

OOTISCHENIA 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 Ootischenia Improvement District. Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements 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 judgement 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.

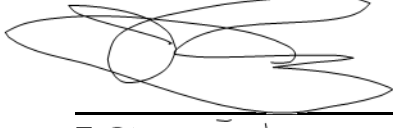
The Board of Trustees is responsible for overseeing the financial reporting responsibilities and for approving the financial information and discussing relevant matters with the external auditors. The Board of Trustees is also responsible for recommending the appointment of the District's external auditors.


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.



Trustee


Date



Trustee


Date



Independent Auditor's Report

Grant Thornton LLP
4 - 615 Columbia Avenue
Castlegar, BC V1N 1G9

T +1 250 365 7745
F +1 250 365 8027
www.GrantThornton.ca

To the Members of
Ootischema Improvement District

Opinion

We have audited the financial statements of Ootischema 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 Ootischema 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 5, 2022



Chartered Professional Accountants

OOTISCHENIA IMPROVEMENT DISTRICT

Statement of Financial Position

As at December 31

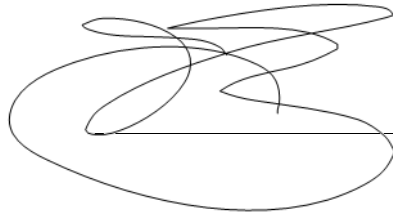
	2021	2020
Financial Assets		
Cash	\$ 68,836	\$ 220,450
Short-term investments (Note 2)	993,408	697,408
Accounts receivable (Note 3)	38,410	5,205
	<u>1,100,654</u>	<u>923,063</u>
Financial Liabilities		
Accounts payable	43,616	19,430
Deferred revenue	48,745	77,795
	<u>92,361</u>	<u>97,225</u>
Net Financial Assets	<u>1,008,293</u>	<u>825,838</u>
Non-Financial Assets		
Prepaid expenses	5,766	5,431
Inventory of supplies	40,486	24,548
Tangible capital assets (Note 5)	2,651,741	2,530,305
	<u>2,697,993</u>	<u>2,560,284</u>
Accumulated Surplus (Schedule)	<u>\$ 3,706,286</u>	<u>\$ 3,386,122</u>

Commitments (Note 8)

Approved by the Trustees:



Trustee



Trustee

OOTISCHENIA IMPROVEMENT DISTRICT

Statement of Changes in Net Financial Assets

For the Year Ended December 31

	2021 Budget	2021 Actual	2020
Annual surplus	\$ 132,188	\$ 320,164	\$ 215,975
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(202,101)	-
Amortization of tangible capital assets	85,000	80,665	81,010
	85,000	(121,436)	81,010
Changes in other non-financial assets			
Acquisition of prepaid expenses	-	(5,766)	(5,431)
Use of prepaid expenses	-	5,431	5,242
Acquisition of inventory of supplies	-	(40,486)	(24,548)
Use of inventory of supplies	-	24,548	29,719
	-	(16,273)	4,982
Changes in net financial assets	217,188	182,455	301,967
Net financial assets, beginning of year	825,838	825,838	523,871
Net financial assets, end of year	\$ 1,043,026	\$ 1,008,293	\$ 825,838

OOTISCHENIA IMPROVEMENT DISTRICT

Statement of Operations and Accumulated Surplus

For the Year Ended December 31

	2021	2021	2020
	Budget	Actual	
Revenues			
Water taxes and tolls, net of discount (Note 4)	\$ 364,038	\$ 363,463	\$ 322,898
Government transfers (Note 6)	120,000	115,596	-
Contributions (Note 7)	-	65,740	-
Capital expenditure charge - subdivision fees	-	51,450	169,050
Connection fees and miscellaneous	12,000	44,545	37,462
Interest - unrestricted	4,850	3,243	4,630
Interest - internally restricted	-	1,727	2,049
	<u>500,888</u>	<u>645,764</u>	<u>536,089</u>
Operating Expenses			
Connection costs, maintenance and repairs	29,350	39,679	43,316
Dues and licences	1,300	1,999	1,005
Power and light	30,000	29,452	25,966
Wages - water bailiffs	122,500	94,460	93,530
Water study and engineering costs	25,000	5,632	4,714
	<u>208,150</u>	<u>171,222</u>	<u>168,531</u>
	<u>292,738</u>	<u>474,542</u>	<u>367,558</u>
Administrative Expenses			
Advertising	200	-	181
Amortization	85,000	80,665	81,010
Bank charges and interest	150	214	116
Honourarium	8,000	6,750	6,958
Insurance	14,000	16,378	15,548
Professional fees	16,000	10,600	11,998
Stationery and office	5,500	9,124	7,306
Telephone	3,700	3,120	3,180
Utilities	2,000	1,756	1,721
Wages and employee benefits	24,000	24,775	22,824
Workshops	2,000	996	741
	<u>160,550</u>	<u>154,378</u>	<u>151,583</u>
Annual surplus	132,188	320,164	215,975
Accumulated surplus, beginning of year	<u>3,386,122</u>	<u>3,386,122</u>	<u>3,170,147</u>
Accumulated surplus, end of year	<u>\$ 3,518,310</u>	<u>\$ 3,706,286</u>	<u>\$ 3,386,122</u>

