

AGENDA  
FOR THE ANNUAL GENERAL MEETING TO BE HELD ON  
THURSDAY, APRIL 28<sup>TH</sup>, 2016 AT 6PM  
AT  
BOUNDARY MUSEUM SOCIETY  
6145 RESERVOIR RD, GRAND FORKS, B.C.

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1. CALL TO ORDER
2. CHAIRMAN'S OPENING REMARKS
3. ADOPTION OF AGENDA
4. APPROVAL OF MINUTES OF THE LAST ANNUAL GENERAL MEETING HELD ON WEDNESDAY MAY 6<sup>TH</sup>, 2015
5. BUSINESS ARISING FROM MINUTES
6. CHAIRMAN'S REPORT
7. BOARD OF TRUSTEE'S REPORT
8. ADMINISTRATOR'S AND WATER OPERATOR'S REPORT'S
9. DISCUSSION AND APPROVAL OF ALL REPORTS
10. REPORT OF AUDITORS, TREASURERS, FINANCIAL STATEMENTS AND 2016 BUDGET
11. DISCUSSION ON REPORTS AND APPROVAL
12. APPOINTMENT OF AUDITORS
13. TRUSTEE HONORARIUM
14. REPORT ON NOMINATION COMMITTEE AND ELECTION OF TRUSTEE
15. NEW BUSINESS
16. ADJOURNMENT
17. REFRESHMENTS

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE LANDOWNERS OF THE SION IMPROVEMENT DISTRICT HELD WEDNESDAY, MAY 6, 2015, AT 7:00 P.M. IN THE GRAND FORKS USCC COMMUNITY CENTRE.**

**CALL TO ORDER**

Chairman Steve Rezanoff called the Meeting to order. There were thirteen (13) landowners, and two (2) guests in attendance.

**CHAIRMAN'S OPENING REMARKS**

Chairman Steve Rezanoff, welcomed everyone to the 2015 Annual General Meeting and introduced the attending Trustees: Larry Jmaiff (Vice Chairman), Ron Subotin (Secretary), Roy Stevenson, and John Zibin. Staff present: Heather Smith (Administrator), Cassandra Thomas (Bookkeeper), Fay Malins (Office Staff), and Darryll Hunt (Water Bailiff). Assistant Water Bailiffs John Smith and Jarrett Kraus, were not in attendance.

He thanked all those in attendance and welcomed their comments and concerns.

**READING OF NOTICE OF MEETING AND AGENDA**

Chairman Steve Rezanoff, read the Notice of the Meeting and the Agenda.

**MOTION: Resolved that** the Agenda and Notice of Meeting be adopted as read.

**M/S/C** Stephen Acres/Sam Semenoff

**ADOPTION OF MINUTES**

Minutes of the Annual Meeting held on May 8, 2014, were circulated.

**MOTION: Resolved that** the Minutes be adopted as circulated.

**M/S/C** Stephen Acres/Edith MacAllister

**BUSINESS ARISING FROM MINUTES**

Question was asked as to whether the District obtained bids from auditors, with the reply being that the District negotiated a fixed cost with Grant Thornton. There is one year left in the contract after which time bids will be obtained.

**CHAIRMAN'S REPORT**

The Trustees and staff worked hard to provide a safe water supply at a reasonable cost to the land owners:

- In 2014 completely overhauled office billing system to be more descriptive and flexible
- During 2014 there was a nearly complete change of staff which the Board believes is the best

possible staff for the District.

- Acknowledged the volunteer efforts of the Board during the office and operation staff changes.
- Board and staff have initiated an aggressive cost cutting program scrutinizing every potential cost reduction and set standard for efficiency for some time to come
- Asked for patience while Board/staff work through this process
- Continue to make safe drinking and irrigation water number one priority
- Proactively flush system twice a year and clean reservoirs as needed
- Announced that he is stepping down as chairman but will continue on the Board and support staff and new chairman for commitment of his term

Sion Improvement District strives to be a leading advocate on behalf of landowners to insure their interests are met. The Board and staff believe water is a precious resource. We must sustain our water supply and to achieve that we must conserve.

Question was asked about the extra costs related to the two assistant bailiffs with the reply being that this year the cost will be slightly higher because of training but will level out in future.

