

**SAVARY SHORES IMPROVEMENT DISTRICT**

**Financial Statements**

**Year Ended December 31, 2021**

# SAVARY SHORES IMPROVEMENT DISTRICT

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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The financial statements of Savary Shores Improvement District have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and external reviewed financial statements yearly. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external accountants, dmd Chartered Professional Accountants, conduct an independent review, in accordance with Canadian Standards for Review Engagements [CSRE 2400], and express their conclusion on the financial statements. The external accountants have full and free access to financial management of Savary Shores Improvement District and meet when required. The accompanying Independent Practitioner's Review Engagement Report outlines their responsibilities, the scope of their review and their conclusion on the financial statements.

*Bryan R. Miles*

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Mr. Bryan Miles, Chairperson of Trustees

*John Revitt*

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Mr. John Revitt, Trustee

Savary Island, British Columbia  
April 25, 2022



Chartered Professional Accountants

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Trustees of Savary Shores Improvement District

We have reviewed the accompanying financial statements of Savary Shores Improvement District (the District) that comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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 (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.

### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Savary Shores Improvement District as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with PSAS.

Powell River, British Columbia  
April 25, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

**SAVARY SHORES IMPROVEMENT DISTRICT****Statement of Financial Position****December 31, 2021**

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents <i>(Note 3)</i>	\$ 91,713	\$ 80,200
Accounts receivable	2,411	863
Goods and services tax receivable	2,222	2,533
Long term investment held for capital reserve fund <i>(Note 4)</i>	58,435	76,637
	<u>154,781</u>	<u>160,233</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	15,566	16,497
Deferred income	1,670	835
	<u>17,236</u>	<u>17,332</u>
<b>NET FINANCIAL ASSETS</b>	<u>137,545</u>	<u>142,901</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory	9,476	10,656
Prepaid expenses	10,642	8,293
Tangible capital assets <i>(Note 5)</i>	352,497	340,111
	<u>372,615</u>	<u>359,060</u>
<b>ACCUMULATED SURPLUS</b> <i>(Note 6)</i>	<u>\$ 510,160</u>	<u>\$ 501,961</u>

**ON BEHALF OF THE BOARD**Bryan R. Miles

Trustee

John Revitt

Trustee

The accompanying notes form an integral part of these financial statements.

**SAVARY SHORES IMPROVEMENT DISTRICT**

**Statement of Operations**

**Year Ended December 31, 2021**

	Budget	2021	2020
<hr/>			
<b>REVENUES</b>			
District tax	\$ 58,320	\$ <b>58,320</b>	\$ 58,320
Connection tax	30,240	<b>30,240</b>	30,060
Asset renewal levy	10,800	<b>10,800</b>	10,800
Lost discounts	1,035	<b>1,890</b>	1,035
Additional levies and charges	1,113	<b>1,781</b>	1,113
Interest income	1,403	<b>1,756</b>	1,403
Connection and repair charges	1,700	<b>1,670</b>	835
	<hr/>	<hr/>	<hr/>
	104,611	<b>106,457</b>	103,566
<b>EXPENSES</b>			
Operations Expenses ( <i>Schedule 1</i> )	44,010	<b>48,975</b>	37,911
Administration Expenses ( <i>Schedule 2</i> )	41,058	<b>49,047</b>	40,961
	<hr/>	<hr/>	<hr/>
	85,068	<b>98,022</b>	78,872
<b>SURPLUS FROM OPERATIONS</b>	19,543	<b>8,435</b>	24,694
<b>OTHER INCOME</b>			
Gain (loss) on disposal of tangible capital assets	<hr/>	<hr/>	<hr/>
	-	<b>(236)</b>	(2,546)
<b>ANNUAL SURPLUS</b>	<hr/>	<hr/>	<hr/>
	\$ 19,543	\$ <b>8,199</b>	\$ 22,148

The accompanying notes form an integral part of these financial statements.

