

DISTRICT OF COLDSTREAM



2006 Annual

Financial Report

*FOR THE YEAR ENDED
DECEMBER 31, 2006*



DISTRICT OF COLDSTREAM
9901 Kalamalka Road, Coldstream, B.C.
V1B 1L6

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

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Welcome to the District of Coldstream

Our Location



The District of Coldstream is located just east of Vernon, surrounding the North end of Kalamalka Lake and extending through the beautiful Coldstream Valley. The District is comprised of two neighbourhoods, Coldstream in the West and Lavington in the East, centering around the Coldstream Ranch, the earliest land claim in the District.

Fast Facts

Incorporated December 21, 1906
Area: 7,645 hectares (18,891 acres)
Population: 10,000 (est)
Parks: 76 acres
96 Km. paved roads; 11 km. unpaved
July Mean Daily Temperature: 19.1 C
Average sunshine: 1903 hrs. per year
Average snowfall: 102.2 cm per year

Amenities:

The District is 95% residential, and boasts a significant inventory of parks; Coldstream Creek Park, the new Coldstream Centennial Park, Creekside Park, Jeffers Park – just to name a few. As well, the District is bordered on the south by beautiful Kalamalka Provincial Park. A skateboard park is located on Kidston Road, and there are numerous biking routes and hiking trails throughout the District, adding to the rural flavor of the area.

The District's Municipal Hall is an attractive building a mere 4 ½ years old and is located at 9901 Kalamalka Road. The District has professional full-time staff in administration, finance, corporate services, planning and engineering, building inspection and public works.

Mayor's Message



2006 was a wonderful year for the District of Coldstream, from the celebrations for our Centennial to the completion of the Kalamalka Road sewer extension. As a lasting reminder of our first 100 years, a clock tower was built within the civic complex, and is shown on the front page of this Annual Report. Our celebrations centered around the last weekend in May, and concluded with a tremendously successful barbeque at Coldstream Park. A heartfelt thanks is given to all those volunteers who made the weekend a memory to be treasured.

Your District Council was newly elected in November 2005, and has come to the table with some new and innovative ideas and plenty of enthusiasm. Environmental impact is a hot topic. Your Council is reviewing the effects of septic systems on our waterways, and developing a strategy to provide community sewer to as many residents as possible. To this end, we are revising our Development Cost Charge bylaw to ensure new development pays its fair share of infrastructure costs. Through our commitment to providing cycling paths and walking and hiking trails, as evidenced by our new Bicycle and Pedestrian Master Plan, we are encouraging the use of alternate modes of transportation, as well as promoting health. In 2006, we completed a section of the Grey Canal along Cypress Drive, as well as the section of Palfrey Drive connecting Kidston Road to Cunliffe Road.

The property on the west corner of Kalamalka Rd. and Aberdeen was purchased by the District in 2006. A portion of this property will be used for the new Coldstream Fire Hall. The referendum for borrowing for new fire halls was successful in November, and the Coldstream Fire Hall will be built just south of the Aberdeen Road entrance to the District's Operations Yard.

Building activity in the District continues to be strong. There were 84 new housing starts in 2006, as compared to 76 in 2005 and 59 in 2004. Coldstream continues to be primarily a residential community with a strong rural flavor.

As we head into 2007 and the next era, the challenges facing our growing community will change. However, all challenges present new opportunities, and it is exciting to be at the start of the next millennium for Coldstream.

A handwritten signature in black ink, appearing to read 'Gary Corner'. The signature is stylized and cursive.

Gary Corner
Mayor

District of Coldstream Council – 2005 - 2008



**Councillor
Doug Dirk**



**Councillor
Bill Firman**



**Councillor
Jim Garlick**

**Councillor
Mary Malerby**



**Councillor
Glen Taylor**



**Councillor
Carol Williams**



The District of Coldstream is governed by an elected Council comprised of a Mayor and six Councillors. Councillors are elected for a three-year term. The current term is from 2005 to 2008.

Regular Council meetings are held at 7:00 p.m. on the 2nd and 4th Monday of every month in Council Chambers at the Municipal Hall, 9901 Kalamalka Road. Public Hearings on development matters are regularly scheduled at the same time, and will take place just prior to the Regular Council Meeting. Members of the public are encouraged to attend all regular and public meetings. Minutes of meetings are available on the District's website www.districtofcoldstream.ca.



Report from the Director of Financial Administration

June 2007

Your Worship and Members of Council:

I am pleased to present the 2006 Annual Financial Report for the District of Coldstream for the fiscal year ended December 31, 2006. The report includes the Auditor's Report, the 2006 audited financial statements, and supplementary information for the District of Coldstream.

The Financial Statements for the year ended December 31, 2006 have been prepared by management in accordance with generally accepted accounting principles and the *Financial Information Act*, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. Management is responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The District of Coldstream Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance Committee of Council. The Finance Committee meets with management a number of times a year. The District's Director of Financial Administration has the responsibility for assessing the management systems and practices of the District.

The external auditors, BDO Dunwoody LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to other schedules and statements required by the Act. Their examination includes a review and evaluation of the District's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Finance Committee of Council.

Overall, the District shows modest reserves and surpluses, with a very low debt load. In November, 2006, the residents of the District passed a referendum allowing the District to borrow up to four million dollars to replace both the Lavington and the Coldstream fire halls. The operating environment is becoming more complex, and the demand for increasing service levels means that the District will have to be innovative in its search for ways to promote efficiency and effectiveness in the delivery of services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "C. Lord".

Catherine Lord, CGA
Director of Financial Administration



CORPORATE VISION

Mission Statement of the District of Coldstream

We, the Council of the District of Coldstream, are committed to a long-range plan for Coldstream, which fosters orderly growth and which enhances rural living at its best. Our mission is to make this a living plan supported by efficient fiscal management, appropriate policy and procedure development, and effective delivery of services.



Council Responsibilities

Every council member has the following responsibilities:

- To consider the well-being and interests of the municipality and its community;
- To contribute to the development and evaluation of the policies and programs of the municipality respecting its services and other activities;
- To participate in council meetings, committee meetings and meetings of other bodies to which the member is appointed;
- To carry out other duties assigned by the council;
- To carry out other duties assigned by or under this (Community Charter) or any other Act.

Strategic Planning

In the spring of 2006, the new Council held a strategic planning session to set priorities and guide their direction over the next three years. The priorities set revolved around the following broad themes:

Regional growth and long-term planning, improving infrastructure and public safety, and environmental issues. These specific priorities were identified:

Fire Halls Replacement/Renovation	Construction of the Duteau Creek Treatment Plant
Construction of new Public Works Yard	Regional Growth Strategy
Westkal Road Improvements	Sewer Extension – Aberdeen Road to Highway 6
Addition of a Long-term Planner	Coldstream Creek Protection
Coldstream Creek Road – Cycle/Pedestrian Corridor	

Progress report on Council priorities

Environmental issues

Coldstream Creek Protection: In the fall of 2006, Council commissioned an Environmental Study to determine the impact of septic systems on the environment and specifically on the Districts waterways. This study will indicate how well we're maintaining Coldstream Creek in particular, and will provide information that will make federal and provincial grant funding for sewer projects more attainable.

Public Safety

Fire Halls Replacement: A Referendum was held in November 2006, asking the residents for approval to borrow up to \$4 Million dollars to construct two new firehalls. Fire fighting equipment, in particularly fire trucks, is becoming more specialized and larger, and requires larger bays. The referendum passed with a significant majority, and the tenders for construction have gone out in the spring of 2007.

Public Works Yard: With the success of the referendum on the fire halls, Council is looking at various ways to improve the Public Works Yard. Options such as the adaptation of the existing fire hall for use by public works are being considered.

