

**SION IMPROVEMENT DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2023**

**SION IMPROVEMENT DISTRICT**  
**Index to Financial Statements**  
**Year Ended December 31, 2023**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Operations	3
Statement of Changes in Accumulated Surplus	4
Statement of Financial Position	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11
Schedule of Tangible Capital Assets ( <i>Schedule 1</i> )	12

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Trustees of Sion Improvement District

*Report on the Financial Statements*

*Opinion*

We have audited the financial statements of Sion Improvement District (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

*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 Organization in accordance with 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 the financial statements in accordance with PSAS, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

(continues)

Independent Auditor's Report to the Trustees of Sion Improvement District (*continued*)

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 Organization'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 Organization'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 Organization 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.

Grand Forks, British Columbia  
April 22, 2024

*KH Burch Kientz Inc.*  
CHARTERED PROFESSIONAL ACCOUNTANTS



**SION IMPROVEMENT DISTRICT**  
**Statement of Operations**  
**Year Ended December 31, 2023**

	Budget 2023	Total 2023	Total 2022
<b>REVENUES</b>			
Taxes levied	\$ 205,000	\$ 203,935	\$ 196,505
Tolls levied	165,000	164,669	158,443
Fortis BC rebates	-	4,846	-
Interest and penalties	6,400	4,844	6,900
Services and connections	4,500	1,051	1,667
	<u>380,900</u>	<u>379,345</u>	<u>363,515</u>
<b>DIRECT COSTS</b>			
Amortization	68,000	65,488	66,175
Insurance	25,000	26,891	22,372
Power	85,000	80,368	73,004
Purchases	2,000	-	214
Repairs and maintenance	41,250	25,088	23,646
Vehicle	10,500	4,309	6,492
Wages and benefits	104,500	97,052	93,071
Water and testing costs	7,521	7,342	6,651
	<u>343,771</u>	<u>306,538</u>	<u>291,625</u>
<b>GROSS PROFIT</b>	<u>37,129</u>	<u>72,807</u>	<u>71,890</u>
<b>ADMINISTRATIVE EXPENSES</b>			
Interest and bank charges	1,750	1,160	1,170
Miscellaneous	10,000	2,766	3,573
Office	4,500	3,886	3,325
Professional fees	26,500	29,048	25,784
Rental	7,200	6,600	6,600
Telephone	6,700	5,204	5,967
Trustee fees	10,000	8,260	8,085
	<u>66,650</u>	<u>56,924</u>	<u>54,504</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ (29,521)</u>	<u>\$ 15,883</u>	<u>\$ 17,386</u>

See accompanying notes to financial statements

**SION IMPROVEMENT DISTRICT**  
**Statement of Changes in Accumulated Surplus**  
**Year Ended December 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>\$ 1,139,939</b>	<b>\$ 1,122,553</b>
<b>ANNUAL SURPLUS</b>	<u>15,883</u>	<u>17,386</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<u><b>\$ 1,155,822</b></u>	<u><b>\$ 1,139,939</b></u>


*See accompanying notes to financial statements*

**SION IMPROVEMENT DISTRICT**  
**Statement of Financial Position**  
**December 31, 2023**

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents <i>(Note 5)</i>	\$ 506,586	\$ 466,037
Accounts receivable	16,994	9,891
Goods and services tax recoverable	4,732	4,176
	<u>528,312</u>	<u>480,104</u>
<b>LIABILITIES</b>		
Accounts payable	17,705	45,764
Provincial sales tax payable	122	-
Wages payable	-	51
Employee deductions payable	1,045	1,034
Prepaid taxes and tolls	14,136	11,443
	<u>33,008</u>	<u>58,292</u>
NET FINANCIAL ASSETS	<u>495,304</u>	<u>421,812</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory	11,050	11,089
Prepaid expenses	26,907	24,502
Tangible capital assets <i>(Schedule 1)</i>	622,561	682,536
	<u>660,518</u>	<u>718,127</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 1,155,822</u>	<u>\$ 1,139,939</u>