**SAVARY SHORES IMPROVEMENT DISTRICT**

**Statement of Changes in Accumulated Surplus**

**Year Ended December 31, 2021**

	2021	2020
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>\$ 501,961</b>	<b>\$ 479,813</b>
<b>ANNUAL SURPLUS</b>	<b><u>8,199</u></b>	<b><u>22,148</u></b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b><u>\$ 510,160</u></b>	<b><u>\$ 501,961</u></b>

The accompanying notes form an integral part of these financial statements.

**SAVARY SHORES IMPROVEMENT DISTRICT****Statement of Changes in Net Financial Assets****Year Ended December 31, 2021**

	Budget	2021	2020
<b>ANNUAL SURPLUS</b>	\$ 19,543	\$ 8,199	\$ 22,148
Amortization of tangible capital assets	12,142	12,505	11,484
Purchase of tangible capital assets	-	(25,127)	(43,247)
Proceeds on disposal of tangible capital assets	-	-	200
Loss on disposal of assets	-	236	2,546
Decrease (increase) in prepaid expenses	-	(2,349)	(400)
Decrease in inventory	-	1,180	361
	12,142	(13,555)	(29,056)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	31,685	(5,356)	(6,908)
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	142,901	142,901	149,809
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 174,586	\$ 137,545	\$ 142,901

The accompanying notes form an integral part of these financial statements.



**SAVARY SHORES IMPROVEMENT DISTRICT**

**Statement of Cash Flows**  
**Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 8,199	\$ 22,148
Items not affecting cash:		
Amortization of tangible capital assets	12,505	11,484
Loss on disposal of tangible capital assets	236	2,546
	<u>20,940</u>	<u>36,178</u>
Changes in non-cash working capital:		
Accounts receivable	(1,548)	(74)
Inventory	1,180	361
Accounts payable and accrued liabilities	(931)	9,705
Deferred income	835	835
Prepaid expenses	(2,349)	(400)
Goods and services tax receivable	311	(1,382)
	<u>(2,502)</u>	<u>9,045</u>
Cash flow from operating activities	<u>18,438</u>	<u>45,223</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(25,127)	(43,247)
Proceeds on disposal of tangible capital assets	-	200
Cash flow used by investing activities	<u>(25,127)</u>	<u>(43,047)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<u>(6,689)</u>	<u>2,176</u>
Cash - beginning of year	<u>156,837</u>	<u>154,661</u>
<b>CASH - END OF YEAR</b>	<u>\$ 150,148</u>	<u>\$ 156,837</u>
<b>CASH CONSISTS OF:</b>		
Cash and cash equivalents	\$ 91,713	\$ 80,200
Long term investment held for capital reserve fund	<u>58,435</u>	<u>76,637</u>
	<u>\$ 150,148</u>	<u>\$ 156,837</u>

The accompanying notes form an integral part of these financial statements.

# SAVARY SHORES IMPROVEMENT DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2021

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### 1. PURPOSE OF THE ORGANIZATION

The Savary Shores Improvement District (the 'District') is incorporated under the Local Government Act of British Columbia to administer and maintain the water distribution system for the District. No provision has been made in these financial statements for income taxes as the District is exempt from tax under the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

#### Inventory

Inventory consists of pipes, meters, and fittings used to maintain the water system and is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis. Fuel held in tanks to power the generators is expensed in the year purchased.

#### Prepaid expenses

Prepaid expenses include insurance and a software subscription and are charged to expense over the periods expected to benefit from it.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost, or deemed cost less accumulated amortization, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Where historical cost records did not exist, the assets were recorded at current replacement cost, price adjusted back to the year it is believed the asset was purchased.

Tangible Capital Assets are being amortized at the following rates and methods:

Buildings	12 - 50 years	straight-line method
Meters	40 years	straight-line method
Vehicle	10 years	straight-line method
Water system-distribution and pipework	20 - 110 years	straight-line method
Water system-supply and storage	10 - 99 years	straight-line method

Tangible capital assets are written down when conditions indicate that they no longer contribute to the District's ability to provide service, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

In the year of acquisition, the District provides for amortization at a pro-rated amount based on the number of full months the tangible capital asset was in use. Tangible capital assets not placed into use are not amortized until they are placed into use.