Improving Infrastructure

Westkal Road: An engineering firm has been hired to review the issues facing improvements along Westkal Road. Survey base mapping is being done, and discussions with CN Rail have been initiated. A pre-design is being done, along with various options for a complete road and sidewalk plan. **Construction of the Duteau**

Creek Treatment Plant: Although this is a function of Greater Vernon Water, Council, through its representatives on Greater Vernon Services, is diligently pursuing the earliest possible construction of this plant.

GOALS AND OBJECTIVES – current and Future

The *Community Charter* was enacted in 2004, and replaced large portions of the previous *Local Government Act*. The new Charter gives broader powers to local government, but also encourages increased public reporting. The District is now required to provide an annual public progress report on its performance, and also to set objectives for the following year. The objectives are part of the vision and strategy set by Council, and should reflect a commitment to the achievement of the strategic plan.

Strategic Performance Objectives for 2007

ADMINISTRATION

Objective

To receive input from residents and provide residents with current information on the District's direction, procedures and projects.

Strategies

- Update and improve the website to make it more user friendly
- Issue a minimum of two newsletters annually
- Conduct a resident survey

Measures

- Updated website by December 2007
- Number of newsletter issues
- Analysis of residents' survey

HUMAN RESOURCES

Objective

To ensure the District hires and retains the best people, and to retain stability in the workforce.

Strategies

- CUPE negotiations for a new contract
- Hire a municipal clerk to fill the current vacancy
- Hire a new Director of Engineering Services
- Increase public works staff to provide better service to residents

Measures

- Obtain a fair and equitable new union contracts
- New employees hired to complete staff complement

FINANCE

Objective

To provide residents with better service and clarity on the financial business of the District and to ensure balance between revenues and expenditures to retain sufficient resources for ongoing services.

Strategies

- Explore the on-line Home Owner Grant option for 2008
- Initiate a pre-payment plan for taxes for the public
- Coordinate with the Regional District to bring the GIS application on stream for the District by 2008

Measures

- Pre-payment plan initiated
- Progress on on-line HOG
- Progress on GIS application

PUBLIC WORKS AND UTILITIES

Objective

To provide residents with quick and friendly service and maintain the infrastructure of the community.

Strategies

- Upgrade the public works yard for better efficiencies
- Upgrade the SCADA system to monitor performance of the lift stations
- Replace some equipment and purchase a snow plow truck wing and bobcat broom to increase snow removal efficiency

Measures

- New equipment purchased
- Upgrades of yards and SCADA completed

Strategic Performance Objectives for 2007

PLANNING AND DEVELOPMENT

Objective

To provide a level of planning that promotes a sustainable community and strives to maintain its rural character and preserve its agricultural lands.

Strategies

- Participate in the Growth Management process spearheaded by the Regional District
- Participate in the Transportation Model being developed on a sub-regional basis
- Create brochures detailing the process involved for development

Measures

- Report to Council on Growth Management and Transportation process by December 31
- Create seven brochures by yearend

ENGINEERING

Objective

To process, monitor and inspect subdivision applications and construction to ensure compliance with the District's vision and to monitor capital projects determined by Council.

Strategies

- Bring a new Director of Engineering on board in 2007
- Orchard Ridge Drainage project to be initiated
- Westkal Road retaining wall to be built
- Work with architect and project manager on construction of new fire halls

Measures

- Complete capital projects by end of year
- New Director in place by end of year
- Progress on fire hall construction

BUILDING AND BYLAW

Objective

To ensure new construction complies with the Building Code and Building Bylaw; and to ensure residents safety and lifestyle is preserved by compliance with the Districts bylaws.

Strategies

- Organize and track building applications and inspections in a timely manner
- Track and respond to bylaw complaints in a timely manner

Measure

- Number of permits issued and inspections conducted
- Evaluate record of complaints and response at year end to determine timeliness

PUBLIC SAFETY

Objective

To provide safety measure to ensure that the lives and well-being of our citizens are addressed.

Strategies

- Provide safety education to elementary students by the Community Policing Office
- Increase the use of the Speed watch program
- Provide a bicycle Safety Patrol in the summer months
- Construct two new fire halls to increase efficiency and response
- Update fire-fighting vehicles

Measures

- Number of school presentations and Speed watch patrols
- Progress on construction of new fire halls
- Purchase of new fire truck to replace aged truck



Strategic Performance Objectives for 2008

ADMINISTRATION

Objective

To receive input from residents and provide residents with current information on the District's direction, procedures and projects.

Strategies

- Bring forward to Council recommendations and actions on results of survey conducted in 2007
- Direct resources to explore grant funding sources and applicable projects

Measures

- Report to council on surveys by May, 2008
- Review number of new grants identified

HUMAN RESOURCES

Objective

To ensure the District hires and retains the best people, and to retain stability in the workforce.

Strategies

- Update policies relating to personnel
- Update new employee booklet

Measures

- Number of new policies initiated
- Completion of booklet

PLANNING AND DEVELOPMENT

Objective

To provide a level of planning that creates a sustainable community and strives to maintain its rural character and preserve its agricultural lands.

Strategies

- Pending funding, initiate the *Integrated Community Sustainability Planning* program
- Pending fund, initiate an Agricultural Plan process

Measures

- Progress on ICSP program
- Draft Agricultural Plan presented to Council by December 31

FINANCE

Objective

To provide residents with better service and clarity on the financial business of the District and to ensure balance between revenues and expenditures to retain sufficient resources for ongoing services.

Strategies

- Initiate HOG on-line process for 2008 tax season
- Identify projects and sources of funding for 10 year capital plan

Measures

- Successful HOG on-line process
- 10 year capital plan completed by year end

PUBLIC WORKS AND UTILITIES

Objective

To provide residents with quick and friendly service and maintain the infrastructure of the community.

Strategies

- Review of equipment replacement plan
- Develop a long-range plan for road maintenance

Measures

- Completion of updated equipment replacement plan
- Progress on long-range road maintenance plan

BUILDING AND BYLAW

Objective

To ensure new construction complies with the Building Code and Building Bylaw; and to ensure residents safety and lifestyle is preserved by compliance with the Districts bylaws.

Strategies

- Regulate Home Based businesses to ensure compliance with the Business Licence bylaw

Measures

- Measure volume of new business and track nuisance complaints

Strategic Performance Objectives for 2008

ENGINEERING

Objective

To process, monitor and inspect subdivision applications and construction to ensure compliance with the District's vision and to monitor capital projects determined by Council.

Strategies

- Continue to work with project manager on new fire hall construction
- Complete updating of the subdivision bylaw

Measures

- Complete fire hall construction
- Revised subdivision bylaw approved by Council

PUBLIC SAFETY

Objective

To provide safety measure to ensure that the lives and well-being of our citizens are addressed.

Strategies

- Complete the two new fire halls
- Increase seniors program delivery by determining needs of seniors through education and awareness

Measures

- Fire halls completed
- Contacts established with local seniors facilities and groups
- One seniors program initiated by yearend



SERVICES AND PERFORMANCE

ADMINISTRATIVE SERVICES and HUMAN RESOURCES

Corporate responsibilities include:

- Overall management of the operations of the municipality
- Ensuring that the policies, programs and other directions of the council are implemented
- Advising and informing the council on the operation and affairs of the municipality

In particular:

- Preparation of Council Agendas and Minutes; scheduling of Mayor and Council meetings and appointments
- Municipal elections
- Preparation of Newsletters
- Human Resources

CENTENNIAL

Centennial celebrations took place mainly on the weekend of May 26 to May 28th. Lavington Community days revolved around the Centennial, and the Community Picnic and Barbeque brought out families and friends to celebrate this event. The Honourable Iona Campagnolo, Lieutenant Governor was in attendance for the community picnic. The community spirit was evidenced by the number of organizations that contributed to the celebrations, including the Lavington Ladies Work Group, Coldstream Women's Institute, Coldstream and Lavington Fire Halls, Coldstream Ranch, the Museum, Coldstream Ratepayers Association, Historical Society, Community Policing volunteers and residents alike.

