

GENELLE IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Genelle Improvement District

Opinion

We have audited the accompanying financial statements of the Genelle Improvement District, which comprise the statement of financial position as at December 31, 2023 and the statement of operations, the statement of changes in net financial assets, and the statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Genelle Improvement District (the District) as at December 31, 2023 and the results of its operations, changes in net financial assets and its cash flow 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 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 the 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 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 make 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the District to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



CHILDS CHANTON
CHARTERED PROFESSIONAL ACCOUNTANTS
Castlegar, BC

April 08, 2024

Management's Report

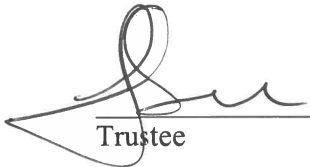
The accompanying financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable and relevant financial information is produced.

Trustees of the Genelle Improvement District (the District) are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Trustees review and approve internal financial statements on a monthly basis and externally audited financial statements yearly.

The external auditors, Childs Chanton Chartered Professional Accountants, have audited the financial statements. The independent auditor's report is addressed to the Trustees of the District and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and the results of operations of the District in accordance with Canadian public sector accounting standards.

On behalf of the Board of Trustees:



Trustee



Trustee

April 01, 2024

GENELLE IMPROVEMENT DISTRICT**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2023

	2023	2022
Financial assets		
Cash and cash equivalents (Note 2)	\$ 578,598	\$ 732,997
Restricted fund investments (Note 3)	200,000	-
Accounts receivable (Note 4)	7,915	5,119
	786,513	738,116
Financial liabilities		
Accounts payable and accrued liabilities	13,268	17,952
Deferred revenue	1,774	1,432
Asset retirement obligations (Note 6)	330,305	-
	345,347	19,384
Net financial assets	441,166	718,732
Non-financial assets		
Tangible capital assets (Note 5)	1,341,279	1,044,467
Supply inventory	18,679	16,318
Prepaid expenses	31,403	28,224
	1,391,361	1,089,009
Accumulated surplus (Schedule 1)	\$ 1,832,527	\$ 1,807,741

APPROVED ON BEHALF OF THE BOARD:



Trustee



Trustee

The accompanying notes and schedules are an integral part of these financial statements.

GENELLE IMPROVEMENT DISTRICT

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2023

	2023 Budget (Unaudited)	2023 Actual	2022
Revenue			
Water taxes	\$ 121,000	\$ 121,417	\$ 116,535
Water tolls	80,225	73,800	70,220
Garbage taxes	57,810	57,810	51,120
Connection fees and miscellaneous	-	1,150	1,351
Interest - unrestricted	1,000	2,201	1,976
Interest - internally restricted	100	3,924	3,018
	260,135	260,302	244,220
Operating expenses			
Garbage collection	57,800	49,302	51,849
Insurance and licences	29,425	29,271	25,157
Repairs and maintenance	10,000	5,463	11,132
Utilities	16,000	13,463	13,764
Water system operator	29,100	25,625	22,959
	142,325	123,124	124,861
	117,810	137,178	119,359
Administrative expenses			
Advertising	350	251	132
Amortization	45,000	64,556	43,867
Bad debts (recovery)	50	(212)	7
Honorarium	9,000	9,096	8,366
Office	5,325	3,694	3,529
Professional fees	14,500	13,214	10,403
Seminars	1,500	-	-
Telephone	2,400	3,269	2,387
Utilities	4,500	2,681	1,758
Wages and benefits	20,000	15,843	15,945
	102,625	112,392	86,394
Annual surplus	15,185	24,786	32,965
Accumulated surplus, beginning of year	1,807,741	1,807,741	1,774,776
Accumulated surplus, end of year	\$ 1,822,926	\$ 1,832,527	\$ 1,807,741

The accompanying notes and schedules are an integral part of these financial statements.

GENELLE IMPROVEMENT DISTRICT
CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2023

	2023 Budget	2023 Actual	2022
Annual surplus	\$ 15,185	\$ 24,786	\$ 32,965
Changes in tangible assets			
Acquisition of tangible capital assets	-	(361,368)	(645)
Amortization of tangible capital assets	45,000	64,556	43,867
	45,000	(296,812)	43,222
Changes in other non-financial assets			
Acquisition of prepaid expenses	-	(31,402)	(28,223)
Use of prepaid expenses	-	28,225	28,887
Usage (acquisition) of inventory	-	(2,363)	100
	-	(5,540)	764
Changes in net financial assets	60,185	(277,566)	76,951
Net financial assets, beginning of year	718,732	718,732	641,781
Net financial assets, end of year	\$ 778,917	\$ 441,166	\$ 718,732

The accompanying notes and schedules are an integral part of these financial statements.

GENELLE IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOW
For the Year Ended December 31, 2023

	2023	2022
Cash flows providing operating transactions		
Cash received from users	\$ 252,137	\$ 244,860
Cash paid to suppliers and employees	(181,596)	(182,552)
Cash received from internally restricted interest	3,923	3,018
Cash received from unrestricted interest	2,200	1,976
Cash provided by operations	76,664	67,302
Capital flows used in investing activities		
Cash paid to purchase tangible capital assets	(31,063)	(647)
Purchase of short term investments	(200,000)	-
Cash applied to capital transactions	(231,063)	(647)
(Decrease) increase in cash	(154,399)	66,655
Cash, beginning of year	732,997	666,342
Cash, end of year	\$ 578,598	\$ 732,997

The accompanying notes and schedules are an integral part of these financial statements.

GENELLE IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

NATURE OF OPERATIONS

The Genelle Improvement District (The 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. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements are 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 expenditures fund and a capital works renewal reserve fund.