LEASE COMMITMENTS *(Note 6)*

ON BEHALF OF THE TRUSTEES

  
 \_\_\_\_\_  
 Trustee

  
 \_\_\_\_\_  
 Trustee

**SION IMPROVEMENT DISTRICT**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2023**

	Budget 2023	2023	2022
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (29,521)	\$ 15,883	\$ 17,386
Amortization of tangible capital assets	68,000	65,488	66,174
Purchase of tangible capital assets	-	(5,512)	-
Decrease (increase) in prepaid expenses	-	(2,406)	(4,242)
Decrease (increase) in inventory	-	39	(1,037)
	68,000	57,609	60,895
<b>INCREASE IN NET FINANCIAL ASSETS</b>	38,479	73,492	78,281
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	421,812	421,812	343,531
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 460,291	\$ 495,304	\$ 421,812

See accompanying notes to financial statements



**SION IMPROVEMENT DISTRICT**  
**Statement of Cash Flows**  
**Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 374,935	\$ 366,190
Provincial sales tax	122	-
Cash paid to suppliers and employees	(327,279)	(256,697)
Interest paid	(1,161)	(1,167)
Goods and services tax	(556)	1,140
Cash flow from operating activities	<u>46,061</u>	<u>109,466</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	<u>(5,512)</u>	<u>-</u>
Cash flow from (used by) investing activity	<u>(5,512)</u>	<u>-</u>
<b>INCREASE IN CASH FLOW</b>	<b>40,549</b>	<b>109,466</b>
Cash - beginning of year	<u>466,037</u>	<u>356,571</u>
<b>CASH - END OF YEAR</b>	<b>\$ 506,586</b>	<b>\$ 466,037</b>
<b>CASH CONSISTS OF:</b>		
Cash and cash equivalents	<u>\$ 506,586</u>	<u>\$ 466,037</u>

See accompanying notes to financial statements

**SION IMPROVEMENT DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

---

**1. PURPOSE OF THE IMPROVEMENT DISTRICT**

Sion Improvement District (the "organization") is an improvement district incorporated on December 6, 1963 under the Water Act of British Columbia and is subject to the provisions of the Local Government Act of British Columbia. As a public sector organization, the Irrigation District is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The objective of the Improvement District is for the acquisition, maintenance, and operation of works for waterworks and irrigation purposes.

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS) and in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

**Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Estimates have been used in determining the useful life of assets.

**Revenue recognition**

- a) Revenue from irrigation taxes is recognized on an annual basis, based on the acres irrigated with tax rates established by the Board of Trustees with a bylaw.
- b) Revenue from tolls are recognized on an annual basis according to the number of connections, at rates established by the Board of Trustees with a bylaw.
- c) Amounts received from customers, funders or third parties, which may only be used for certain expenditures or relate to services, or periods not occurring yet, are recorded as deferred. Revenue is recognized in the period which the revenue relates to, the services performed or expenditures are incurred.
- d) Interest and penalties are recorded when earned.

**Cash and cash equivalents**

Cash and cash equivalents consists of highly liquid accounts that are readily convertible to cash and term deposits cashable within 180 days.

**Non-financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus (deficit), provides the change in net financial assets for the year.

**Inventory**

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a specific item basis. Inventory consists of pipes, clamps, fittings, couplings and service valves.

*(continues)*

---

**SION IMPROVEMENT DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Tangible capital assets**

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Equipment	5 & 10 years	straight-line method
Motor vehicles	5 years	straight-line method
Water mains, south system	60 years	straight-line method
Water mains, north system	60 years	straight-line method
Other infrastructure, south	10, 20 & 80 years	straight-line method
Other infrastructure, north	5, 10, 30 & 80 years	straight-line method

The Organization regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

**Financial instruments**

Financial assets include cash and accounts receivables and are measured at cost as presented on the Statement of Financial Positions. Financial liabilities include accounts payable and prepaid taxes and tolls. They are measured at cost as presented on the Statement of Financial Positions.

---

**3. FINANCIAL INSTRUMENTS**

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2023.

