accounts receivable | 42,774 | 45,902 |
| | <u>3,152,937</u> | <u>3,080,414</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 438,538 | 194,763 |
| Grants payable (Note 3) | 289,615 | 312,461 |
| | <u>728,153</u> | <u>507,224</u> |
| Net Financial Assets | <u>2,424,784</u> | <u>2,573,190</u> |
| Non-financial Assets | | |
| Prepaid expenses | 8,284 | 9,102 |
| Tangible capital assets (Note 4) | 190,140 | 186,570 |
| Accumulated Surplus (Note 5) | <u>\$ 2,623,208</u> | <u>\$ 2,768,862</u> |

Approved on behalf of the Board:


_____, Chairperson

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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**Okanagan Basin Water Board
Statement of Operations and Accumulated Surplus**

| For the year ended March 31 | 2016 | 2016 | 2015 |
|--|----------------------------|----------------------------|----------------------------|
| | Actual | Budget | Actual |
| Revenue (Note 11) | | | |
| Levies from member Regional Districts (Note 6) | \$ 3,444,376 | \$ 3,444,376 | \$ 3,442,216 |
| Grants | 244,464 | - | 268,976 |
| Interest | 46,611 | 35,000 | 49,704 |
| Other income | - | - | 25,827 |
| | <u>3,735,451</u> | <u>3,479,376</u> | <u>3,786,723</u> |
| Expenses (Note 11) | | | |
| Sewerage facilities | 1,702,084 | 1,907,546 | 1,861,842 |
| Water management | 1,366,708 | 1,070,030 | 1,299,662 |
| Aquatic weed control | 712,313 | 651,800 | 591,247 |
| UBCO Water Research Chair | 100,000 | 100,000 | 100,000 |
| | <u>3,881,105</u> | <u>3,729,376</u> | <u>3,852,751</u> |
| Annual Surplus (deficit) (Note 11) | (145,654) | (250,000) | (66,028) |
| Accumulated Surplus, beginning of year | <u>2,768,862</u> | <u>2,768,862</u> | <u>2,834,890</u> |
| Accumulated Surplus, end of year | <u>\$ 2,623,208</u> | <u>\$ 2,518,862</u> | <u>\$ 2,768,862</u> |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Okanagan Basin Water Board
Statement of Cash Flows

| For the year ended March 31 | 2016 | 2015 |
|--|-------------------|-------------------|
| Operating Activities | | |
| Annual surplus (deficit) | \$ (145,654) | \$ (66,028) |
| Items not involving cash: | | |
| Amortization | 34,943 | 32,238 |
| Loss on disposal of tangible capital asset | 5,672 | - |
| | <u>(105,039)</u> | <u>(33,790)</u> |
| Changes in working capital: | | |
| Accounts receivable | 3,128 | (7,277) |
| Accounts payable and accrued liabilities | 243,775 | (67,748) |
| Grants payable | (22,846) | 60,837 |
| Prepaid expenses | 818 | (9,102) |
| | <u>224,875</u> | <u>(23,290)</u> |
| | <u>119,836</u> | <u>(57,080)</u> |
| Investing Activities | | |
| Net change in investments | (50,000) | 100,000 |
| Accrued interest | 4,422 | 2,371 |
| | <u>(45,578)</u> | <u>102,371</u> |
| Capital Activities | | |
| Purchase of tangible capital assets | (44,685) | (81,472) |
| Proceeds from disposal of tangible capital asset | 500 | - |
| | <u>(44,185)</u> | <u>(81,472)</u> |
| Change in cash during the year | 30,073 | (36,181) |
| Cash, beginning of year | 216,972 | 253,153 |
| Cash, end of year | \$ 247,045 | \$ 216,972 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Okanagan Basin Water Board
Statement of Change in Net Financial Assets

| <u>For the year ended March 31</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| Annual surplus (deficit) | \$ (145,654) | \$ (66,028) |
| Acquisition of tangible capital assets | (44,685) | (81,472) |
| Amortization of tangible capital assets | 34,943 | 32,238 |
| Change in prepaid expenses | 818 | (9,102) |
| Disposal of tangible capital asset | 6,172 | - |
| Net change in net financial assets | (148,406) | (124,364) |
| Net financial assets, beginning of year | 2,573,190 | 2,697,554 |
| Net financial assets, end of year | \$ 2,424,784 | \$ 2,573,190 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Okanagan Basin Water Board Summary of Significant Accounting Policies