OOTISCHENIA IMPROVEMENT DISTRICT

Statement of Cash Flows

For the Year Ended December 31

	2021	2020
Cash Flows Provided By (Used In) Operating Activities		
Cash received from users	\$ 422,799	\$ 577,235
Cash received from government transfers	90,000	-
Cash paid to suppliers and employees	(237,021)	(230,665)
Cash received from unrestricted interest	3,243	4,630
Cash received from internally restricted interest	1,727	2,049
	<u>280,748</u>	<u>353,249</u>
Cash Flows Provided By (Used In) Investing Activities		
Purchase of short-term investments	(296,001)	(185,847)
Purchase of tangible capital assets	(136,361)	-
	<u>(432,362)</u>	<u>(185,847)</u>
(Decrease) increase in cash	(151,614)	167,402
Cash, beginning of year	<u>220,450</u>	<u>53,048</u>
Cash, end of year	<u>\$ 68,836</u>	<u>\$ 220,450</u>

Non-Monetary Transaction (Note 7)

OOTISCHENIA IMPROVEMENT DISTRICT

Notes to Financial Statements

December 31, 2021

Nature of Operations

The Ootischenia Improvement District was formed as an Improvement District on December 2, 1965. 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 governed by the Local Government Act 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 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.

Short-term investments

Short-term investments include unrestricted and internally restricted GICs in Canadian Imperial Bank of Commerce and are recorded at cost.

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 consists 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.

OOTISCHENIA IMPROVEMENT DISTRICT

Notes to Financial Statements

December 31, 2021

Tangible capital assets	<p>Tangible capital assets are recorded at cost. Amortization is calculated on the straight-line basis over the following periods:</p> <table><tr><td>Buildings</td><td>20 years</td></tr><tr><td>Equipment</td><td>5 years</td></tr><tr><td>Fences</td><td>5 years</td></tr><tr><td>Fire hydrants</td><td>40 years</td></tr><tr><td>Water system</td><td>5-50 years</td></tr><tr><td>Wells</td><td>60 years</td></tr></table>	Buildings	20 years	Equipment	5 years	Fences	5 years	Fire hydrants	40 years	Water system	5-50 years	Wells	60 years
Buildings	20 years												
Equipment	5 years												
Fences	5 years												
Fire hydrants	40 years												
Water system	5-50 years												
Wells	60 years												
Revenue recognition	<p>Water taxes and toll revenue are recognized on an accrual basis and are recognized in the period to which they relate provided that collection is reasonably assured. Capital expenditure charge - subdivision fees and connection fees are recognized when services are rendered and provided that collection is reasonably assured. Government transfers are recognized when the funding becomes receivable and the requirements of the grant have been met. All other revenue is recognized when the collection is reasonably assured.</p> <p>The District defers taxes, tolls and other fees relating to services not yet rendered. The revenue is recorded in the year in which the service is provided.</p>												
Expense recognition	<p>Operating and administrative expenses are recognized on an accrual basis in the period in which they are incurred.</p>												
Donated goods and services	<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>												
Government transfers	<p>Government transfers, which include grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.</p>												
Budget data	<p>The budget data presented in these financial statements was adopted by the Board of Trustees.</p>												