Use of Estimates - The preparation of financial statements in conformity with Canadian Public Accounting Standards requires managements 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, asset retirement obligations 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 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 consists of materials and supplies for use and consumption and are measured at the lower of cost and net replacement value. Cost has been determined using the specific identification method.

Tangible Capital Assets - Tangible capital assets are recorded at cost. Amortization is calculated on the straight-line basis over the following periods:

Buildings	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

GENELLE IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Revenue Recognition - Water taxes, tolls and garbage taxes revenues are recognized on an accrual basis and in the period to which they relate provided that collection is reasonably assured. Capital expenditure charges, subdivision 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.

Expense Recognition - Operating and administrative expenses are recognized on an accrual basis in the period in which they are incurred.

Donated Goods and Services - The District benefits from donated goods and services in the form of volunteer time and donated goods. Donated materials and services that relate to the tangible capital assets are recognized at fair value. Any other donated goods and services are not recognized in these financial statements.

Budget Data - The budget data presented in these financial statements was adopted by the Board of Trustees at the Annual General Meeting.

Financial Instruments - The District considers any contract creating an asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. A financial asset or liability is recognized when the District becomes party to a contractual provision of the instrument.

Financial assets or liabilities obtained in arm's-length transactions are initially measured at their fair value.

The District subsequently measures all its financial assets and its financial liabilities at amortized cost. The District's financial instruments include cash, accounts receivable, restricted fund investments and accounts payable.

The District's financial assets are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write downs or reversals are recognized in the statement of operations.

Asset retirement obligations

A liability is recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made

GENELLE IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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. These funds and interest earned on these funds may only be used for the upgrading, replacement or renewal of existing works. The funds may only be disbursed by a bylaw passed by the Trustees of the District.

	2023	2022
Operating accounts	\$ 254,330	\$ 257,188
Capital expenditure fund	29,811	29,544
Capital works renewal reserve fund	294,457	446,266
	\$ 578,598	\$ 732,998

3. RESTRICTED FUND INVESTMENTS

The Kootenay saver term deposits are comprised of flexible, one-year \$100,000 and two-year \$100,000, term portfolio investments with a 3.6900% interest return, maturing October 17, 2024 and October 17, 2025 respectively, and redeemable after 90 days without penalty.

	2023	2022
Kootenay saver term deposits	\$ 200,000	\$ -

4. ACCOUNTS RECEIVABLE

	2023	2022
Trade receivables	\$ 1,494	\$ 364
GST recoverable	6,421	4,755
	\$ 7,915	\$ 5,119

GENELLE IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

5. TANGIBLE CAPITAL ASSETS

As at December 31, 2023	Cost	Accumulated Amortization	Net Book Value
Land - second well	7,723	-	7,723
Reservoir easement	4,052	-	4,052
Building	90,619	75,201	15,418
Fence	1,098	1,098	-
Fire hydrants	41,559	20,308	21,251
Office equipment	9,766	6,700	3,066
Paving	22,125	5,786	16,339
Reservoir	915,654	144,720	770,934
Soft start system	11,927	11,496	431
Storage container	4,958	4,958	-
Tools	3,529	2,663	865
Vehicle	24,694	24,694	-
Water system and equipment	1,045,788	544,588	501,200
Balance at year end	\$ 2,183,492	\$ 842,212	\$ 1,341,279

As at December 31, 2022	Cost	Accumulated Amortization	Net Book Value
Land - second well	7,723	-	7,723
Reservoir easement	4,052	-	4,052
Building	90,619	73,757	16,862
Fence	1,098	1,098	-
Fire hydrants	41,559	19,269	22,290
Office equipment	6,252	5,751	501
Paving	22,125	4,016	18,109
Reservoir	598,715	113,895	484,820
Soft start system	11,927	11,208	718
Storage container	4,958	4,958	-
Tools	3,529	2,215	1,314
Vehicle	24,694	24,694	-
Water system and equipment	1,004,872	516,795	488,078
Balance at year end	\$ 1,822,123	\$ 777,656	\$ 1,044,467

Additions for the year amounted to \$361,368 (2022: \$646.92). There were no dispositions during the year. Amortization expense for the year amounted to \$64,556 (2022: \$43,866.52).

GENELLE IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

6. ASSET RETIREMENT OBLIGATIONS

Legal liabilities exist for decommissioning the wells and reservoirs of the district. A reasonable estimate of the fair value of the obligation has been recognized using the prospective approach. The fair value of the obligation was determined by applying the Bank of Canada target of 2% inflation rate to present estimated costs and discounting those costs to present dollars based on the rates determined from the published zero-coupon Government of Canada Bond Yield Curve.

Undiscounted present costs total to \$518,500 and expected decommissioning dates are estimates. These decommissioning dates are expected to occur on dates ranging from 9 years to 67 years in the future

GENELLE IMPROVEMENT DISTRICT

SCHEDULE 1

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

		Internally restricted capital expenditure fund	Internally restricted capital works renewal reserve fund	Invested in tangible capital assets	2023 Total	2022 Total
Balance, beginning of year	\$ 287,466	\$ 29,544	\$ 446,265	\$ 1,044,467	\$ 1,807,741	\$ 1,774,776
Annual Surplus	89,342	-	-	(64,556)	24,786	32,965
Restricted interest - transfer	-	267	4,325	-	-	-
Additions to tangible capital assets	(361,368)	-	-	361,368	-	-
Addition to asset retirement obligations	330,304	-	-	(330,304)	-	-
Bylaw #250 Transfer	(43,867)	-	43,867	-	-	-
Accumulated surplus, end of year	\$ 301,877	\$ 29,811	\$ 494,457	\$ 1,010,975	\$ 1,832,527	\$ 1,807,741

Balance of internally restricted capital works renewal reserve fund consists of cash balance of \$294,457 and a term deposit with a balance of \$200,000.