March 31, 2016

| | |
|------------------------------|--|
| Nature of Business | The Okanagan Basin Water Board ("The Board") is established under Section 138 of the Municipalities Enabling and Validating Act (Province of British Columbia) and administers and operates the aquatic weed control program, the sewerage facilities assistance fund, and a water management program as an agent of the three participating regional districts. The participating regional districts are: Regional District of Central Okanagan (R.D.C.O.); Regional District of Okanagan-Similkameen (R.D.O.S.); and Regional District of North Okanagan (R.D.N.O.). |
| Basis of Presentation | It is the Board's policy to follow accounting principles generally accepted for municipalities in the Province of British Columbia and to apply such principles consistently. The financial statements include the account of all funds for the Board. All interfund transfers have been eliminated. They have been prepared using guidelines issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants (CICPA). |
| Use of Estimates | The preparation of financial statements in conformity with generally accepted accounting principles for British Columbia Regional Districts requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. |
| Temporary Investments | Temporary Investments are recorded at the lower of cost and market value. |
| Financial Instruments | The Board's financial instruments consist of cash, temporary investments, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. |

Okanagan Basin Water Board
Summary of Significant Accounting Policies

March 31, 2016

| | | | | | | | | | | | |
|--------------------------------|---|-----------|----------|-----------|----------|----------|---------|------------------------------|----------|-----------|---------|
| Tangible Capital Assets | <p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td style="padding-left: 40px;">Buildings</td><td style="text-align: right;">25 years</td></tr><tr><td style="padding-left: 40px;">Equipment</td><td style="text-align: right;">10 years</td></tr><tr><td style="padding-left: 40px;">Vehicles</td><td style="text-align: right;">7 years</td></tr><tr><td style="padding-left: 40px;">Office Furniture & Equipment</td><td style="text-align: right;">10 years</td></tr><tr><td style="padding-left: 40px;">Computers</td><td style="text-align: right;">4 years</td></tr></table> | Buildings | 25 years | Equipment | 10 years | Vehicles | 7 years | Office Furniture & Equipment | 10 years | Computers | 4 years |
| Buildings | 25 years | | | | | | | | | | |
| Equipment | 10 years | | | | | | | | | | |
| Vehicles | 7 years | | | | | | | | | | |
| Office Furniture & Equipment | 10 years | | | | | | | | | | |
| Computers | 4 years | | | | | | | | | | |
| Revenue Recognition | <p>The levies from member Regional Districts are recognized when the levies for the fiscal year are approved by the Board and requisitioned.</p> <p>Grants, interest and other income are recognized in the period in which they are earned.</p> | | | | | | | | | | |
| Government Transfers | <p>Government transfers, which include grants and funding agreements are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.</p> | | | | | | | | | | |

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

March 31, 2016

1. Cash

The Board's bank account is held at one financial institution. The bank account earns interest at bank prime minus 1.8%.

2. Temporary Investments

| | 2016 | 2015 |
|--|--------------|--------------|
| Bank of Montreal GIC, bearing interest at 1%, maturing October 13, 2016 | \$ 2,600,000 | \$ 1,550,000 |
| Bank of Montreal GIC, bearing interest at 1%, maturing October 13, 2016 | 250,000 | 1,250,000 |
| Accrued interest | 13,118 | 17,540 |
| | \$ 2,863,118 | \$ 2,817,540 |

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 a 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 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 \$300,000 per year is made available for Okanagan projects, with individual grants ranging from \$7,000 to \$28,000. Grants will be expensed in the year of approval as per the budget.

