

**GENELLE IMPROVEMENT DISTRICT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

## Management's Responsibility for Financial Reporting

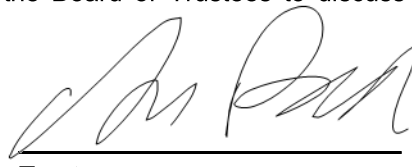
Management is composed entirely of the Board of Trustees who is elected by the Members of the Genelle Improvement District. Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Board of Trustees is responsible for overseeing the financial reporting responsibilities and for approving the financial information and discussing relevant matters with the external auditors. The Board of Trustees is also responsible for recommending the appointment of the District's external auditors.

Grant Thornton LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board of Trustees to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to meet with the Board of Trustees to discuss their audit findings.

  
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Trustee  
04/08/22  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Trustee  
APR 2022  
\_\_\_\_\_  
Date



## Independent Auditor's Report

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To the Members of  
Genelle Improvement District

### Opinion

We have audited the financial statements of Genelle Improvement District (the "District"), which comprise the statement of financial position as at December 31, 2021 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Genelle Improvement District as at December 31, 2021 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Castlegar, Canada  
April 8, 2022



Chartered Professional Accountants

## Management's Responsibility for Financial Reporting

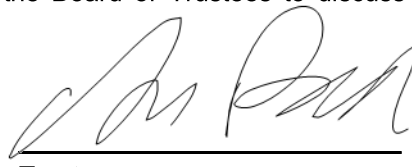
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APR 2022  
\_\_\_\_\_  
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# GENELLE IMPROVEMENT DISTRICT

## Statement of Changes in Net Financial Assets

For the Year Ended December 31

	2021 Budget	2021 Actual	2020
<b>Annual (deficit) surplus</b>	\$ 2,150	\$ (734)	\$ 42,450
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	-	(82,356)	(33,492)
Amortization of tangible capital assets	40,000	43,292	40,915
	40,000	(39,064)	7,423
<b>Changes in other non-financial assets</b>			
Acquisition of prepaid expenses	-	(28,887)	(22,307)
Use of prepaid expenses	-	22,307	20,978
	-	(6,580)	(1,329)
<b>Changes in net financial assets</b>	42,150	(46,378)	48,544
<b>Net financial assets, beginning of year</b>	688,159	688,159	639,615
<b>Net financial assets, end of year</b>	\$ 730,309	\$ 641,781	\$ 688,159

# GENELLE IMPROVEMENT DISTRICT

## Statement of Operations and Accumulated Surplus

For the Year Ended December 31

	Budget	2021	2020
	Budget	Actual	
<b>Revenues</b>			
Water taxes	\$ 115,600	\$ 116,193	\$ 116,535
Water tolls	67,150	69,613	69,129
Garbage taxes	46,300	41,736	48,868
Connection fees and miscellaneous	-	3,073	297
Interest - internally restricted	-	1,861	2,881
Interest - unrestricted	1,000	929	3,470
	<u>230,050</u>	<u>233,405</u>	<u>241,180</u>
<b>Operating Expenses</b>			
Garbage collection	57,600	48,702	42,499
Insurance and licences	23,600	23,818	23,540
Repairs and maintenance	17,000	34,658	9,652
Utilities	16,000	13,411	13,171
Water study	2,500	-	-
Water system operator	20,000	22,586	17,442
	<u>136,700</u>	<u>143,175</u>	<u>106,304</u>
	<u>93,350</u>	<u>90,230</u>	<u>134,876</u>
<b>Administrative Expenses</b>			
Amortization	40,000	43,292	40,915
Bad debts	-	-	5,397
Honoraria	9,000	8,010	6,810
Office	4,200	6,573	3,137
Professional fees	10,000	11,200	12,700
Seminars	1,500	66	110
Telephone	2,000	2,702	1,719
Utilities	2,000	3,557	2,683
Wages and benefits	22,500	15,564	19,905
	<u>91,200</u>	<u>90,964</u>	<u>93,376</u>
<b>Annual surplus from operations</b>	2,150	(734)	41,500
<b>Gain on disposal of tangible capital assets</b>	-	-	950
<b>Annual (deficit) surplus</b>	2,150	(734)	42,450
<b>Accumulated surplus, beginning of year</b>	<u>1,775,510</u>	<u>1,775,510</u>	<u>1,733,060</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 1,777,660</u>	<u>\$ 1,774,776</u>	<u>\$ 1,775,510</u>