## **REPORT OF THE BOARD OF TRUSTEES**

Trustee, Larry Jmaiff, read the Report of the Board of Trustees. Twelve (12) regular and three (3) special meetings with the Trustees were held in 2014.

There is one (1) vacancy on the Board being for Roy Stevenson for a three (3) year term.

The Sion Improvement District water system is supplied with fresh clean water by six deep wells and does not need to use chlorine. The water supply is tested on a weekly basis by CARO Environmental Services and meets Interior Health Authority requirements.

The Board thanks the Landowners for their continued co-operation and continues with their efforts to make water sustainability and quality a top priority.

As of December 31, 2014, there were three hundred twenty-nine (329) Domestic Water connections being utilized. There were a number of new residences under construction as well.

The total taxable acreage for irrigation stands at 737.20 acres as of December 31, 2014, with an estimated 80% under irrigation.

Water main flushing is required by Interior Health Authority and takes place twice annually during the weeks of April 15 and October 15.

By-law No. 133 was passed to impose Taxes upon lands in the District and providing for a percentage addition to encourage prompt payment thereof.

By-law No. 132 was passed fixing Tolls and other charges payable to the District and providing for a percentage addition to encourage prompt payment thereof.

There is no increase in Tolls or Taxes for the 2015 year.

The Trustees thanked management and staff for maintaining exceptional record of delivering safe, reliable and affordable water.

## **ADMINISTRATOR'S AND WATER BAILIFF'S REPORTS**

On behalf of the Administrator, Heather Smith, and Water Bailiff, Darryll Hunt, Steve Rezansoff welcomed everyone to the 50<sup>th</sup> consecutive General Meeting. It is imperative for the District to focus on two specific qualifiers of change identified as Effective and Affordable. Challenges are abundant in the water industry with legislation, regulation and public expectations.

Water conservation is extremely important and land owners are asked to use water smartly, not to water in the heat of the day or leave sprinklers running for extended periods of time in one place. The cost of providing potable water is increasing; wise use of water can help keep the cost down.

Permits are required for swimming pools and underground sprinklers in accordance to the District's water regulation by-law. Swimming pools must be equipped with a re-circulation and filtration system as set in Part V of the Health Act.

Landowners are asked not to plant trees or shrubs near the mainline shutoff of either irrigation or domestic valves. Injury could occur during opening or closing, and efforts to prevent this are a WorkSafe BC requirement.

The District is always concerned about cross connections in the system, and home owners are asked to be diligent in compliance with the District's Standard Agricultural Irrigation Connection policy as provided in the handout.

Appreciation was expressed to the Board and staff for their help and support through the year.

It was mentioned that the government is going to start charging districts for mining water in early 2016, at approximately \$2.50/100 cubic meters.

Discussion/question period took place on the following:

Are levels in the wells stable at present? Yes, water table is consistent; however, two wells will need rejuvenation in the near future.

Are meters a possibility? Cost is too great, voluntary conservation would be better. Website should outline ways of conservation outside of the obvious, i.e. some tips such as not to water during rain storm, check valves for breaks/leaks.

A landowner expressed concern that she does not use irrigation water, but is paying the same as those who do. Landowners' taxes are based on acreage size, the more acreage the higher the taxes. The tax charge is for the availability of water, whether being used or not. Landowners could apply to Court of Revision for adjustment but must be cautioned that should they sell property this could create an issue for next owner.

Is there government funding for the District? No funding unless the District signs over to the Regional District of Kootenay Boundary, but doing so could mean higher tolls and taxes to the landowners.

Steve Rezansoff also mentioned that the District considered bottling and selling water, however, were cautioned by the provincial government that should there be contamination the liability falls on the entire District, including the landowners. Could set up a separate corporation, but insurance costs could be prohibitive.

**MOTION:** Resolved that the Chairman's Report, Board of Trustees' Report and the Administrator's/Water Bailiff's Reports all be adopted as read and circulated.

M/S/C Sam Semenoff/Stephen Acres

## **REPORT OF THE AUDITORS, COLLECTORS, FINANCIAL STATEMENT REVIEW AND 2015 BUDGET**

Trustee Ron Subotin read the Auditors' report on summarized consolidated financial statements. Statements were available at the meeting.