Okanagan Basin Water Board
Notes to Financial Statements

For the year ended March 31, 2016

4. Tangible Capital Assets

| | Buildings | Equipment | Vehicles | Office Furniture & Equipment | Computers | 2016 Total |
|---------------------------------|------------|------------|------------|------------------------------|-----------|--------------|
| Cost | | | | | | |
| Balance, beginning of year | \$ 118,352 | \$ 832,650 | \$ 129,440 | \$ 2,250 | \$ 15,394 | \$ 1,098,086 |
| Additions | - | 42,524 | - | - | 2,161 | 44,685 |
| Dispositions | - | - | (21,603) | - | - | (21,603) |
| Balance, end of year | 118,352 | 875,174 | 107,837 | 2,250 | 17,555 | 1,121,168 |
| Accumulated amortization | | | | | | |
| Balance, beginning of year | 37,726 | 759,235 | 100,431 | 2,250 | 11,874 | 911,516 |
| Amortization | 4,743 | 23,606 | 3,806 | - | 2,788 | 34,943 |
| Dispositions | - | - | (15,431) | - | - | (15,431) |
| Balance, end of year | 42,469 | 782,841 | 88,806 | 2,250 | 14,662 | 931,028 |
| Net book value | \$ 75,883 | \$ 92,333 | \$ 19,031 | \$ - | \$ 2,893 | \$ 190,140 |

Okanagan Basin Water Board
Notes to Financial Statements

For the year ended March 31, 2016

4. Tangible Capital Assets (continued)

Prior year comparative information:

| | Buildings | Equipment | Vehicles | Office Furniture & Equipment | Computers | 2015 Total |
|---------------------------------|------------|------------|------------|---------------------------------|-----------|---------------|
| Cost | | | | | | |
| Balance, beginning of year | \$ 118,352 | \$ 779,450 | \$ 102,798 | \$ 2,250 | \$ 13,765 | \$ 1,016,615 |
| Additions | - | 53,200 | 26,642 | - | 1,630 | 81,472 |
| Disposals | - | - | - | - | - | - |
| Balance, end of year | 118,352 | 832,650 | 129,440 | 2,250 | 15,395 | 1,098,087 |
| Accumulated amortization | | | | | | |
| Balance, beginning of year | 32,984 | 741,238 | 93,540 | 2,250 | 9,267 | 879,279 |
| Amortization | 4,743 | 17,996 | 6,892 | - | 2,607 | 32,238 |
| Balance, end of year | 37,727 | 759,234 | 100,432 | 2,250 | 11,874 | 911,517 |
| Net book value | \$ 80,625 | \$ 73,416 | \$ 29,008 | \$ - | \$ 3,521 | \$ 186,570 |

Okanagan Basin Water Board
Notes to Financial Statements

March 31, 2016

5. Accumulated Surplus

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

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|
| Aquatic Weed Control Equipment Reserve | | |
| Balance, beginning of year | \$ 308,060 | 325,724 |
| Proceeds from sale of tangible capital assets | 500 | - |
| Net surplus (deficit) | (51,565) | 31,570 |
| Transfer of amortization | 34,943 | 32,238 |
| Transfer for acquisition of tangible capital assets | (19,253) | (81,472) |
| Balance, end of year | <u>272,685</u> | <u>308,060</u> |
| Invested in Tangible Capital Assets | | |
| Balance, beginning of year | 186,570 | 137,336 |
| Transfer for acquisition of tangible capital assets | 44,685 | 81,472 |
| Disposition of tangible capital assets | (6,172) | - |
| Transfer of amortization | (34,943) | (32,238) |
| Balance, end of year | <u>190,140</u> | <u>186,570</u> |
| Sewerage Facilities Assistance Reserve Fund | | |
| Balance, beginning of year | 1,554,795 | 1,713,633 |
| Net surplus (deficit) | (43,022) | (158,838) |
| Balance, end of year | <u>1,511,773</u> | <u>1,554,795</u> |
| Water Management Accumulated Surplus | | |
| Balance, beginning of year | 719,437 | 658,197 |
| Net surplus | (45,395) | 61,240 |
| Transfer for acquisition of tangible capital assets | (25,432) | - |
| Balance, end of year | <u>648,610</u> | <u>719,437</u> |
| | <u>\$ 2,623,208</u> | <u>\$ 2,768,862</u> |

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

March 31, 2016

6. Levies from Member Regional Districts

| | 2016 | 2016 | 2015 |
|----------------------|---------------------|---------------------|---------------------|
| | Actual | Budget | Actual |
| North Okanagan | \$ 652,766 | \$ 652,766 | \$ 654,096 |
| Central Okanagan | 2,058,805 | 2,058,805 | 2,053,068 |
| Okanagan Similkameen | 732,805 | 732,805 | 735,052 |
| | <u>\$ 3,444,376</u> | <u>\$ 3,444,376</u> | <u>\$ 3,442,216</u> |