The Vernon Museum created a number of historical display boards that traced the history of the community over the past 100 years. The display was featured in the lobby of the Municipal Hall and at Lavington Community Days.

Specific projects were identified to commemorate the Centennial, among them a Community Clock Tower, the Cypress Trail section of the Grey Canal, and a \$25,000 contribution towards the upgrade of the Lavington Ice Rink. As well, Greater Vernon Parks and Recreation have renamed the Sovereign property park to "Coldstream Centennial Park".

BYLAWS

New bylaws were developed by staff, processed by the administration division and either adopted by Council or are in the process. A number of these are amendments to existing bylaws, such as the zoning and subdivision bylaws. Bylaw 1470 authorized the expenditure of funds from the Sewer Capital Reserve to construct the Kalamalka Sewer Extension. The Official Community Plan bylaw was amended for the provincial "Riparian Areas Regulation" to protect fish habitat. After the November referendum, Fire Halls Loan Authorization Bylaw #1481 was adopted to authorize borrowing for two new fire halls. Council also adopted a Sewer Financing bylaw to enable residents to connect to the new sewer line and finance the costs over a number of years.

2006 Objectives and Reporting

Objective

Provide more timely access to Council minutes

Status

Progress: For 2006, 75% of the meeting minutes were completed within one week from the date of the meeting.

Develop and maintain current job descriptions for all positions

By yearend, over 50% of the job descriptions were updated. This is an ongoing process for 2007.

Attract and retain competent staff who embrace the community's vision

Of the eight various divisions, four department structures were reviewed and three were restructured. This is an ongoing process for 2007.

Ensure all new staff are well versed in the District's policies and procedures

This project is in progress. Some restructuring delayed this project.

SERVICES AND PERFORMANCE

FINANCE

Financial responsibilities include:

- *Financial management, planning, reporting and analysis*
- *Preparation of budgets and financial plans in accordance with the direction of the council*
- *Collection of taxes, utility fees, and other fees*
- *Cash, portfolio and debt management; expending municipal money as authorized*
- *Insurance claims and risk management; Occupational Health and Safety*

In 2006, the Finance Committee increased its activity to play a more active role in the decision-making and recommendations to Council. Decisions were made with regard to new structures to preserve and enhance the safety of the District's citizens and improve delivery of services. Fairness and equity to all residents was discussed in relation to sewer services, and policies set to ensure this. In order to mitigate spikes in economic activity (specifically construction activity) a policy is being developed to establish reserves in functions that are subject to significant fluctuations in activity.

For 2006, a 3.95% tax increase was approved by Council. The District also saw a tremendous increase in the property assessment sector. On average, property values in the District increased by approximately 20%; lakeshore property was again significantly impacted.

The debt load of the District continues to be minimal. Long-term debt at the end of 2006 totals \$288,230. Short-term debt (less than 5 years) totals \$373,508. An addition to the 2006 short-term debt load is the purchase of the property on the corner of Aberdeen Road and Kalamalka Road for a purchase price of \$350,000, payable over three years. A portion of this property will be used for the new Coldstream Fire Hall to be constructed in 2007. Long term debt will increase in 2007 as the District borrows for the new fire halls. A total of \$4 Million borrowing power for this project has been approved by referendum. The District's long term borrowing capacity, set by formula under the *Community Charter*, is over \$11 Million before the fire hall borrowing.

In 2006, the District received federal Gas Tax money in the amount of \$100,946. This has been earmarked for the Orchard Ridge Drainage project to be done in 2007. The District also received provincial Community Tourism funding in the amount of \$71,238. These funds can only be used for tourism projects. The District split these funds among O'Keefe Ranch, Friends of Kal Park for upgrade to trails, the Cypress trail project, and community marketing projects initiated by GVS Tourism.

2006 Objectives and Reporting

Objective

Manage the finances of the District so that large spikes in tax increases are eliminated or reduced

Approve the annual budget prior to December 31 each year

Status

A policy to establish an equalization reserve for the building function is in progress. For the 2006 year-end, Council established a building reserve and placed \$55,000 into that reserve.

A briefing session on parameters for the 2007 budget was held in early October. Council was presented with the proposed budget at the November 27, 2006 Regular Meeting of Council. An open house for input from the public was held on December 4, 2006. The Financial Plan Bylaw received first three readings on December 18th and was adopted on January 8, 2007.

SERVICES AND PERFORMANCE

PLANNING & DEVELOPMENT

Department responsibilities include:

- *Managing growth and Development*
- *Long Range Policy Planning*
- *Development of Official Community Plan*
- *Subdivision Approval*
- *Managing Zoning issues*
-

The level of development activity continues to be high. A number of developments were completed in 2006. Residential development continues to be the primary type of development in the District of Coldstream.

Highlights:

- Graystone development in the Stoneridge/Kalview area – 34 residential units
- Emerald Estates in the Kickwillie area – 16 residential units
- Sage Point in the Kickwillie area – 32 single family and 10 townhouse units
- Highlands Phase 7 in the Middleton Mountain area – 66 residential units
- Whisper Ridge in the Lavington area – 22 residential units

On-going developments

- Inverness – Aberdeen Village – 34 townhouses
- The Ranchlands in the Aberdeen/Hwy 6 area – 26 residential units
- Bakonyi development in the Kickwillie area – 18 lots

Numerous smaller projects and applications are in progress.

BICYCLE & PEDESTRIAN MASTER PLAN

The Planning Department, in conjunction with a consultant, embarked on a detailed study of trails and paths, and developed a *Bicycle and Pedestrian Master Plan* for the community. The District of Coldstream recognizes that non-motored users are an important component of the transportation system. Environmental issues are a current topic, and as new development continues, the demand for safe and efficient facilities for bicycles and pedestrians will continue to increase. Grant funding in the amount of \$10,000 was received from the Ministry of Community Services towards this project.

SENSITIVE ECOSYSTEM INVENTORY

In 2006, the District partnered with the Allan Brooks Nature Centre and the Ministry of Environment to conduct a sensitive ecosystem inventory. This is a three phase project. The inventory will be used to identify ecologically sensitive areas, such as rare ecosystems, riparian and wetland ecosystems, and wildlife habitat. The study results are intended to support development of the Official Community Plan and Zoning Bylaw and provide a basis for the identification of natural areas worthy of a high level of protection. The Ministry of Community Services has provided the District with \$8,700 towards this project.

AGRICULTURAL LAND REVIEW

The current Council requested a review of the agricultural land base within the District. The land base of the District is primarily agricultural, and demands for residential, institutional and industrial uses are putting pressure on ALR lands. Coldstream's Official Community Plan recognizes the value of the community's agricultural lands and rural character. This project was initiated to review the need for any potential boundary adjustments to the ALR. A number of key sites are being identified that may be considered by the District. The review will be completed in 2007.

STAFFING

A new Planning Assistant was hired to replace a vacancy left by the previous assistant, and to provide continuity and the current level of services provided by the Planning Department.

SERVICES AND PERFORMANCE

PLANNING & DEVELOPMENT (Cont'd)

2006 Objectives and Reporting

Objective

Improve the GIS system

Status

This objective is ongoing. A partnership with the Regional District is continuing and progress on the system is being made.

Continue Phase 2 of the Official Community Plan Review

This incorporates the Bicycle & Pedestrian Plan, the Agricultural Land Review, and Phase 1 of the Agricultural Land Review. All projects were adopted in either late 2006 or early 2007 except the ALR which is coming to Council in mid-2007.