Clarification was made on the long term debt being the new well number 6, and other income expenditure of \$82,000 being pay-out to retiring staff.

Suggestion was also made to show budget comparison of previous year in future reports.

**MOTION:** Resolved that the Auditors, Collectors, Financial Statement and the 2015 Budget be approved as read and explained by the Administrator/Accountant.

M/S/C Stephen Acres/Edith MacAllister

## **APPOINTMENT OF AUDITOR**

**MOTION:** Resolved that the Trustees continue with the services of Grant Thornton, Chartered Accountant, as our Auditors for the 2015 year.

M/S/C Edith MacAllister/Stephen Acres

## **TRUSTEES' REMUNERATION**

**MOTION:** Resolved that the Trustees' remuneration for 2015 be \$100.00 per meeting.

M/S/C Stephen Acres/Katie Shokoples

## **NOMINATION AND ELECTION OF TRUSTEES**

Trustee John Zibin reported that there is one (1) vacancy on the Board for a three (3) year term expiring for Trustee Roy Stevenson.

The Nominating Committee presented Roy Stevenson who let his name stand.

After calling for nominations from the floor three times no names were presented. Roy Stevenson was elected by acclamation.

**NEW BUSINESS**

Chairman Steve Rezansoff mentioned that the staff would like to have email addresses for as many landowners as possible for billing to save the District on postage costs. He suggested everyone take a look at the Sion website and provide any suggestions.

Suggestions were also given as to how to attract more landowners to the annual general meeting as not everyone present even saw the advertisement in the Gazette. Suggestions such as a sandwich board on the highway during the week of the meeting, notice in the first toll invoice to watch for date of meeting.

Larry Jmaiff showed the sign "Entering Groundwater Protection Zone" that will be put at the four pump houses.

**ADJOURNMENT**

**MOTION:** Resolved that the meeting be adjourned.

**M/C** Stephen Acres

The meeting adjourned at 8:05 p.m. followed by refreshments.

  
Chairman

  
Secretary

# REPORT OF THE BOARD OF TRUSTEES

## GENERAL

Eleven (11) regular and Five (5) special meetings with the Trustees were held in 2015.

There are (2) vacancies on the Board of Trustees being for Brent Heric and John Zibin being each for a three (3) year term.

The SION IMPROVEMENT DISTRICT water system is supplied with fresh clean water by six (6) deep wells and does not need to use chlorine. Your water supply is tested on a weekly basis by Caro Environmental Services and meets Interior Health Authority requirements.

The Board of Trustees would like to thank the Landowners for their continued co-operation and continue with their efforts to make water sustainability and quality a top priority.

## DOMESTIC WATER

As of December 31, 2015 there were three hundred and seventy (370) connections being utilized.

## IRRIGATION WATER

The total taxable acreage for irrigation stands at 937 acres as of December 31, 2015. It is estimated that approximately 70% of the total acreage is still under active irrigation.

## WATER MAIN FLUSHING

Flushing of the lines is required by the Interior Health Authority on an annual basis or more as may be required, this helps to retain the water quality for our landowners and we perform this task during the weeks of April 15 and October 15. While flushing in your area, you may notice a reduction in water pressure, and sediment or discolouration of the water.

## BY-LAWS PASSED

### By-Law No 138

"A By-Law for imposing Taxes upon lands in the District and for providing for a percentage addition to encourage prompt payment thereof. "

### By-Law No. 139

"A By-law fixing Tolls and other charges payable to the District and the terms of payments thereof, and providing for a percentage addition to encourage prompt payment thereof.

The Trustees wish to thank our dedicated management and staff for maintaining the Districts exceptional record of delivering safe, reliable and affordable water.

RON SUBOTIN, Chairman  
LARRY JMAIFF  
ROY STEVENSON  
JOHN ZIBIN  
BRENT HERIC

Welcome to our 53<sup>rd</sup> Annual General Meeting. We would like to thank everyone for their patience during the past year while we were organizing our office and procedures. The move to a larger and brighter location will help achieve this as both the office staff and the water operator can be in the same office allowing better collaboration with each other. The new location has also enabled us to meet face to face with many of the landowners

As you may have seen when coming in this room we have a new website. This will help us to keep everyone updated on changes as they occur and to cut down on postage costs. If you do not have access to our website let us know and we will continue to mail you our newsletters and notices.

