

GENELLE IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

December 31, 2022

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Management's Report

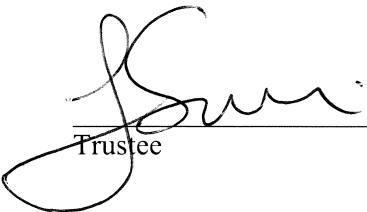
The accompanying financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements 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

March 06, 2023

INDEPENDENT AUDITORS' 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, 2022 and the statement of operations, the statement of changes in net 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, 2022 and the results of its operations, changes in net 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.



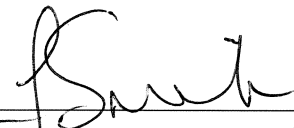
CHILDS CHANTON
CHARTERED PROFESSIONAL ACCOUNTANTS
Castlegar, BC

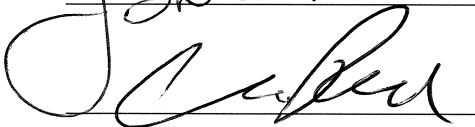
March 06, 2023

GENELLE IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	2022	2021
Financial assets		
Cash and cash equivalents (Note 2)	\$ 732,997	\$ 666,342
Accounts receivable (Note 3)	5,119	9,515
	738,116	675,857
Financial liabilities		
Accounts payable and accrued liabilities	17,952	34,076
Deferred revenue	1,432	-
	19,384	34,076
Net financial assets	718,732	641,781
Non-financial assets		
Tangible capital assets (Note 4)	1,044,467	1,087,687
Supply inventory	16,318	16,421
Prepaid expenses	28,224	28,887
	1,089,009	1,132,995
Accumulated surplus (Schedule 1)	\$ 1,807,741	\$ 1,774,776

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, 2022

	2022 Budget (Unaudited)	2022 Actual	2021
Revenue			
Water taxes	\$ 116,550	\$ 116,535	\$ 116,193
Water tolls	69,800	70,220	69,613
Garbage taxes	52,600	51,120	41,736
Connection fees and miscellaneous	-	1,351	3,073
Interest - unrestricted	100	1,976	929
Interest - internally restricted	1,000	3,018	1,861
	240,050	244,220	233,404
Operating expenses			
Garbage collection	52,600	51,849	48,702
Insurance and licences	24,100	25,157	23,818
Repairs and maintenance	12,750	11,132	34,658
Utilities	16,000	13,764	13,411
Water system operator	25,350	22,959	22,586
	130,800	124,861	143,175
	109,250	119,359	90,230
Administrative Expenses			
Advertising	350	132	-
Amortization	40,000	43,867	43,292
Bad debts	50	7	-
Honoraria	9,000	8,366	8,010
Office	5,315	3,529	6,573
Professional fees	14,000	10,403	11,200
Seminars	1,500	-	66
Telephone	2,000	2,387	2,702
Utilities	2,300	1,758	3,557
Wages and benefits	20,000	15,945	15,564
	94,515	86,394	90,964
Annual surplus	14,735	32,965	(734)
Accumulated surplus, beginning of year	1,774,776	1,774,776	1,775,510
Accumulated surplus, end of year	\$ 1,789,511	\$ 1,807,741	\$ 1,774,776

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, 2022

	2022 Budget	2022 Actual	2021
Annual surplus (deficit)	\$ 14,735	\$ 32,965	\$ (734)
Changes in tangible assets			
Acquisition of tangible capital assets	-	(645)	(82,356)
Amortization of tangible capital assets	40,000	43,867	43,292
	-	43,222	(39,064)
Changes in other non-financial assets			
Acquisition of prepaid expenses	-	(28,223)	(28,887)
Use of prepaid expenses	-	28,887	22,307
Usage of inventory	-	100	-
	-	764	(6,580)
Changes in net financial assets	54,735	76,951	(46,378)
Net financial assets, beginning of year	641,781	641,781	688,159
Net financial assets, end of year	\$ 696,516	\$ 718,732	\$ 641,781

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, 2022

	2022	2021
Cash flows providing operating transactions		
Cash received from users	\$ 244,860	\$ 236,308
Cash paid to suppliers and employees	(182,552)	(178,372)
Cash received from internally restricted interest	3,018	1,861
Cash received from unrestricted interest	1,976	929
Cash provided by operations	67,302	60,726
Capital Flows Used in Investing Activities		
Purchase of tangible capital assets	(647)	(82,356)
Cash applied to capital transactions	(647)	(21,630)
Decrease increase in cash	66,655	39,096
Cash, beginning of year	666,342	687,972
Cash, end of year	\$ 732,997	\$ 666,342

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, 2022

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 aquisition, 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 segregatged 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 descretion 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 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.

GENELLE IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

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

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 reasonable 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.

GENELLE IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

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.

	2022	2021
Operating accounts	\$ 257,188	\$ 117,089
Capital expenditure fund	29,544	29,374
Capital works renewal reserve fund	446,265	519,878
	\$ 732,997	\$ 666,342

3. ACCOUNTS RECEIVABLE

	2022	2021
Trade receivable	\$ 364	\$ 131
GST recoverable	4,755	9,384
	\$ 5,119	\$ 9,515

GENELLE IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

4. TANGIBLE CAPITAL ASSETS

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	719
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	488,077
Balance at year end	\$ 1,822,123	\$ 777,656	\$ 1,044,467

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	11,208	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	1,004,872	493,169	511,703
Balance at year end	\$ 1,821,476	\$ 733,789	\$ 1,087,687

Additions for the year amounted to \$647 in Tools (2021: \$Nil). There were no dispositions during the year. Amortization expense for the year amounted to \$43,867 (2021: \$43,292).

GENELLE IMPROVEMENT DISTRICT
SCHEDULE 1
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the Year Ended December 31, 2022

	Unrestricted operating fund	Internally restricted capital expenditure fund	Internally restricted capital works renewal reserve fund	Invested in tangible capital assets	2022 Total	2021 Total
Balance, beginning of year	\$ 137,837	\$ 29,374	\$ 519,878	\$ 1,087,687	\$ 1,774,776	\$ 1,775,510
Annual Surplus	76,833	-	-	(43,867)	32,965	(734)
Restricted interest - transfer	(3,010)	170	2,840	-	-	-
Additions to tangible capital assets	(647)	-	-	647	-	-
Bylaw #250 Transfer	76,453	-	(76,453)	-	-	-
Accumulated surplus, end of year	\$ 287,466	\$ 29,544	\$ 446,265	\$ 1,044,467	\$ 1,807,741	\$ 1,774,776