SERVICES AND PERFORMANCE

BUILDING INSPECTION

Department responsibilities include:

- *Building inspection – new construction and renovations*
- *Business licensing*
- *Bylaw enforcement*
- *Compliance of construction projects with various provincial codes and Acts.*

The Department consists of a Building Inspector/Bylaw Enforcement Officer and one support staff. 2006 continued to be a year of strong building activity. 84 new housing starts were tracked and inspections performed on all new construction. The division strives to continue to meet its target of a three-week building permit turn around time. 2006 was the second year of operation of this department and the efficiencies constantly being reviewed are resulting in a construction environment that is professional and effective.

Bylaw enforcement continues to be a challenge. The District has a policy of enforcement on a complaint basis only to ensure its bylaws are being adhered to and to provide compliance at a reasonable cost. This division is responsible for parking and traffic enforcement, and has been actively involved with issues identified by the Traffic Committee.

Business Licencing – new business licence applications are reviewed for conformance with Zoning Bylaw No.1382.

2006 Objectives and Reporting

Objective

Ensure building inspection for active permits are dealt with in a timely manner and tracked effectively.

Status

Building Permit tracking records indicate that the majority of permits were issued within 3 weeks of the submission date. Permits taking longer than 3 weeks are normally due to applicant not submitting all required documentation.

Respond in a timely manner to bylaw complaints

Routine bylaw complaints are now being addressed by the Building Clerk and letters issued. Field investigations are done by the Building Inspector.



SERVICES AND PERFORMANCE

ENGINEERING AND PUBLIC WORKS

Department responsibilities include:

- *Planning, design and construction of the District's infrastructure, including roads, sewer and water*
- *Processing and inspecting subdivision applications and construction*
- *Planning for capital projects*
- *Maintenance of the District's infrastructure*
- *Maintenance of the water system under contract to Greater Vernon Water Utility*
- *Maintenance of the District's buildings*
- *Signage and traffic marking*

This department is managed by a Director of Operational Services for the planning, design and subdivision approval functions, and by the Public Works Superintendent who directs the operations and maintenance functions.

Over the last few years, a number of plans have been completed by the District to determine the status of the District's infrastructure with the aim of coordinating projects that overlap areas such as sewer and roads. The Engineering and Public Works division will be instrumental in working with Finance to produce a long-range plan for replacement and improvement of the District's infrastructure that takes into account current development and the impact of new development, and ensures that new development will be contributing its fair share to the community's infrastructure.

In 2006, a review of Development Cost Charges was initiated. A new bylaw with rates that are more relevant to today's costs will be presented to Council in mid-2007 for approval.

Projects that were completed in 2006:

- Cunliffe sidewalk and road restoration and drainage
- Aberdeen cycle paths – now completed from Kalamalka Road to Middleton Drive
- Stoneridge drainage project
- Cypress trail project
- Palfrey cycling trail to Kidston Road
- Centennial Clock Tower
- Kalamalka Road sanitary sewer line extension (McClounie to Aberdeen)

Projects that were initiated in 2006:

- Cenotaph restoration in Lavington
- Westkal Road preliminary design to provide options for improved safety for both vehicular traffic and pedestrian traffic.
- Lisheen and Coldstream Creek lift stations upgrade – this project was delayed due to the busy construction climate – no contractors were available for this work.

The Lisheen/Coldstream Creek lift station project is receiving funding from the Federal/Provincial Infrastructure Program in the amount of \$456,000.

SERVICES AND PERFORMANCE

ENGINEERING AND PUBLIC WORKS (Cont'd)

2006 Objectives and Reporting

Objective

Ensure level of service to residents for roads, water and sewer is maintained

Completion of the Kalamalka Road sewer line extension from McClounie to Aberdeen

Review and update the Subdivision and Development Bylaw to reflect current industry standards

Status

Reviewed staffing level and obtained Council approval to add two positions.
Purchased a bobcat with bucket to increase efficiency and level of service to residents.

The project was on time and was completed in early October, 2006. Concurrent completion of the sewer line from Aberdeen to Mackie Drive by a developer now gives the residents fronting those lines access to the community sewer.

The District hired a consultant to work with the Engineering department on updating the Bylaw. The first and second drafts of amendments were being reviewed by staff at the end of 2006.



SERVICES AND PERFORMANCE

PUBLIC SAFETY

This area includes both Community Policing Services and Fire Protection Services.

COMMUNITY POLICING SERVICES

CPO responsibilities include:

- *Partnering with police, citizens and business to improve safety in the District.*
- *Through the use of volunteers, coordinate and promote crime prevention programs and techniques.*
- *Providing a fully operational community police office which handles non-emergency calls.*
- *Providing crime prevention information.*

Public safety is provided by the RCMP, our Community Policing Office and our highly competent Fire Department. The Community Policing Department has one full-time Community Policing Coordinator, and is staffed on a daily basis by a number of dedicated volunteers. The division works with the community to address safety concerns and provide safety education and safety programs. A Traffic Safety Committee was established and is spearheaded by the CPO Coordinator. The committee meets on local traffic issues. In late 2005, Council approved the establishment of a Coldstream specific bicycle Safety Patrol, and the patrol was in effect in the District for the summer of 2006.

Community Safety addresses the needs of the community's children as well. In partnership with the Cookson family, the District contributed \$15,000 towards new playground equipment for Kidston Elementary school and \$10,500 towards new playground equipment for Coldstream Elementary School. Both schools needed to replace the existing equipment to bring it up to current playground standards and eliminate the potential for health and safety risks to the children.

2006 Objectives and Reporting – CPO Services

Objective

Enhance the overall profile of the Community Policing Office, its assets and benefits to the community.

Improve safety in the District of Coldstream

Status

CPO Coordinator attended numerous meetings and events to increase the CPO profile. Articles were printed in newspaper and the newsletter advising residents of the services provided by the CPO office, including residential audit services for safety.

Presentations to various groups; i.e. elementary schools, Girl Guides, Beavers, including Stay Alert, Internet Safety, Street Safety.

Security audit was performed on the NORD office.

FIRE PROTECTION SERVICES

Fire Department responsibilities include:

- *Prevention, control and extinguishment of fires*
- *Protection of life and property*
- *Enforcement of all municipal bylaws respecting fire prevention*

The District's Fire Department were called out a total of 154 times in 2006; 41 of these callouts occurred in the Lavington area; 34 of these were motor vehicle accidents; 5 were structural fires. The fire departments respond to chimney fires, appliance fires, brush fires, car fires, and are called out to assist both ambulance and police. The training for our volunteer firefighters is ongoing. Firefighters are continuously being challenged by new dangers, many due to new technological developments, such as deployment of airbags in vehicles and new construction products. The Lavington Fire Hall and the Coldstream Fire Hall work together and train together.

SERVICES AND PERFORMANCE

PUBLIC SAFETY (Cont'd)

The Fire Department developed an emergency evacuation map in 2005 that will be updated in 2007 and works closely with the joint Coldstream and Vernon Emergency Plan team and the RCMP and various other response organizations. A highlight of 2006 was the spring Emergency response exercise. Preparation for this large event included most of the members from both halls to assist in the planning as well as the execution of the exercise. Organizations from throughout the Greater Vernon area were involved in the exercise, which simulated a forest fire in Kalamalka Provincial Park that required the evacuation of a number of residential areas and the activation of the Emergency Social Services. The event was highly successful and showed an unprecedented level of coordination and cooperation among emergency responders.

2006 Objectives and Reporting – Fire Services

Objective

Review Fire Department Service Levels to be provided to the community

Status

The Fire Services Review was started and is in progress. It is expected that a report will be coming before Council by the end of 2007.