Another great feature of this website is the Alert feature that you can subscribe to - if we have a situation where there will be no water you will be alerted via email or text as to the problem and location. Another alert will go out to let you know when the situation has been resolved along with any advice what to do prior to resuming normal operation – such as flushing your outside water tap first for a few minutes before using inside the house. We will also use this for drought

Our weekly water sample test results will be published on the website along with water conservation tips and other related items. Our current domestic toll and irrigation tax bylaws will be on there and there is also a FAQ section. If you do not see a question you have in mind let us know and we will add that along with an answer – there is an email section where you can send questions or concerns.

Have a look thru it and let us know your comments.

The past year has seen an increase in the cost of running our infrastructure due to drought conditions. We sincerely hope we will not have another drought situation this year. We have seen rate increases already this year in our utilities such as Fortis and CARO – our water sample testing facility.

Our focus still remains on keeping our water system effective and affordable but to do this we need to ensure our infrastructure is brought up to modern standard. We also need your help to use water wisely to minimize the increasing cost of providing potable water to you.

Our new website will have several links and ideas to achieve this goal.

We have rejuvenated one pumphouse last fall and are in the process of gathering quotes to rejuvenate another pumphouse – this may be done this year or it could be held off until the 2017 year.

Other plans for this year is to continue to make improvements to our water system, continue with training programs to lessen our dependence on outside help and to continue with our strategic planning for our infrastructure.

We would like to thank everyone for their co-operation in helping us to achieve our goal.

I would like to present Dan Koochin – our water operator – who will give you his report and comments on the previous year and what may be coming up in the future.

Heather Smith - Administrator



SION Summary Facts

We have 623 ha (1540 acres) total land within the SION boundary

The district is committed to provide water to 250 ha (906 acres)

Why not other properties? Pressure, booster pumps etc.

Two systems North and South (each separate from each other)

Life expectancy

South Systems:

One reservoir 100,000 gallons US

3 pump houses consisting of 4 pumps/4wells (Talk Pumps and Electricity)

3 booster pumps

Discuss Main piping system

Recent improvements PH2

Proposed improvements BP1

North System:

Discuss same as above (2 pumps 2 wells) one reservoir one booster pump servicing Davies Rd

Discuss Control devices (3 Levels of control and monitoring and deficiencies)

Perspective future upgrades or changes to the system. Expanding the district servicing existing clients, Limited revenues.

Safety:

Backflow prevention

Demand charges:

Kwh charges : 0.07064/kwh

Demand Charges

Water Sustainability Act Bill 18 – 2014

Water Act

Cross Connection program



**Financial Statements**

**Sion Improvement District**

**December 31, 2015**

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# Independent auditors' report

Grant Thornton LLP  
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To the Board of Trustees of Sion Improvement District

We have audited the accompanying financial statements of Sion Improvement District ("the District"), which comprise the statement of financial position as at December 31, 2015, the statement of operations and accumulated surplus, the statement of changes in net financial assets and the statement of 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, 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.

## Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sion Improvement District as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kelowna, Canada  
April 14, 2016

*Grant Thornton LLP*  
Chartered Professional Accountants

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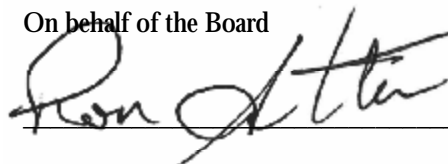
# Sion Improvement District

## Statement of financial position

December 31	2015	2014
<b>Financial assets</b>		
Cash	\$ 83,814	\$ 98,030
Tolls and taxes receivable (Note 4)	225,123	229,714
Other receivables	20	3,697
	<u>308,957</u>	<u>331,441</u>
<b>Liabilities</b>		
Payables and accruals	27,871	18,316
Long-term debt (Note 5)	222,348	247,268
	<u>250,219</u>	<u>265,584</u>
<b>Net financial assets</b>	<u>58,738</u>	<u>65,857</u>
<b>Non-financial assets</b>		
Inventory	9,365	9,392
Prepaid expenses	-	20,037
Tangible capital assets (Page 12)	1,020,496	1,089,295
	<u>1,029,861</u>	<u>1,118,724</u>
<b>Accumulated surplus (Page 13)</b>	<u>\$ 1,088,599</u>	<u>\$ 1,184,581</u>