7. Sewerage Facility Grants to Member Local Governments

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

| | 2016 | 2015 |
|---|---------------------|---------------------|
| District of Coldstream | 19,193 | 19,193 |
| City of Kelowna | 258,069 | 293,251 |
| District of Lake Country | 287,269 | 327,635 |
| Town of Oliver | 6,042 | 19,782 |
| Town of Osoyoos | 11,278 | 11,278 |
| District of Peachland | 212,779 | 212,779 |
| City of Penticton | 219,317 | 219,317 |
| Regional District of North Okanagan | 4,679 | 4,679 |
| Regional District of Okanagan Similkameen | 51,175 | 124,899 |
| District of Summerland | 392,177 | 394,067 |
| City of Vernon | 109,402 | 96,180 |
| Westbank First Nation | 48,463 | 50,468 |
| District of West Kelowna | 42,241 | 48,314 |
| | <u>\$ 1,662,084</u> | <u>\$ 1,821,842</u> |

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

March 31, 2016

8. Budget Information

The budget adopted by the Board was not prepared on a basis consistent with that used to report actual results based on current Canadian public sector accounting standards ("PSAB"). The budget was prepared on a modified accrual basis while PSAB now require a full accrual basis. The following reconciles the difference.

| | <u>2016</u> |
|---|---------------------|
| Budget surplus (deficit) for the year as per board budget | - |
| Less: | |
| Transfer from previous years surplus in revenues | <u>(250,000)</u> |
| Budget surplus (deficit) per statement of operations | <u>\$ (250,000)</u> |

9. Commitments

The Board is currently in a ten-year lease agreement, which has three years remaining, with the Regional District of North Okanagan for the lease of land, on which the Board's building resides on. The agreement provides for an annual lease payment of \$12,800 for the first given years, and for the subsequent five years the lease amount will be indexed to the annual CPI for British Columbia. At the conclusion of the lease term, ownership of the Board's building will be transferred to the Regional District of North Okanagan.

The Board is also currently in a five year lease agreement, which expires December 31, 2018, with the option to renew for one additional term of five years, with the Regional District of Central Okanagan for office rent and operating and overhead costs as well as financial, administrative and technology services. The agreement provides for a monthly payment of \$8,296.

Okanagan Basin Water Board Notes to Financial Statements

March 31, 2016

10. Employee Benefits

Retirement Benefits

The Board and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 7 contributors from the Okanagan Basin Water Board.

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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits.

The Board paid \$46,101 (2015 - \$42,624) for employer contributions to the plan in fiscal 2016.

The next valuation will be December 31, 2015, with results available in 2016. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, (resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan).

Okanagan Basin Water Board Notes to Financial Statements

March 31, 2016

11. Segment Disclosures

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 \$600,822 (2015 - \$682,988) for previously committed projects.

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 weeds, but when time allows operators and equipment will also do 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 sewerage 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.

UBCO Water Research Chair

This program provides matching funds for a Water Research Chair at the University of British Columbia Okanagan. The three Okanagan regional districts requested the Board to provide \$500,000 over a five year period (\$100,000 per year) to match \$1,500,000 funding from the B.C. Leading Edge Endowment Fund and the B.C. Real Estate Foundation. The five year commitment began in the 2012 fiscal year and was completed in the 2016 fiscal year.