OOTISCHENIA IMPROVEMENT DISTRICT

Notes to Financial Statements

December 31, 2021

2. Short-Term Investments

Short term investments are unrestricted and internally restricted reserve funds that consist of CIBC GICs. The reserve funds have been established by the Board for specific operating uses. Funds received from subdivision fees and interest earned on these funds are included in the capital expenditure fund. These funds may only be used to pay the capital cost of providing, constructing, altering or expanding water facilities included in the capital expenditure program on which the charge was based. Funds received from current revenue, or other grants or revenue sources are to be paid into the capital works renewal reserve once per fiscal year in the amount not less than \$25,000. These funds may only be used for the upgrading, replacement or renewal, expansion or other direct investment in the District's capital works. The funds may only be disbursed by a Bylaw passed by the Trustees of the District.

	2021	2020
Unrestricted short term investment	\$ 555,886	\$ 352,763
Capital expenditure fund	335,335	268,050
Capital works renewal reserve fund	<u>102,187</u>	<u>76,595</u>
	<u>\$ 993,408</u>	<u>\$ 697,408</u>

3. Accounts Receivable

	2021	2020
Grant receivable	\$ 25,596	\$ -
GST recoverable	10,211	4,225
Trade receivables	<u>2,603</u>	<u>980</u>
	<u>\$ 38,410</u>	<u>\$ 5,205</u>

4. Water Taxes and Tolls, Net of Discount

	2021 Budget	2021 Actual	2020
Water taxes	\$ 237,425	\$ 233,138	\$ 200,538
Water tolls	167,175	169,872	159,125
Discount	<u>(40,563)</u>	<u>(39,547)</u>	<u>(36,765)</u>
	<u>\$ 364,038</u>	<u>\$ 363,463</u>	<u>\$ 322,898</u>

OOTISCHENIA IMPROVEMENT DISTRICT

Notes to Financial Statements

December 31, 2021

5. Tangible Capital Assets

As at December 31, 2021	Cost	Accumulated Amortization	Net Book Value
Land	\$ 46,229	\$ -	\$ 46,229
Buildings	78,976	75,750	3,226
Equipment	13,313	11,006	2,307
Fences	13,897	13,897	-
Fire hydrants	115,206	54,685	60,521
Water system	2,840,829	559,796	2,281,033
Wells	383,231	124,806	258,425
	<u>\$ 3,491,681</u>	<u>\$ 839,940</u>	<u>\$ 2,651,741</u>

As at December 31, 2020	Cost	Accumulated Amortization	Net Book Value
Land	\$ 46,229	\$ -	\$ 46,229
Buildings	78,976	74,006	4,970
Equipment	13,313	8,657	4,656
Fences	13,897	13,897	-
Fire hydrants	115,206	51,805	63,401
Water system	2,638,728	492,492	2,146,236
Wells	383,231	118,418	264,813
	<u>\$ 3,289,580</u>	<u>\$ 759,275</u>	<u>\$ 2,530,305</u>

Additions for the year amounted to \$202,101 in water system (2020: \$Nil). There were no disposals in the year. Amortization expense for the year amounted to \$80,665 (2020: \$81,010).

6. Government Transfers

During the year the District obtained a \$115,596 grant from the Regional District of Central Kootenay for the purpose of upgrading the watermain.

7. Non-Monetary Transaction

During the year the District received a contribution of water system assets from one of its users. The contributed assets and related revenue contribution was recorded at the fair market value of the assets received. The fair market value was estimated as the costs incurred by the user to acquire the assets of \$65,740.

8. Commitment

A building described in Note 5 is located on land leased from the Regional District of Central Kootenay until February 19, 2043 at the rate of \$10 for the entire term of 25 years.

OOTISCHENIA 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
Accumulated surplus, beginning of year	\$ 496,472	\$ 282,750	\$ 76,595	\$ 2,530,305	\$ 3,386,122	\$ 3,170,147
Annual surplus	400,829	-	-	(80,665)	320,164	215,975
Subdivision fees - transfer	(51,450)	51,450	-	-	-	-
Bylaw #153 - transfer	(25,000)	-	25,000	-	-	-
Internally restricted interest - transfer	(1,727)	1,135	592	-	-	-
Additions to tangible capital assets - transfer	(202,101)	-	-	202,101	-	-
Accumulated surplus, end of year	\$ 617,023	\$ 335,335	\$ 102,187	\$ 2,651,741	\$ 3,706,286	\$ 3,386,122