**Credit risk**

Credit risk may arise from the potential that a counter party will fail to pay for the services provided. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts. The organization has reduced the risk for the non-recovery of receivables on taxes as it is able to hold a tax sale on land where there are taxes owing for 24 months or longer and to shut off access to water for unpaid annual tolls. Revenues are spread over a significant number of customers, which minimizes concentration of credit risk.

---

**4. BUDGET FIGURES**

There are differences between the budgeting model used by the Improvement District and generally accepted accounting principles established by PSAS, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAS. The reconciliation of budgeted results to reported results is as follows:

	<u>2023</u>
Budgeted deficit as approved	(179,521)
Add: budgeted tangible capital asset acquisitions	<u>150,000</u>
Budgeted annual deficit as presented	<u>\$ (29,521)</u>

---



**SION IMPROVEMENT DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**5. CASH AND CASH EQUIVALENTS**

	<u>2023</u>	<u>2022</u>
Unrestricted cash		
One year term deposit, cashable after 180 days with interest of 3.10%, maturing on May 18, 2024	\$ 200,000	\$ -
Grand Forks Credit Union, chequing	60,416	31,457
One year term deposit, cashable after 90 days with interest of 3.50%, maturing on May 18, 2024	50,000	-
Grand Forks Credit Union, savings	439	200,289
Petty cash and cash to be deposited	320	1,390
Grand Forks Credit Union, equity shares	25	25
Grand Forks Credit Union, savings	-	50,000
	<u>311,200</u>	<u>283,161</u>
Restricted cash		
Grand Forks Credit Union, savings	45,386	182,876
One year term deposit, cashable after 90 days with interest of 3.50%, maturing on May 18, 2024	150,000	-
	<u>150,000</u>	<u>-</u>
	<u>\$ 506,586</u>	<u>\$ 466,037</u>

The restricted cash is a Capital Works Renewal Reserve Fund established with bylaw 136. Funds from the sale of District land, current revenue and general revenue fund surplus may, from time to time be paid into the Reserve Fund. The Funds may only be used for upgrading, replacement or renewal of existing works with the passing of a bylaw. The District is currently contributing \$1,000 per month to this Fund.

**SION IMPROVEMENT DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

---

**6. LEASE COMMITMENTS**

The Organization has a 24 month lease, ending April 30, 2025, with respect to its premises at 7920-B Donaldson Drive, Grand Forks, BC for \$550 plus GST per month. The lease provides for payment of utilities and maintenance costs. Upon expiry, the Organization will continue to lease on a month to month basis. Future minimum lease payments as at December 31, 2023, are as follows:

2024	\$	6,600
2025		<u>2,200</u>
	\$	<u>8,800</u>

---



**SION IMPROVEMENT DISTRICT**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2023**

(Schedule 1)

	Land	Equipment	Motor vehicles	Water mains, south system	Water mains, north system	Other infrastructure, south	Other infrastructure, north	Total
<b>COSTS</b>								
Opening balances	\$ 1,430	\$ 12,774	\$ 28,350	\$ 1,019,935	\$ 305,726	\$ 1,001,312	\$ 373,192	\$ 2,742,719
Additions	-	5,513	-	-	-	-	-	5,513
Dispositions	-	(1,348)	-	-	-	-	-	(1,348)
Sub Total	1,430	16,939	28,350	1,019,935	305,726	1,001,312	373,192	2,746,884
<b>ACCUMULATED AMORTIZATION</b>								
Opening balance	-	10,479	28,350	852,783	240,215	734,230	194,127	2,060,184
Dispositions	-	(1,348)	-	-	-	-	-	(1,348)
Amortization	-	1,796	-	16,999	5,095	33,567	8,030	65,487
Sub Total	-	10,927	28,350	869,782	245,310	767,797	202,157	2,124,323
	\$ 1,430	\$ 6,012	\$ -	\$ 150,153	\$ 60,416	\$ 233,515	\$ 171,035	\$ 622,561

See accompanying notes to financial statements