

OOTISCHENIA IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

December 31, 2022

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Management's Report

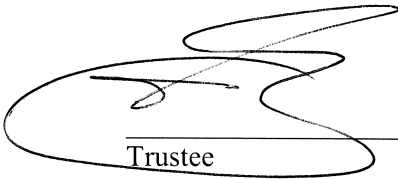
The accompanying financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements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

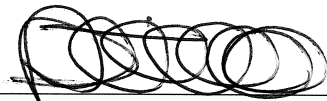
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable and relevant financial information is produced.

Trustees of the Ootischenia 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 08, 2023

CHILDS CHANTON

CHARTERED PROFESSIONAL ACCOUNTANTS*

* Denotes Professional Corporation

Jeremy J. Childs, CPA, CA

Marie C. Chanton, CPA, CA

241 Columbia Avenue, Castlegar, BC V1N 1G3 Phone: (250) 365-7287 Fax: (250) 365-6066

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Ootischenia Improvement District

Opinion

We have audited the accompanying financial statements of the Ootischenia 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 Ootischenia 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 made 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.



March 08, 2023

CHILDS CHANTON
CHARTERED PROFESSIONAL ACCOUNTANTS
Castlegar, BC

OOTISCHENIA IMPROVEMENT DISTRICT

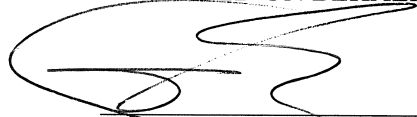
STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

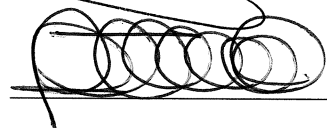
	2022	2021
Financial assets		
Cash	\$ 153,044	\$ 68,836
Short-term investments (Note 2)	1,054,672	993,408
Accounts receivable (Note 3)	11,755	38,410
	1,219,471	1,100,654
Financial liabilities		
Accounts payable and accrued liabilities	24,338	43,616
Prepaid taxes and deposits	40,244	48,745
	64,582	92,361
Net financial assets	1,154,889	1,008,293
Non-financial assets		
Tangible capital assets (Note 5)	2,570,247	2,651,741
Supply inventory	41,659	40,486
Prepaid expenses	18,449	5,766
	2,630,355	2,697,993
Accumulated surplus (Schedule 1)	\$ 3,785,244	\$ 3,706,286

Commitments (Note 7)

APPROVED ON BEHALF OF THE BOARD:



Trustee



Trustee

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

OOTISCHENIA IMPROVEMENT DISTRICT**STATEMENT OF OPERATIONS****For the Year Ended December 31, 2022**

	2022 Budget (Unaudited)	2022	2021
Revenue			
Water taxes and tolls, net of discount (Note 4)	\$ 377,626	\$ 383,172	\$ 363,463
Government transfers (Note 6)	5,000	64,530	115,596
Contributions	50,000	-	65,740
Capital expenditure charges - subdivision fees	-	14,700	51,450
Connection fees and miscellaneous	12,150	31,151	44,545
Interest - unrestricted	5,000	12,040	3,243
Interest - internally restricted	-	9,884	1,727
	449,776	515,477	645,764
Operating expenses			
Connection, maintenance and repairs	25,350	37,675	39,679
Dues and licenses	1,500	2,558	1,999
Power and light	33,000	27,472	29,452
Well #2 repairs	-	64,132	-
Wages - water bailiffs	112,000	104,814	94,460
Water study and engineering costs	56,000	35,113	5,632
	227,850	271,764	171,222
Administrative expenses			
Advertising	200	225	-
Amortization	83,000	82,284	80,665
Bank charges & interest	250	95	214
Honorarium	8,000	6,750	6,750
Insurance	20,000	17,297	16,378
Professional fees	13,000	14,000	10,600
Stationary and office	7,000	10,748	9,124
Telephone	3,500	3,486	3,120
Utilities	2,500	1,824	1,756
Wages and benefits	43,500	28,047	24,775
Workshops	-	-	996
	180,950	164,756	154,378
Annual surplus	40,976	78,957	320,164
Accumulated surplus, beginning of year	3,706,286	3,706,286	3,386,122
Accumulated surplus, end of year	\$ 3,747,262	\$ 3,785,243	\$ 3,706,286

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

OOTISCHENIA IMPROVEMENT DISTRICT**CHANGES IN NET FINANCIAL ASSETS****For the Year Ended December 31, 2022**

	2022 Budget	2022 Actual	2021
Annual (deficit) surplus	\$ 40,976	\$ 78,957	\$ 320,164
Changes in tangible assets			
Acquisition of tangible capital assets	-	(790)	(202,101)
Amortization of tangible capital assets	33,000	82,284	80,665
	112,000	81,494	(121,436)
Changes in other non-financial assets			
Acquisition of prepaid expenses	-	(18,448)	(5,766)
Use of prepaid expenses	56,000	5,766	5,431
Acquisition of inventory of supplies	-	(13,105)	(40,486)
Use of inventory of supplies	-	11,932	24,548
	-	(13,855)	(16,273)
Changes in net financial assets	217,188	146,596	182,455
Net financial assets, beginning of year	1,008,293	1,008,293	825,838
Net financial assets, end of year	\$ 1,043,026	\$ 1,154,889	\$ 1,008,293