Update the Fire Department's housing facilities to provide for more efficient operations and to accommodate new fire equipment

This issue went to referendum in late November 2006 to obtain the electorates consent to borrow up to \$4 Million dollars. The referendum was successful and the tenders for the new fire halls will go out in late spring of 2007.





DISTRICT OF COLDSTREAM - 2006

Financial Information Act
Statement of Financial Information

SCHEDULE OF DEBTS

Purpose	Date of Issue	Term in Years	Maturity Date	Interest Rate	Original Debt	Sinking Fund Balance	2006	2005	
							Balance Out- Standing	Sinking fund Balance	Balance Out- Standing
Debenture Debt									
Drainage	1997	20	2017	5.85%	434,100.00	146,890.94	288,230.00	126,325.33	308,736.34
Total Long-Term Debt					434,100.00	146,890.94	288,230.00	126,325.33	308,736.34

DISTRICT OF COLDSTREAM - 2006

Financial Information
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SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

The District of Coldstream has not given any guarantees or indemnities under the guarantees and Indemnities Regulation.

DISTRICT OF COLDSTREAM – 2006

SCHEDULE OF REMUNERATION AND EXPENSES

1. Elected Officials, Employees appointed by Council

Name	Position	Annual Indemnity	Total remuneration including meeting stipends	Expenses
Gary Corner	Mayor	22,764	23,843	3,268
Douglas Dirk	Councillor	8,372	10,466	3,138
Bill Firman	Councillor	8,372	8,767	648
Jim Garlick	Councillor	8,372	8,704	677
Mary Malerby	Councillor	8,372	10,877	6,274
Glen Taylor	Councillor	8,372	13,733	7,247
Carol Williams	Councillor	8,372	11,664	113
			<u>88,054</u>	<u>21,365</u>

2. Employees earning more than \$75,000 per year

Name	Position	Total Remuneration	Expenses - includes vehicle allowance
Wendy Kay	Chief Administrative Officer	98,093	8,182
Darwyn Kutney	Dir. Of Operational Services	90,596	5,254
Catherine Lord	Dir. Of Financial Administration	82,989	6,187
Craig Broderick	Development Services Officer	79,217	3,841
		<u>356,520</u>	<u>19,878</u>

3. Consolidated total of other employees with remuneration and expenses of \$75,000 or less:

<u>1,389,860</u>	<u>14,173</u>
<u>1,746,380</u>	<u>14,173</u>

STATEMENT OF SEVERANCE AGREEMENTS: There were no severance agreements entered into during 2006 by the District of Coldstream.

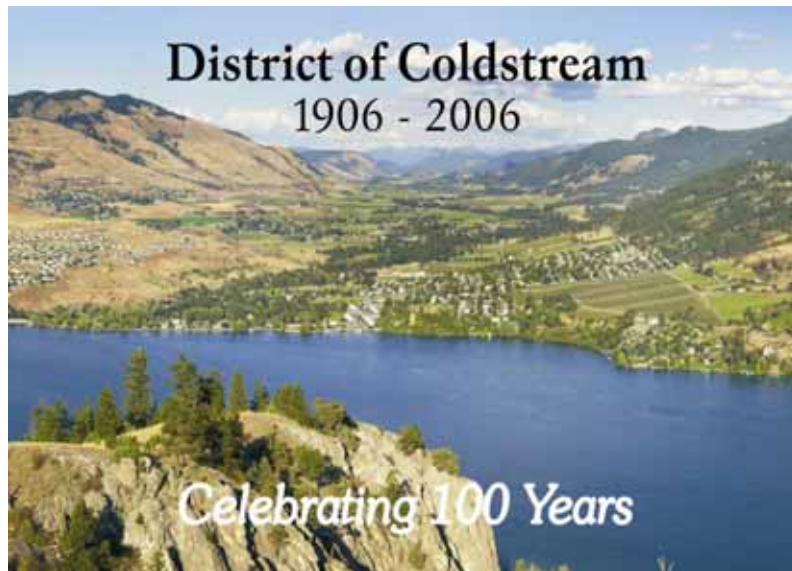


DISTRICT OF COLDSTREAM - 2006

SCHEDULE SHOWING PAYMENTS for the provision of Goods or Services

Supplier Name	Aggregate amount paid to supplier
Able Bobcat Landscape Service	\$ 73,094
Andrew Sheret Ltd.	\$ 35,675
BC Assessment Authority	\$ 110,115
BC Hydro & Power Authority	\$ 110,777
BC Transit	\$ 43,463
Black's Mechanical Services Ltd.	\$ 49,216
Brandt Tractor Ltd.	\$ 28,006
Capri Insurance	\$ 25,502
City of Vernon	\$ 786,058
Coldstream Fire Department #1	\$ 71,762
Corix Water Products Inc.	\$ 27,849
D.W.McMullen & Associates Ltd.	\$ 30,788
Danric Construction Ltd.	\$ 1,531,125
Davidson & Company, in Trust	\$ 100,000
Falcon Equipment Ltd.	\$ 105,845
Fulton & Company	\$ 32,709
Gene Stone Ind. Ltd.	\$ 57,146
Guillevin International Inc.	\$ 126,039
Highridge Homes Ltd.	\$ 29,982
Imperial Oil	\$ 62,436
Landing Construction Ltd.	\$ 50,466
Lavington Volunteer Fire Department	\$ 46,940
Lawrence Enterprises Ltd.	\$ 439,750
Martel Properties Ltd.	\$ 54,000
Ministry of Provincial Revenue	\$ 2,248,549
MQN Architects	\$ 58,153
Municipal finance Authority	\$ 155,046
Municipal Insurance Assoc of B.C.	\$ 65,969
Municipal Pension Plan	\$ 212,114
Murdy & McAllister	\$ 65,936
North Okanagan (Shuswap) Regional Hospital	\$ 214,106
North Okanagan Regional District	\$ 4,409,201
North Okanagan Regional Hospital District	\$ 58,017

1 & 2 Electric Ltd.	\$	42,570
O'Keefe Ranch & Interior Heritage Society	\$	30,000
O-I Canada Corporation	\$	31,429
Okanagan Regional Library	\$	297,935
ONE Information Technology	\$	26,943
Pacific BlueCross	\$	63,471
Perry Pump Service Ltd.	\$	38,295
Phoenix Marine Services Inc.	\$	25,624
Receiver General for Canada	\$	952,156
Revenue Services of British Columbia	\$	31,152
Special T Cleaning	\$	44,305
Telus Communications (B.C.) Inc.	\$	31,146
Urban Systems Ltd.	\$	493,890
Vernon Paving Ltd.	\$	261,155
Williams Machinery Ltd.	\$	39,410
		<hr/>
Total aggregate amount paid to suppliers	\$	13,925,315
Consolidated total paid to suppliers (\$25,000 and under)	\$	1,124,749
		<hr/>
TOTAL PAYMENTS MADE	\$	15,050,064
		<hr/>