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On behalf of the Board

  
Trustee

# Sion Improvement District

## Statement of operations and accumulated surplus

Year ended December 31	2015 Actual	2015 Budget	2014 Actual
<b>Revenue</b>			
Taxes levied	\$ 164,108	\$ 164,000	\$ 164,394
Tolls levied	126,028	126,000	122,352
Interest and penalties	9,021	2,000	4,863
	<b>299,157</b>	<b>292,000</b>	<b>291,609</b>
<b>Expenses</b>			
<b>Administration</b>			
Bank charges	1,245	950	909
Interest on long-term debt	9,541	9,050	10,680
Licence	894	1,300	1,226
Miscellaneous	11,503	10,400	13,386
Office insurance	2,083	2,500	2,500
Postage and telephone	7,291	6,550	9,033
Professional fees	27,280	23,000	15,200
Rent	5,323	4,500	4,000
Stationery and printing	11,997	8,150	3,866
Wages and benefits	14,003	17,300	39,780
	<b>91,160</b>	<b>83,700</b>	<b>100,580</b>
<b>Operations</b>			
Amortization	64,783	67,000	66,810
Insurance	21,107	21,500	20,974
Power	68,230	50,000	49,990
Repairs and maintenance	44,458	63,765	25,743
Water bailiff - wages and benefits	64,042	50,700	48,915
- truck cost	5,223	5,700	5,331
	<b>267,843</b>	<b>258,665</b>	<b>217,763</b>
<b>Total expenses</b>	<b>359,003</b>	<b>342,365</b>	<b>318,343</b>
<b>Annual loss before other income (expenses)</b>	<b>(59,846)</b>	<b>(50,365)</b>	<b>(26,734)</b>
<b>Other income (expenses)</b>			
Other	-	-	(82,683)
Utilities refund	-	-	32,132
Loss on disposal of tangible capital assets	(36,136)	-	-
	<b>(95,982)</b>	<b>(50,365)</b>	<b>(77,285)</b>
<b>Annual loss</b>	<b>(95,982)</b>	<b>(50,365)</b>	<b>(77,285)</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,184,581</b>	<b>1,184,581</b>	<b>1,261,866</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 1,088,599</b>	<b>\$ 1,134,216</b>	<b>\$ 1,184,581</b>

See accompanying notes to the financial statements

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## Sion Improvement District

### Statement of changes in net financial assets

Year ended December 31	2015 Actual	2015 Budget	2014 Actual
<b>Annual loss</b>	\$ (95,982)	\$ 56,091	\$ (77,285)
Acquisition of tangible capital assets	(32,120)	-	(5,501)
Loss on disposal of tangible capital assets	36,136	-	-
Amortization	64,783	67,000	66,810
Change in inventory	27	-	(298)
Change in prepaid expenses	20,037	-	(842)
	<u>(7,119)</u>	<u>123,091</u>	<u>(17,116)</u>
<b>Net financial assets, beginning of year</b>	<u>65,857</u>	<u>65,857</u>	<u>82,973</u>
<b>Net financial assets, end of year</b>	<u>\$ 58,738</u>	<u>\$ 188,948</u>	<u>\$ 65,857</u>

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# Sion Improvement District

## Statement of cash flows

Year ended December 31	2015	2014
Increase (decrease) in cash		
<b>Operating</b>		
Annual loss	\$ (95,982)	\$ (77,285)
Adjustment for non-cash item		
Amortization	64,783	66,810
Loss on disposal of tangible capital assets	36,136	-
	4,937	(10,475)
Changes in non-cash operating working capital		
Tolls, taxes and other receivables	8,268	27,249
Payables and accruals	9,555	14,296
Inventory	27	(298)
Prepaid expenses	20,037	(842)
	42,824	29,930
<b>Capital</b>		
Acquisition of tangible capital assets	(32,120)	(5,501)
<b>Financing</b>		
Repayment of long-term debt	(24,920)	(23,892)
Net (decrease) increase in cash	(14,216)	537
Cash, beginning of year	98,030	97,493
Cash, end of year	\$ 83,814	\$ 98,030
<b>Supplementary cash flow information</b>		
Interest paid	\$ 9,541	\$ 10,680