Okanagan Basin Water Board
Notes to Financial Statements

For the year ended March 31, 2016

11. Segment Disclosures (continued)

| | Water Management | Aquatic Weed Control | Sewerage Facilities | UBCO Water Research Chair | 2016 Total |
|--|--------------------|----------------------|---------------------|---------------------------|---------------------|
| Revenues | | | | | |
| Levies (Note 6) | \$ 1,064,031 | \$ 647,800 | \$ 1,632,545 | \$ 100,000 | \$ 3,444,376 |
| Grant income | 244,464 | - | - | - | 244,464 |
| Interest income | 12,818 | 7,276 | 26,517 | - | 46,611 |
| | <u>1,321,313</u> | <u>655,076</u> | <u>1,659,062</u> | <u>100,000</u> | <u>3,735,451</u> |
| Expenses | | | | | |
| Assistance grants | 300,000 | - | 1,662,084 | 100,000 | 2,062,084 |
| Amortization | - | 34,943 | - | - | 34,943 |
| Contract services | 476,139 | 4,500 | - | - | 480,639 |
| Director's remuneration and expenses | 10,290 | 10,290 | - | - | 20,580 |
| Equipment costs | 1,630 | 149,691 | - | - | 151,321 |
| Insurance | 4,179 | 21,029 | - | - | 25,208 |
| Interest charge | 6 | 57 | - | - | 63 |
| Loss on asset disposal | - | 5,672 | - | - | 5,672 |
| Office | 27,063 | 15,341 | - | - | 42,404 |
| Outreach and publicity | 130,175 | 4,427 | - | - | 134,602 |
| Overhead allocation | (20,000) | (20,000) | 40,000 | - | - |
| Professional fees | 41,891 | 41,916 | - | - | 83,807 |
| Rental costs | 7,769 | 32,933 | - | - | 40,702 |
| Safety | 21 | 24,005 | - | - | 24,026 |
| Stewardship council expenses | 29,083 | - | - | - | 29,083 |
| Travel, conferences and meetings | 27,776 | 10,067 | - | - | 37,843 |
| Utilities, yard supplies and maintenance | - | 10,467 | - | - | 10,467 |
| Wages and benefits | 330,686 | 366,975 | - | - | 697,661 |
| | <u>1,366,708</u> | <u>712,313</u> | <u>1,702,084</u> | <u>100,000</u> | <u>3,881,105</u> |
| Annual surplus (deficit) | \$ (45,395) | \$ (57,237) | \$ (43,022) | \$ - | \$ (145,654) |

BOO Canada LLP, a Canadian limited liability partnership, is a member of BOO International Limited, a UK District limited by guarantee, and forms part of the International BOO network of independent member firms.

Okanagan Basin Water Board
Notes to Financial Statements

For the year ended March 31, 2016

11. Segment Disclosures (continued)

Prior year comparative information:

| | Water Management | Aquatic Weed Control | Sewerage Facilities | UBCO Water Research Chair | 2015 Total |
|--|---------------------|-------------------------|------------------------|------------------------------|------------------|
| Revenues | | | | | |
| Levies | \$ 1,052,801 | \$ 615,150 | \$ 1,674,265 | \$ 100,000 | \$ 3,442,216 |
| Grant income | 268,976 | * | * | * | 268,976 |
| Interest income | 13,298 | 7,667 | 28,739 | * | 49,704 |
| Other income | 25,827 | * | * | * | 25,827 |
| | <u>1,360,902</u> | <u>622,817</u> | <u>1,703,004</u> | <u>100,000</u> | <u>3,786,723</u> |
| Expenses | | | | | |
| Assistance grants | 300,000 | * | 1,821,842 | 100,000 | 2,221,842 |
| Amortization | * | 32,238 | * | * | 32,238 |
| Contract services | 471,334 | 19,973 | * | * | 491,307 |
| Directors' remuneration and expenses | 9,884 | 9,884 | * | * | 19,768 |
| Equipment costs | 2,394 | 99,802 | * | * | 102,196 |
| Insurance | 1,176 | 24,458 | * | * | 25,634 |
| Interest Charge | 66 | * | * | * | 66 |
| Office | 13,619 | 13,145 | * | * | 26,764 |
| Outreach and publicity | 133,952 | 5,918 | * | * | 139,870 |
| Overhead allocation | (20,000) | (20,000) | 40,000 | * | * |
| Professional fees | 36,660 | 36,660 | * | * | 73,320 |
| Rental costs | 7,240 | 21,190 | * | * | 28,430 |
| Safety | 28 | 3,456 | * | * | 3,484 |
| Stewardship council expenses | 29,148 | * | * | * | 29,148 |
| Travel, conferences and meetings | 24,811 | 1,585 | * | * | 26,396 |
| Utilities, yard supplies and maintenance | * | 9,903 | * | * | 9,903 |
| Wages and benefits | 289,350 | 333,035 | * | * | 622,385 |
| | <u>1,299,662</u> | <u>591,247</u> | <u>1,861,842</u> | <u>100,000</u> | <u>3,852,751</u> |
| Annual surplus (deficit) | \$ 61,240 | \$ 31,570 | \$ (158,838) | \$ - | \$ (66,028) |



Photo: Sunset through
smoke on Okanagan Lake



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