DISTRICT OF COLDSTREAM

2006 PERMISSIVE TAX EXEMPTIONS - foregone tax revenue (Coldstream portion only)

LEGAL	ROLL #	NAME	Class	Assessment	Taxes
Other Municipalities - parks, etc.					
Lot 1, Plan 17477	1760.000	City of Vernon - Kalamalka Beach	8L	833,000	\$ 1,905
Lot 2, Plan 17477	1761.000	City of Vernon - Kalamalka Beach	8L	2,501,000	\$ 5,720
Lot 1, Plan B1974	1763.000	City of Vernon - Kalamalka Beach	6I	50,000	\$ 341
		City of Vernon - Kalamalka Beach	8L	3,556,000	\$ 8,133
District Lot 773	1763.500	City of Vernon - Kal beach foreshore	6I	31,600	\$ 216
		City of Vernon - Kal beach foreshore	8L	467,000	\$ 1,068
Lot A, Plan KAP66182	1764.000	City of Vernon - Kal beach	6I	4,000	\$ 27
		City of Vernon - Kal beach	8L	2,116,000	\$ 4,840
District Lot 5143	1772.000	City of Vernon - Kal beach	8L	142,000	\$ 325
Lot 1, Plan 12299	1762.000	City of Vernon -Vernon Creek Control Gate - Husband Rd.	6L	406,000	\$ 2,772
Plan B4067, Plan 455	1765.000	City of Vernon -Vernon Creek Control Gate - Westkal Rd.	6L	16,600	\$ 113
Lot C,PlanB4047	1766.000	City of Vernon - Westkal Beach	2L&I	345,800	\$ 5,061
Lot A, Plan B4047	1767.000	City of Vernon Water Reservoir	2L&I	480,000	\$ 7,024
Lot 1, Plan 6417	1768.000	City of Vernon - Kal Lake Pumphouse	2L&I	806,000	\$ 11,795
Non-profit Organizations					
Plan B5453; N/E 1/4	1228.000	Lavington Community Association - old hall site - vacant land	6L	100,000	\$ 683
Lot 5, Plan 10026	954.000	Canadian Mental Health Association	1L&I	371,000	\$ 813
Lot 7, Plan 2122	656.000	Kindale Developmental Association	1L	489,000	\$ 1,072
Lot 1, Plan 9735	728.000	Vernon & District Riding Club	6I	108,000	\$ 737
		Vernon & District Riding Club	8L	215,000	\$ 492
Plan 320 - Plan B4030	720.000	Coldstream Women's Institute	6L&I	179,100	\$ 1,223
Places of Worship					
L1,Plan 22730; L.1&2,Plan 25681	831.010	Coldstream Christian Church	8L	88,400	\$ 202
	681.000	Ukrainian Catholic Eparchy	8L	103,000	\$ 236
L.1&2;Plan 3026	682.000	Ukrainian Catholic Eparchy	6L	107,000	\$ 731
PCL.A, Plan B6907	1227.000	Lavington Fellowship Baptist Church	8L	133,900	\$ 306
		Roman Catholic Bishop of Kamloops - Our Lady of the Valley	8L	210,400	\$ 481
Lot 1, Plan 40254	680.050				
Lot 1, Plan 16554	568.000	Bishop Wild Bird Foundation	1L	1,935,000	\$ 4,242
					\$ 60,558



STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, Subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.

Catherine Lord, C.G.A.
Director of Financial Administration
June 17, 2006

Gary Corner
Mayor, District of Coldstream



**THE CORPORATION OF
THE DISTRICT OF COLDSTREAM**

**Financial Statements
For the year ended December 31, 2006**

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Vernon BC Canada V1T 2C6
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Auditors' Report

To the Mayor and Councillors of
THE CORPORATION OF THE DISTRICT OF COLDSTREAM

We have audited the consolidated statement of financial position of the Corporation of the District of Coldstream as at December 31, 2006 and the consolidated statements of financial activity, cash flow, current fund operations, capital fund operations and reserve fund operations for the year then ended. These financial statements are the responsibility of the District's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2006 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP
Chartered Accountants

Vernon, British Columbia
March 15, 2007

THE CORPORATION OF THE DISTRICT OF COLDSTREAM
Consolidated Statement of Financial Position
Statement A

December 31	2006	2005
Financial Assets		
Cash and investments (Note 1)	\$ 7,880,830	\$ 7,209,152
Receivables (Note 2)	1,711,936	1,192,608
Other assets	51,099	51,001
Deferred debenture issue expense	1,791	1,953
Deposits with Municipal Finance Authority - debt reserve fund	22,038	21,728
	9,667,694	8,476,442
Financial Liabilities		
Accounts payable	2,687,125	1,282,908
Debenture interest	230	230
Municipal Finance Authority debt reserve:		
Cash requirement	7,117	6,808
Demand note requirement	14,921	14,920
Short term debt (Note 3)	373,508	237,999
Long term debt (Note 4)	288,230	307,775
Development cost charges	3,453,580	2,717,702
	6,824,711	4,568,342
Net Financial Assets	2,842,983	3,908,100
Physical Assets		
Property, plant and equipment (Schedule 1)	22,196,068	19,557,661
Net Position	\$ 25,039,051	\$ 23,465,761
Municipal Position		
Equity in Physical Assets	\$ 21,534,330	\$ 19,011,887
Current Fund (Statement D)	2,027,502	2,338,282
Capital Fund (Statement E)	514,484	1,146,350
Statutory Reserves (Statement F)	962,735	969,242
	3,504,721	4,453,874
	\$ 25,039,051	\$ 23,465,761

Approved by:

Director of Financial Administration

THE CORPORATION OF THE DISTRICT OF COLDSTREAM
Consolidated Statement of Financial Activity
Statement B

For the year ended December 31	2006 Budget	2006	2005
Revenue			
Taxation - net	\$ 3,466,976	\$ 3,422,371	\$ 3,206,120
Sales of services	1,085,897	1,148,827	1,082,113
Other revenue from own sources	387,150	611,847	734,291
Transfer from trust funds	515	500	500
Grants:			
Provincial government	509,900	533,497	410,821
Interest income, includes actuarial adjustments	53,000	207,557	142,485
Service connections	3,000	12,000	4,500
Refund of excess sinking fund	-	2,592	31,329
Contributions from developers	-	109,303	100,000
RCMP costs recovery	-	52,962	-
	5,506,438	6,101,456	5,712,159
Expenditures			
General government services	836,809	949,201	765,377
Protective services	1,519,545	1,285,485	1,263,002
Transportation services	1,321,295	1,293,738	1,118,012
Environmental health services	119,500	78,768	93,614
Community development service	301,783	334,970	244,891
Sewer utility operations	750,755	551,760	553,080
Interest on debenture debt	39,153	34,081	42,010
Amortization of debt issue expense	-	163	456
Purchase of property, plant and equipment	890,000	2,638,407	686,029
	5,778,840	7,166,573	4,766,471
Net revenue (expenditures) for the year	(272,402)	(1,065,117)	945,688
Proceeds of borrowing	-	250,000	-
Debt principal repayments (includes actuarial adjustments)	(126,494)	(134,036)	(147,294)
Change in fund balances	\$ (398,896)	\$ (949,153)	\$ 798,394

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

THE CORPORATION OF THE DISTRICT OF COLDSTREAM
Consolidated Statement of Cash Flow
Statement C

For the year ended December 31	2006	2005
Cash flows from operating activities		
Net revenues for the year	\$ (1,065,117)	\$ 945,688
Changes in non-cash working capital items		
Receivables	(519,328)	44,298
Non-capital assets	64	(28,237)
Payables	1,404,217	(398,805)
	<u>(180,164)</u>	<u>562,944</u>
Cash flows from financing activities		
Proceeds from short term borrowing	250,000	-
Repayment of short and long term debt	(134,036)	(147,294)
Development cost charges	735,878	505,503
	<u>851,842</u>	<u>358,209</u>
Increase in cash	671,678	921,153
Cash, beginning of year	<u>7,209,152</u>	<u>6,287,999</u>
Cash, end of year	\$ 7,880,830	\$ 7,209,152

THE CORPORATION OF THE DISTRICT OF COLDSTREAM
Consolidated Statement of Current Fund Operations
Statement D