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# Sion Improvement District

## Notes to the financial statements

December 31, 2015

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The notes to the financial statements are an integral part of the statements. They explain the significant accounting and reporting policies and principles underlying these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the financial statements.

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### **1. Nature of business**

The District is incorporated under the laws of British Columbia and is engaged in the operation of an Improvement District.

The financial statements are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods

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### **2. Summary of significant accounting policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The following is a summary of the District's significant accounting policies:

#### **Basis of accounting**

The District's financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods and services and/or the creation of a legal obligation to pay.

#### **Budget figures**

The budget figures are adopted annually at the Annual General Meeting.

#### **Inventory**

Inventory is valued at the lower of cost, determined principally on the first-in first-out basis, or net realizable value and consists of pipes, clamps, fittings, couplings and service valves. Cost includes all expenses directly attributable to the purchase of inventory. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(continued)

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# Sion Improvement District

## Notes to the financial statements

December 31, 2015

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### 2. Summary of significant accounting policies (continued)

#### Tangible capital assets

Tangible capital assets are recorded at cost and includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset.

#### Amortization

Rates of amortization applied on straight-line basis to write off the cost of tangible capital assets over their estimated lives are as follows:

Office equipment	3 to 7 years
Vehicles	5 years
Water system:	
Booster station	20 years
Booster station building	80 years
Concrete reservoir	80 years
Fire hydrant and others	40 years
Irrigation wells and pump	20 years
Pipes	60 to 80 years
Pump house building	80 years

#### Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Town:
  - a. is directly responsible; or
  - b. accepts responsibility; and
- iv. a reasonable estimate of the amount can be made. The liability includes costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

Management has assessed its potential liabilities under the new standard including sites that are no longer in productive use and sites which the District accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation at this time, therefore, no liability was recognized on transition as at January 1, 2015 or at December 31, 2015.

(continued)

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# Sion Improvement District

## Notes to the financial statements

December 31, 2015

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### **2. Summary of significant accounting policies (continued)**

#### **Contributions by developers**

Additions to the water distribution system constructed and contributed by developers are recorded at their fair value and are capitalized into tangible capital assets and reflected in the statement of operations and accumulated surplus as contributions from developers.

#### **Revenue recognition**

Taxes and tolls levied are recorded on the accrual basis and recognized when earned. Other revenue is recorded as it is earned and measurable.

#### **Expenses**

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

#### **Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Items subject to significant management estimates include estimated useful life of tangible capital assets and related amortization.

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# Sion Improvement District

## Notes to the financial statements

December 31, 2015

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### 3. Current and future accounting changes

#### Current accounting change

Effective April 1, 2014, the Public Sector Accounting Board issued Section 3260 Liability for contaminated sites. This Section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. A liability should be recognized when an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. During the year, the District adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

#### Future accounting changes

##### PS 1201 – *Financial statement presentation*

This section revises and replaces the existing Section PS 1200 Financial statement presentation. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

##### PS 2200 – *Related party disclosures*

This new section defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties unrelated. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

##### PS 2601 – *Foreign currency translation*

This section revises and replaces the existing Section PS 2600 Foreign currency translation. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

##### PS 3210 – *Assets*

This new Section provides guidance for applying the definition of an asset set out in Section PS 1000 Financial statement concepts and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. Fiscal years beginning on or after April 1, 2017, with early adoption permitted.

(continued)

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# Sion Improvement District

## Notes to the financial statements

December 31, 2015

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### 3. Current and future accounting changes (continued)

#### Future accounting changes (continued)

##### PS 3320 – *Contingent Assets*

This new Section defines and establishes disclosure standards for contingent assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occur or fail to occur and that resolution will confirm the existence or non-existence of an asset. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely. Fiscal years beginning on or after April 1, 2017, with early adoption permitted.