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# SAVARY SHORES IMPROVEMENT DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2021

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

#### Funds and reserves

Certain amounts, as approved by the Board of Trustees, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

#### Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

The District recognizes revenues as follows:

- tax assessments and levies are recognized annually, at the beginning of the year to which they relate.
- interest income is recorded using the effective interest rate method.

#### Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

#### Financial instruments

All financial assets and financial liabilities are measured at cost or amortized cost. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost.

#### Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Changes are recorded prospectively in the year the new information is known. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

Examples of significant estimates include:

- the allowance for inventory obsolescence;
- the recoverability of tangible assets;
- the amortization of tangible assets over their useful life

**SAVARY SHORES IMPROVEMENT DISTRICT****Notes to Financial Statements****Year Ended December 31, 2021****3. CASH AND CASH EQUIVALENTS**

	<b>2021</b>	2020
Cash restricted for capital reserve fund	\$ 49,511	\$ 50,881
Unrestricted cash	42,202	29,319
	<b>\$ 91,713</b>	<b>\$ 80,200</b>

Just before the year end, a temporary transfer of \$15,000 was made from cash restricted for capital reserve fund to unrestricted cash. It is the Board's intention to transfer the funds back to reserve when sufficient 2022 fees and levies are collected.

**4. LONG TERM INVESTMENTS HELD FOR CAPITAL RESERVE FUND**

	Purchase date	Maturity date	Interest rate %	<b>2021</b>	2020
Term deposit #4, matured	June 12, 2019	June 12, 2021	2.35	\$ -	\$ 8,350
Term deposit #5, matured	September 17, 2019	September 17, 2021	2.35	-	11,054
Term deposit #7	January 23, 2020	January 23, 2023	2.10	<b>58,435</b>	57,233
				<b>\$ 58,435</b>	<b>\$ 76,637</b>

# SAVARY SHORES IMPROVEMENT DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2021

### 5. TANGIBLE CAPITAL ASSETS

	Land	Water Distribution and Pipework	Water system supply & storage	Buildings	Meters	Vehicle	Total
<b>Cost</b>							
Balance Jan 1, 2021	\$ 30,972	\$ 137,284	\$ 232,027	\$ 81,109	\$ 40,447	\$ 5,742	\$ 527,581
Additions	-	8,723	8,439	5,992	1,973	-	25,127
Disposals	-	-	-	-	(628)	-	(628)
Balance Dec 31, 2021	\$ 30,972	\$ 146,007	\$ 240,466	\$ 87,101	\$ 41,792	\$ 5,742	\$ 552,080
<b>Accumulated Amortization</b>							
Balance Jan 1, 2021	\$ -	\$ 64,094	\$ 64,563	\$ 40,173	\$ 16,535	\$ 2,105	\$ 187,470
Amortization	-	1,972	6,394	2,545	1,020	574	12,505
Disposals	-	-	-	-	(392)	-	(392)
Balance Dec 31, 2021	\$ -	\$ 66,066	\$ 70,957	\$ 42,718	\$ 17,163	\$ 2,679	\$ 199,583
<b>Net book value</b>	\$ 30,972	\$ 79,941	\$ 169,509	\$ 44,383	\$ 24,629	\$ 3,063	\$ 352,497

  

	Land	Water Distribution and Pipework	Water system supply & storage	Buildings	Meters	Vehicle	Total
<b>Cost</b>							
Balance Jan 1, 2020	\$ 30,972	\$ 129,716	\$ 215,543	\$ 79,824	\$ 39,697	\$ 5,742	\$ 501,494
Additions	-	7,568	33,644	1,285	750	-	43,247
Disposals	-	-	(17,160)	-	-	-	(17,160)
Balance Dec 31, 2020	\$ 30,972	\$ 137,284	\$ 232,027	\$ 81,109	\$ 40,447	\$ 5,742	\$ 527,581
<b>Accumulated Amortization</b>							
Balance Jan 1, 2020	\$ -	\$ 62,317	\$ 73,173	\$ 37,846	\$ 15,533	\$ 1,531	\$ 190,400
Amortization	-	1,777	5,804	2,327	1,002	574	11,484
Disposals	-	-	(14,414)	-	-	-	(14,414)
Balance Dec 31, 2020	\$ -	\$ 64,094	\$ 64,563	\$ 40,173	\$ 16,535	\$ 2,105	\$ 187,470
<b>Net book value</b>	\$ 30,972	\$ 73,190	\$ 167,464	\$ 40,936	\$ 23,912	\$ 3,637	\$ 340,111