For the year ended December 31	2006 Budget	2006	2005
Revenue			
Taxation - net	\$ 3,466,976	\$ 3,422,371	\$ 3,206,120
Sales of services	1,085,897	1,148,827	1,082,113
Other revenue from own sources	387,150	611,847	532,334
Transfer from trust funds	515	500	500
Grants:			
Provincial government	509,900	533,497	410,821
Interest income	53,000	128,901	68,169
Service connections	3,000	12,000	4,500
Contributions from developers	-	109,303	100,000
RCMP costs recovery	-	52,962	-
	5,506,438	6,020,208	5,404,557
Expenditures			
General government services	836,809	949,201	765,377
Protective services	1,519,545	1,285,485	1,263,002
Transportation services	1,321,295	1,293,738	1,118,012
Environmental health services	119,500	78,768	93,614
Community development services	301,783	334,970	244,891
Sewer utility operations	750,755	551,760	553,080
Interest and bank charges	39,153	34,081	42,010
	4,888,840	4,528,003	4,079,986
Net surplus	617,598	1,492,205	1,324,571
Debt principal repayments	(126,494)	(127,619)	(123,727)
Net interfund transfers			
Transfer to Capital Fund	(587,000)	(1,510,366)	(403,071)
Transfer to Statutory Reserves and trust	(165,822)	(165,000)	(165,822)
Change in current fund	(261,718)	(310,780)	631,951
Balance, beginning of year	2,338,282	2,338,282	1,706,331
Balance, end of year (Note 6)	\$ 2,076,564	\$ 2,027,502	\$ 2,338,282

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

THE CORPORATION OF THE DISTRICT OF COLDSTREAM
Consolidated Statement of Capital Fund Operations
Statement E

For the year ended December 31	2006 Budget	2006	2005
Sources of financing			
Contributions from current operations	\$ 587,000	\$ 1,510,366	\$ 403,071
Contributions from Statutory Reserves	459,000	211,000	81,000
Proceeds of new debt	118,000	250,000	-
Contributions from Province of BC	656,000	-	-
Other revenue from own sources	1,000,000	-	201,957
Interest earned on investments	-	32,746	28,480
Refund of excess sinking funds	-	2,592	31,329
	<u>2,820,000</u>	<u>2,006,704</u>	<u>745,837</u>
Expenditures			
General Capital Fund			
Land	-	350,000	399,457
Buildings	-	173,681	10,928
Engineering structures	737,000	699,883	69,798
Machinery and equipment	271,000	299,903	121,025
	<u>1,008,000</u>	<u>1,523,467</u>	<u>601,208</u>
Sewer Capital Fund – Fixed Assets	1,812,000	1,114,940	84,821
Amortization of deferred issue expense	-	163	456
	<u>1,812,000</u>	<u>1,115,103</u>	<u>85,277</u>
	<u>2,820,000</u>	<u>2,638,570</u>	<u>686,485</u>
Change in capital funds	-	(631,866)	59,352
Balance, beginning of year	<u>1,146,350</u>	<u>1,146,350</u>	<u>1,086,998</u>
Balance, end of year	<u>\$ 1,146,350</u>	<u>\$ 514,484</u>	<u>\$ 1,146,350</u>
Summary of Capital Fund Position			
General Fund	\$ 64,815	\$ 67,070	\$ 64,815
Sewer Fund	<u>1,081,535</u>	<u>447,414</u>	<u>1,081,535</u>
	<u>\$ 1,146,350</u>	<u>\$ 514,484</u>	<u>\$ 1,146,350</u>

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

THE CORPORATION OF THE DISTRICT OF COLDSTREAM
Consolidated Statement of Reserve Fund Operations
Statement F

For the year ended December 31	2006 Budget	2006	2005
Balance , beginning of year	\$ 969,242	\$ 969,242	\$ 862,151
Additions			
Contributions from developers	502	502	502
Return on investments	-	38,991	22,589
Transfer from Capital Fund	165,000	165,000	165,000
	<u>165,502</u>	<u>204,493</u>	<u>188,091</u>
Less			
Transfer to General Capital Fund	211,000	211,000	81,000
Net addition	<u>(45,498)</u>	<u>(6,507)</u>	<u>107,091</u>
Balance , end of year	\$ 923,744	\$ 962,735	\$ 969,242
Summary of Reserve Fund Position			
Equipment Replacement Reserve	\$ 829,386	\$ 864,782	\$ 875,386
Local Improvement Fund	94,358	97,953	93,856
	<u>\$ 923,744</u>	<u>\$ 962,735</u>	<u>\$ 969,242</u>

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

THE CORPORATION OF THE DISTRICT OF COLDSTREAM

Summary of Significant Accounting Policies

December 31, 2006

Basis of accounting	The consolidated financial statements of the Corporation of the District of Coldstream are prepared by management in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. In line with the standards, the resources and operations of the District are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it.
Accrual accounting	Revenues are recorded on the accrual basis of accounting, whereby revenues are recognized as they are earned and measurable.
Basis of consolidation	The consolidated statements include all funds of the District. Interfund revenues, expenditures, assets and liabilities have been eliminated.
Measurement uncertainty	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Actual results could differ from those estimates.
Property, plant and equipment	Property, plant and equipment are recorded at cost in the period they are acquired and are not subject to amortization.
Debt charges	Debt charges, including principal, interest and foreign exchange, are charged against current operating revenue in the periods in which they are paid.
Development cost charges	Development cost charges (DCC's) collected under the District's Development Cost Charges Bylaw, plus interest earned thereon, are recorded as deferred revenue. DCC's are recognized as revenue when the related development costs are incurred.
Investments	Investments are stated at cost, which approximate market value.
Statutory reserves	These funds are used for specific types of future expenditures.

THE CORPORATION OF THE DISTRICT OF COLDSTREAM **Summary of Significant Accounting Policies, continued**

December 31, 2006

Reserves for future expenditures and replacements

The reserves for future expenditures and replacements represent amounts set aside from past and current operations for future operating expenditures.

Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Financial instruments

The District's financial instruments consist of cash and investments, receivables, accounts payable and short and long-term debt. Unless otherwise noted, it is management's opinion that the District 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.

Budget figures

The budget figures are from the Annual Budget Bylaw to be adopted by May 15 of each year. They have been reallocated to conform to PSAB financial statements. Subsequent amendments have been made by Council to reflect changes in the budget as required by law.

Revenue recognition

Revenues are recorded using the accrual method of accounting. The District is required to act as the agent for the collection of taxes and fees imposed by other authorities. These collections for other authorities are included in the District's total taxation revenues. The District then deducts the amounts paid to these authorities to arrive at taxation revenue for District purposes.

THE CORPORATION OF THE DISTRICT OF COLDSTREAM

Notes to Consolidated Financial Statements

December 31, 2006

1. Restricted Cash

Included in cash and investments are the following restricted amounts:

	2006	2005
Capital funds	\$ 514,484	\$ 1,146,350
Development cost charges	3,453,580	2,717,702
Statutory reserve funds	962,735	969,242
Federal Gas Tax Agreement funds	101,767	100,851
	\$ 5,032,566	\$ 4,934,145

Federal Gas Tax Agreement Funds

Gas Tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements. Continuity of unspent funds during the year are as follows:

	2006	2005
Opening balance of unspent funds	\$ 100,851	\$ -
Add: Amount received during the year	100,746	100,807
Interest earned	2,371	44
Less: Amount spent	(102,201)	-
Closing balance of unspent funds	\$ 101,767	\$ 100,851

2. Receivables

	2006	2005
Taxes	\$ 116,960	\$ 210,987
Sale of services and sundry	105,835	55,887
Grants – Provincial Government	43,595	1,783
Regional and other governments	739,889	252,675
Utility fees	705,657	671,276
	\$ 1,711,936	\$ 1,192,608

THE CORPORATION OF THE DISTRICT OF COLDSTREAM
Notes to Consolidated Financial Statements