# GENELLE IMPROVEMENT DISTRICT

## Statement of Cash Flows

For the Year Ended December 31

	2021	2020
<b>Cash Flows Provided By (Used In) Operating Activities</b>		
Cash received from users	\$ 236,308	\$ 238,851
Cash paid to suppliers and employees	(178,372)	(156,563)
Cash received from internally restricted interest	1,861	2,881
Cash received from unrestricted interest	929	3,470
	<u>60,726</u>	<u>88,639</u>
<b>Cash Flows Provided By (Used In) Investing Activities</b>		
Purchase of tangible capital assets	(82,356)	(33,492)
Proceeds from disposition of tangible capital assets	-	950
	<u>(82,356)</u>	<u>(32,542)</u>
<b>(Decrease) increase in cash</b>	<b>(21,630)</b>	<b>56,097</b>
<b>Cash, beginning of year</b>	<u>687,972</u>	<u>631,875</u>
<b>Cash, end of year</b>	<u>\$ 666,342</u>	<u>\$ 687,972</u>



# GENELLE IMPROVEMENT DISTRICT

## Notes to Financial Statements

December 31, 2021

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### Nature of Operations

The Genelle Improvement District was formed as an Improvement District on April 12, 1962. The objectives of the District are the acquisition, maintenance and operation of the waterworks and all incidental matters thereto for the land within the District.

### 1. Summary of Significant Accounting Policies

#### Basis of presentation

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Funds are segregated for the purpose of carrying on specific activities or attaining specific objectives. The following funds are currently in use:

Unrestricted operating fund - this fund is used to report the operating activities of the District, including general operations and the water utilities.

Internally restricted reserve funds - these funds have been established to hold funds for specific future requirements. The use of these funds is at the discretion of the Board of Trustees and consists of a capital expenditure fund and a capital works renewal reserve fund.

#### Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions which affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, accrued liabilities included in accounts payable, the valuation of inventory of supplies and estimated useful lives of tangible capital assets. Actual results may differ from these estimated amounts.

#### Non-financial assets

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

#### Inventory of supplies

Inventory of supplies consist of materials and supplies for use and consumption. Inventory of supplies are measured at the lower of cost and net replacement value. Cost has been determined using the specific identification method.

# GENELLE IMPROVEMENT DISTRICT

## Notes to Financial Statements

December 31, 2021

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<b>Tangible capital assets</b>	<p>Tangible capital assets are recorded at cost. Amortization is calculated on the straight-line basis over the following periods:</p> <table><tr><td>Building</td><td>20 years</td></tr><tr><td>Fence</td><td>10 years</td></tr><tr><td>Fire hydrants</td><td>40 years</td></tr><tr><td>Office equipment</td><td>5 years</td></tr><tr><td>Paving</td><td>12 years</td></tr><tr><td>Reservoir</td><td>50 years</td></tr><tr><td>Soft start system</td><td>5 years</td></tr><tr><td>Storage container</td><td>5 years</td></tr><tr><td>Tools</td><td>5 years</td></tr><tr><td>Vehicle</td><td>8 years</td></tr><tr><td>Water system and equipment</td><td>5-50 years</td></tr></table>	Building	20 years	Fence	10 years	Fire hydrants	40 years	Office equipment	5 years	Paving	12 years	Reservoir	50 years	Soft start system	5 years	Storage container	5 years	Tools	5 years	Vehicle	8 years	Water system and equipment	5-50 years
Building	20 years																						
Fence	10 years																						
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Soft start system	5 years																						
Storage container	5 years																						
Tools	5 years																						
Vehicle	8 years																						
Water system and equipment	5-50 years																						
<b>Revenue recognition</b>	<p>Water taxes, water tolls and garbage taxes revenues are recognized on an accrual basis and recognized in the period to which they relate provided that collection is reasonably assured. Capital expenditure charges, subdivision fees and connection fees are recognized when services are rendered provided that collection is reasonably assured. All other revenue is recognized when collection is reasonably assured.</p>																						
<b>Expense recognition</b>	<p>Operating and administrative expenses are recognized on an accrual basis in the period in which they are incurred.</p>																						
<b>Donated goods and services</b>	<p>The District benefits from donated goods and services in the form of volunteer time and donated goods. Donated materials and services that relate to tangible capital assets are recognized at fair value. Any other donated goods and services are not recognized in these financial statements.</p>																						
<b>Budget data</b>	<p>The budget data presented in these financial statements was adopted by the Board of Trustees at the Annual General Meeting.</p>																						

# GENELLE IMPROVEMENT DISTRICT

## Notes to Financial Statements

December 31, 2021

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### 2. Cash and cash equivalents

Cash and cash equivalents comprise unrestricted operating accounts that consist of bank accounts and member shares and internally restricted reserve funds that consist of Kootenay Savings Credit Union savings funds. The reserve funds have been established by the Board for specific operating uses. Funds received from capital expenditure charges and interest earned on these funds are included in the capital expenditure fund. These funds may only be used to increase source capacity, enlarge supply mains, increase storage or augment the capacity of the works of the District. Funds received from the sale of District land, current revenue, general revenue surplus or as otherwise provided in the Municipal Act may from time to time be paid into the capital works renewal reserve fund. These funds and interest earned on these funds may only be used for expenditures for any upgrading, replacement or renewal of existing works. The funds may be disbursed by a Bylaw of the Trustees of the District.