### 6. ACCUMULATED SURPLUS

	2020 Balance	Surplus (deficit)	Transfers	2021 Balance
Operating fund	\$ 34,332	\$ 8,385	\$ (8,000)	\$ 34,717
Capital reserve fund (Note 7)	127,518	12,555	(17,127)	122,946
Equity in tangible capital assets	340,111	(12,741)	25,127	352,497
	<u>\$ 501,961</u>	<u>\$ 8,199</u>	<u>\$ -</u>	<u>\$ 510,160</u>

# SAVARY SHORES IMPROVEMENT DISTRICT

## Notes to Financial Statements Year Ended December 31, 2021

### 7. CAPITAL RESERVE FUND

	2021	2020
Balance at beginning of year	\$ 127,518	\$ 130,362
Interest income	1,755	1,403
	<b>129,273</b>	131,765
Contribution to Capital Reserve	<b>10,800</b>	38,800
Water distribution and pipework purchases	<b>(8,723)</b>	(7,568)
Water system supply & storage purchases	<b>(8,439)</b>	(33,644)
Building purchases	<b>(5,992)</b>	(1,285)
Meter purchases	<b>(1,973)</b>	(750)
Transfer	<b>8,000</b>	200
Balance at end of year	<b>\$ 122,946</b>	\$ 127,518

### 8. OPERATING SEGMENTS

Activities of the District are separated based upon the nature of the expenditures as they relate to the following segments:

#### Operations

The Operations segment covers maintenance of the waterworks infrastructure assets for continuous drinking water delivery, and includes costs for a system operator, water sampler, meter reader, and general maintenance staff.

#### Administration

The Administration segment covers governance, finance, and administrative management of the District as an organization, and includes costs of an administrator.

### 9. FINANCIAL INSTRUMENTS

The District is exposed to various risks through its financial instruments. The following analysis provides information about the District's risk exposure and concentration as of December 31, 2021.

#### ***(a) Credit risk***

Credit risk arises from the potential that a counter party will fail to perform its obligations. The District is exposed to credit risk from customers. The District levies tax charges during each year of service with payment subsequent to the levy in the normal course of operations. If an owner fails to pay the taxes over two consecutive years, the District can force the sale of the property. The District has a significant number of customers which minimizes concentration of credit risk.

#### ***(b) Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the District manages exposure through its normal operating and financing activities. The District is exposed to interest rate risk through its fixed rate term deposits.

**SAVARY SHORES IMPROVEMENT DISTRICT****Operations Expenses***(Schedule 1)***Year Ended December 31, 2021**

The following is a summary of operations segment expenses by object:

	Budget	2021	2020
Amortization	\$ 12,142	\$ 12,505	\$ 11,484
Dues and water fees	1,301	450	1,275
Fuel	4,068	5,636	3,059
Full spectrum and nitrates tests	1,260	1,309	1,235
Maintenance	11,138	14,203	8,453
Miscellaneous	1,500	852	-
Subcontract	9,931	11,350	9,735
System review and feasibility study	2,670	2,670	2,670
	<u>\$ 44,010</u>	<u>\$ 48,975</u>	<u>\$ 37,911</u>

**Administration Expenses***(Schedule 2)***Year Ended December 31, 2021**

The following is a summary of administration segment expenses by object:

	Budget	2021	2020
Bank charges	\$ 109	\$ 160	\$ 107
Insurance	7,338	8,207	7,194
Office	2,081	1,281	2,041
Professional fees	5,240	5,297	5,240
Subcontract	23,207	30,073	23,175
Telephone	851	1,079	835
Travel	2,114	2,032	2,254
Trustee expense	118	918	115
	<u>\$ 41,058</u>	<u>\$ 49,047</u>	<u>\$ 40,961</u>

The accompanying notes form an integral part of these financial statements.