December 31, 2006

3. Short Term Debt

Total debt outstanding comprises:

<u>Bylaw Number</u>	<u>Purpose</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Balance outstanding</u>	
				<u>2006</u>	<u>2005</u>
General Capital Fund					
Municipal Finance Authority					
1398	Municipal Hall and Bridges	2007	Prime - 1¼	\$ 88,708	\$ 177,199
-	9801 Kalamalka Road	2008	Prime - 1¼	<u>34,800</u>	<u>60,800</u>
				123,508	237,999
	Sato mortgage	2008	-	<u>250,000</u>	-
				<u>\$ 373,508</u>	<u>\$ 237,999</u>

Future principal payments required on existing debt:

2007	\$ 212,408
2008	<u>161,100</u>
	<u>\$ 373,508</u>

4. Long Term Debt

Total debt outstanding comprises:

<u>Bylaw Number</u>	<u>Purpose</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Balance outstanding</u>	
				<u>2006</u>	<u>2005</u>
General Capital Fund					
Debentures					
Municipal Finance Authority					
1241	Drainage	2017	5.85%	\$ 288,230	\$ 307,775

THE CORPORATION OF THE DISTRICT OF COLDSTREAM Notes to Consolidated Financial Statements

December 31, 2006

4. Long Term Debt, continued

Future principal payments including actuarial addition required on existing debt:

<u>Year</u>	<u>General</u>
2007	\$ 13,128
2008	13,128
2009	13,128
2010	13,128
2011	<u>13,128</u>
	65,640
2011 and subsequent	78,769
Actuarial additions	<u>143,821</u>
Total	<u>\$ 288,230</u>

5. Trust Funds

The District of Coldstream holds certain funds in two Trust Funds:

(a) Cemetery Trust Fund

The District operates and maintains the Coldstream Cemetery. As required under Provincial legislation, a portion of the plot sales and marker installation fees must be retained for the future maintenance of the cemetery.

	<u>2006</u>	<u>2005</u>
Balance , beginning of year	\$ 84,831	\$ 76,933
Interest income	3,231	3,298
Care Fund Contributions	<u>3,725</u>	<u>4,600</u>
Balance , end of year	<u>\$ 91,787</u>	<u>\$ 84,831</u>

THE CORPORATION OF THE DISTRICT OF COLDSTREAM
Notes to Consolidated Financial Statements

December 31, 2006

5. Trust Funds, continued

(b) Highlands Crossing Trust Fund

The District received funds in advance from a developer to prepay a twenty-year railroad-crossing lease; these funds are held in trust until required annually to meet the District's commitment.

	2006	2005
Balance , beginning of year	\$ 6,500	\$ 7,000
Interest income	884	834
Transfer to General Fund	(1,384)	(1,334)
Balance , end of year	\$ 6,000	\$ 6,500

6. Summary of Current Fund Position

	2006	2005
Surplus		
General	\$ 534,280	\$ 541,399
Sewer	458,405	404,642
	992,685	946,041
General Revenue Fund		
Police stabilization	92,962	40,000
Snow removal	7,000	5,410
Election	3,500	-
Library	31,000	24,000
Fire equipment	15,000	80,000
Centennial	-	12,000
Fire buildings	270,000	190,000
Future capital expenditures	330,515	552,572
Community amenity	86,840	84,780
Bike path reserve	35,000	-
Building stabilization	55,000	-
	926,817	988,762
Sewer Revenue Fund		
Future capital expenditures	108,000	403,479
	1,034,817	1,392,241
Current Fund Position, end of year	\$ 2,027,502	\$ 2,338,282

THE CORPORATION OF THE DISTRICT OF COLDSTREAM Notes to Consolidated Financial Statements

December 31, 2006

7. Expenditures by object

	2006	2005
Debt and bank charges	\$ 34,244	\$ 42,466
Wages, salaries and benefits	2,060,430	2,038,936
Contracted services	2,154,963	1,201,476
Other	2,916,936	1,483,593
	\$ 7,166,573	\$ 4,766,471

8. Contingent Liabilities

(a) Commencing December 31, 1987, the District entered into a self-insurance plan with other British Columbia municipalities. The District is obliged under the plan to pay a percentage of its fellow insurer's losses. The District pays an annual premium, which is anticipated to be adequate to cover any losses incurred.

(b) The District is responsible as a member of the Regional District of North Okanagan for its proportion of any operating deficits related to the functions in which it participates.

The Regional District of North Okanagan debt is, under the provisions of the Local Government Act, a direct, joint and several liability of the District and each member Municipality within the district, including the Corporation of the District of Coldstream.

The Municipal Finance Authority debentures are covered by a loan agreement with the Municipal Finance Authority which provides that, if at any time the payments provided for in the agreement are not sufficient to meet the Authority's obligations in respect of such borrowings, the resulting deficiency becomes a liability of the District.

(c) The municipality and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusted 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 defined. The plan has about 140,000 active members and approximately 51,000 retired members. Active members include approximately 31,000 contributors from local governments.

THE CORPORATION OF THE DISTRICT OF COLDSTREAM

Notes to Consolidated Financial Statements

December 31, 2006

8. Contingent Liabilities, continued

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. These numbers represent the most current information available at the time of the financial audit. The District of Coldstream paid \$105,542 for employer contributions to the plan in fiscal 2006.

- (d) The landfill site owned by the District was closed in 1986. Environmental laws and regulations are continually evolving and the District is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the ultimate form that these laws and regulations may take.
- (e) The District's employees have accumulated approximately \$470,311 (2005 - \$386,035) in sick time benefits. The benefits are only payable if an employee becomes ill, or a one third portion upon retirement. As at December 31, 2006 an allocation in the District's accounts payable of \$99,156 (2005 - \$87,656) has been made in anticipation of this future expense. Settlement would be expected to be accounted for as a charge to operating costs in the period in which realization occurs.

9. Commitments

General Fund Operations:

By an agreement with the City of Vernon for the provision of sewage treatment and disposal, the District has agreed to pay an accommodation payment based on the fair market rental value of the RCMP office and cell block. The accommodation payment is pro-rated for the relative population of the District to the Detachment coverage area. For the next year this payment will be approximately \$69,000.

The District of Coldstream has entered into a 10 year agreement with the City of Vernon whereby the District operates the portion of the water system that is located within and east of the District borders. The City of Vernon is under a 10 year agreement to operate the entire water system owned by the Regional District of the North Okanagan. These agreements were entered into following a successful alternate approval process. Under these agreements the District and the City are responsible for the day to day operation of the water system, and are wholly re-imbursed for the operating expenditures made to undertake these duties. The agreement expires January 31, 2013.

THE CORPORATION OF THE DISTRICT OF COLDSTREAM
Property, Plant and Equipment
Schedule 1

Year ended December 31, 2006

	Balance, beginning of year	Additions	Disposals	Balance, end of year
General Capital Fund				
Land	\$ 1,050,784	\$ 350,000	\$ -	\$ 1,400,784
Buildings	1,555,458	173,681	-	1,729,139
Engineering structures	7,133,060	713,521	13,638	7,832,943
Machinery and equipment	3,768,853	299,903	-	4,068,756
	<u>13,508,155</u>	<u>1,537,105</u>	<u>13,638</u>	<u>15,031,622</u>
Sewer Capital Fund				
Sewer collection system	5,585,113	1,114,940	-	6,700,053
Sewer maintenance system	464,393	-	-	464,393
	<u>6,049,506</u>	<u>1,114,940</u>	<u>-</u>	<u>7,164,446</u>
	<u>\$ 19,557,661</u>	<u>\$ 2,652,045</u>	<u>\$ 13,638</u>	<u>\$ 22,196,068</u>