	<b>2021</b>	<b>2020</b>
Operating accounts	\$ 117,090	\$ 180,581
Capital expenditure fund	29,374	29,268
Capital works renewal reserve fund	<u>519,878</u>	<u>478,123</u>
	<u>\$ 666,342</u>	<u>\$ 687,972</u>

### 3. Accounts Receivable

	<b>2021</b>	<b>2020</b>
Trade receivables	\$ 131	\$ 9,837
GST recoverable	<u>9,384</u>	<u>5,371</u>
	<u>\$ 9,515</u>	<u>\$ 15,208</u>

# GENELLE IMPROVEMENT DISTRICT

## Notes to Financial Statements

December 31, 2021

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### 4. Tangible Capital Assets

As at December 31, 2021	Cost	Accumulated Amortization	Net Book Value
Land - second well	\$ 7,723	\$ -	\$ 7,723
Reservoir easement	4,052	-	4,052
Building	90,619	72,313	18,306
Fence	1,098	1,098	-
Fire hydrants	41,559	18,230	23,329
Office equipment	6,252	5,034	1,218
Paving	22,125	2,246	19,879
Reservoir	598,715	100,901	497,814
Soft start system	11,927	10,920	1,007
Storage container	4,958	4,958	-
Tools	2,882	1,768	1,114
Vehicle	24,694	23,152	1,542
Water system and equipment	<u>1,004,872</u>	<u>493,169</u>	<u>511,703</u>
	<u>\$ 1,821,476</u>	<u>\$ 733,789</u>	<u>\$ 1,087,687</u>

As at December 31, 2020	Cost	Accumulated Amortization	Net Book Value
Land - second well	\$ 7,723	\$ -	\$ 7,723
Reservoir easement	4,052	-	4,052
Building	90,619	70,839	19,780
Fence	1,098	1,098	-
Fire hydrants	41,559	17,191	24,368
Office equipment	5,467	4,088	1,379
Paving	17,006	680	16,326
Reservoir	522,263	90,456	431,807
Softstart system	11,927	10,632	1,295
Storage container	4,958	4,958	-
Tools	2,882	946	1,936
Vehicle	24,694	20,065	4,629
Water system and equipment	<u>1,004,872</u>	<u>469,544</u>	<u>535,328</u>
	<u>\$ 1,739,120</u>	<u>\$ 690,497</u>	<u>\$ 1,048,623</u>

Additions for the year amounted to \$76,452 in Reservoir (2020: \$Nil), \$5,119 in paving (2020: \$17,006), \$ 785 in office equipment (2020: \$1,310), \$Nil in building (2020: \$11,586 ), \$Nil in tools (2020: \$2,151) and \$Nil in soft start system (2020: \$1,439). There were no dispositions during the year. Amortization expense for the year amounted to \$43,292 (2020: \$40,915).

# GENELLE IMPROVEMENT DISTRICT

## Schedule of Changes in Accumulated Surplus

For the Year Ended December 31

	Unrestricted operating fund	Internally restricted capital expenditure fund	Internally restricted capital works, renewal reserve fund	Invested in tangible capital assets	Total 2021	Total 2020
<b>Accumulated surplus, beginning of year</b>	\$ 219,496	\$ 29,268	\$ 478,123	\$ 1,048,623	\$ 1,775,510	\$ 1,733,060
<b>Annual surplus</b>	42,558	-	-	(43,292)	(734)	42,450
<b>Restricted interest - transfer</b>	(1,861)	106	1,755	-	-	-
<b>Additions to tangible capital assets - transfer</b>	(82,356)	-	-	82,356	-	-
<b>Renewal reserve fund - transfer</b>	(40,000)	-	40,000	-	-	-
<b>Accumulated surplus, end of year</b>	<u>\$ 137,837</u>	<u>\$ 29,374</u>	<u>\$ 519,878</u>	<u>\$ 1,087,687</u>	<u>\$ 1,774,776</u>	<u>\$ 1,775,510</u>