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

OOTISCHENIA IMPROVEMENT DISTRICT**STATEMENT OF CASH FLOW****For the Year Ended December 31, 2022**

	2022	2021
Cash flows providing operating transactions		
Cash receipts from users	\$ 446,743	\$ 422,799
Grants from government	64,530	90,000
Cash paid to suppliers and employees	(386,217)	(237,021)
Cash received from unrestricted interest	11,682	3,243
Cash received from internally restricted interest	9,884	1,727
Cash provided by operations	146,622	280,748
Capital Flows Provided by (Used in) Investing Activities		
Purchase of short-term investments	(61,624)	(296,001)
Purchase of tangible capital assets	(790)	(136,362)
Cash applied to capital transactions	(62,414)	(432,363)
Decrease in cash and cash equivalents	84,208	(151,615)
Cash, beginning of year	68,835	220,450
Cash, end of year	\$ 153,044	\$ 68,835

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

OOTISCHENIA IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

NATURE OF OPERATIONS

The Ootischenia Improvement District was formed as an Improvement District (the 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. 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 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 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.

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 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
Equipment	5 years
Fences	5 years
Fire Hydrants	40 years
Water System	5-50 years
Wells	60 years

OOTISCHENIA IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

Revenue Recognition - Water taxes and toll revenue are recognized on an accrual basis and in the period to which they relate provided that collection is reasonable assured. Capital expenditure charge - subdivision and connection fees 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.

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.

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.

Government Transfers - Government transfers which include grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur providing that the transfers are authorized, eligibility criteria have been met, and the reasonable estimates of the amount can be made.

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

Cash - Cash includes cash on hand and deposits held with banks and credit unions.

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.

	2022	2021
Unrestricted short-term investments	\$ 567,566	\$ 555,886
Capital expenditure fund	357,277	335,335
Capital works renewal reserve	129,829	102,187
	\$ 1,054,672	\$ 993,408

OOTISCHENIA IMPROVEMENT DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****For the Year Ended December 31, 2022****3. ACCOUNTS RECEIVABLE**

	2022	2021
Grant receivable	\$ -	\$ 25,596
GST recoverable	9,776	10,211
Trade receivable	1,979	2,603
	\$ 11,755	\$ 38,410

4. WATER TAXES AND TOLLS, NET OF DISCOUNT

	2022	2021
Water taxes	\$ 240,830	\$ 233,138
Water tolls	182,682	169,872
Discount	(40,340)	(39,547)
	\$ 383,172	\$ 363,463

5. TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets represents the net book value of the total tangible capital assets less long-term debt obligations assumed to acquire those assets. The changes in consolidated equity in tangible capital assets are as follows:

As at December 31, 2022	Cost	Accumulated Amortization	Net Book Value
Land	\$ 46,229	\$ -	\$ 46,229
Buildings	78,976	76,927	2,049
Equipment	14,102	12,621	1,481
Fences	13,897	13,897	-
Fire hydrants	115,207	57,565	57,642
Water system	2,840,828	630,020	2,210,808
Wells	383,231	131,193	252,038
Balance at year end	\$ 3,492,470	\$ 922,223	\$ 2,570,247
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	2,840,828	559,795	2,281,033
Wells	383,231	124,806	258,425
Balance at year end	\$ 3,491,680	\$ 839,939	\$ 2,651,741

Additions for the year amount to \$790 in equipment (2021 - \$202,101 in water system). Amortization expense for the year amounted to \$82,284 (2021 - \$80,665)

OOTISCHENIA IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

6. GOVERNMENT TRANSFERS

During the year, the District obtained a \$19,640 grant from the Regional District of Central Kootenay for the purpose of upgrading Well #5. The District was also been approved for a \$49,878 grant from the Regional District of Central Kootenay for the purpose of completing a Water Study. A total of \$44,890 of this grant has been received with the remaining \$4,987 receivable upon final project completion.

7. COMMITMENTS

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 term of 25 years.

OOTISCHENIA 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	\$ 617,023	\$ 335,335	\$ 102,187	\$ 2,651,741	\$ 3,706,286	\$ 3,386,122
Annual Surplus	161,242	-	-	(82,284)	78,958	320,164
Subdivision fees - transfer	(14,700)	14,700	-	-	-	-
Bylaw #153 - transfer	(25,000)	-	25,000	-	-	-
Internally restricted interest - transfer	(9,884)	7,242	2,642	-	-	-
Additions to capital assets - transfer	(790)	-	-	790	-	-
Accumulated surplus, end of year	727,891	\$ 357,277	\$ 129,829	\$ 2,570,247	\$ 3,785,244	\$ 3,706,286