##### PS 3450 – *Financial instruments*

This section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

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### 4. Tolls and taxes receivable

#### Tolls and taxes

Tolls and taxes receivable represent amounts receivable from annual tax and toll levy by the District plus the current portion of the new well assessment as noted below.

#### Taxes receivable

During fiscal year 2007, the District offered two options for paying the taxes related to Well #6, the first being a one-time payment of \$1,200 and the second, for which the receivable is considered long term, to pay \$120 per year through 2021. The annual payment is included in the annual tax levy.

	<u>2015</u>	<u>2014</u>
Tolls and taxes receivable	\$ 55,563	\$ 26,074
Current portion - Well #6 assessment	<u>33,960</u>	<u>33,960</u>
	<b>89,523</b>	<b>60,034</b>
Long-term portion - Well #6 assessment	<u>135,600</u>	<u>169,680</u>
	<b>\$ 225,123</b>	<b>\$ 229,714</b>

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# Sion Improvement District

## Notes to the financial statements

December 31, 2015

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### 5. Long-term debt

	<u>2015</u>	<u>2014</u>
Grand Forks District Savings Credit Union, payable in monthly instalments of \$2,863, including interest calculated at a rate of 4%, maturing on June 28, 2016 and is unsecured.	<u>\$ 222,348</u>	<u>\$ 247,268</u>

The aggregate principal payment required next year will be \$222,348.

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### 7. Related party transactions

The Trustees of the District receive an honorarium for being members of the Board. During 2015, a total of \$6,400 (2014 - \$9,176) in compensation was paid to Trustees.

Transactions with related parties are recorded at the exchange amount, the amount of consideration agreed to between the related parties.

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## Sion Improvement District Schedule of tangible capital assets

December 31, 2015

	Land	Office equipment	Vehicle	Water mains, south system	Other infrastructure, south	Water mains, north system	Other infrastructure, north	2015 Total	2014 Total
<b>Cost</b>									
Opening balance	\$ 1,430	\$ 22,771	\$ 47,589	\$ 1,019,935	\$ 994,402	\$ 281,896	\$ 326,903	\$ 2,694,926	\$ 2,689,425
Add: additions	-	2,031	-	-	-	-	30,089	32,120	5,501
Less: disposals	-	-	-	-	(64,272)	-	-	(64,272)	-
Ending balance	<u>1,430</u>	<u>24,802</u>	<u>47,589</u>	<u>1,019,935</u>	<u>930,130</u>	<u>281,896</u>	<u>356,992</u>	<u>2,662,774</u>	<u>2,694,926</u>
<b>Accumulated amortization</b>									
Opening balance	-	16,075	30,579	718,351	499,359	204,970	136,297	1,605,631	1,538,821
Add: amortization	-	2,834	5,670	16,479	30,751	4,456	4,593	64,783	66,810
Less: disposals	-	-	-	-	(28,136)	-	-	(28,136)	-
Ending balance	<u>-</u>	<u>18,909</u>	<u>36,249</u>	<u>734,830</u>	<u>501,974</u>	<u>209,426</u>	<u>140,890</u>	<u>1,642,278</u>	<u>1,605,631</u>
<b>Net book value, December 31, 2015</b>	<u>\$ 1,430</u>	<u>\$ 5,893</u>	<u>\$ 11,340</u>	<u>\$ 285,105</u>	<u>\$ 428,156</u>	<u>\$ 72,470</u>	<u>\$ 216,102</u>	<u>\$ 1,020,496</u>	
Net book value, December 31, 2014	<u>\$ 1,430</u>	<u>\$ 6,696</u>	<u>\$ 17,010</u>	<u>\$ 301,584</u>	<u>\$ 495,043</u>	<u>\$ 76,926</u>	<u>\$ 190,606</u>		<u>\$ 1,089,295</u>

# Sion Improvement District

## Schedule of accumulated surplus

December 31, 2015

	General operations	Investment in tangible capital assets	<b>2015 Total</b>	2014 Total
Accumulated surplus, beginning of year	\$ 342,554	\$ 842,027	\$ <b>1,184,581</b>	\$ 1,261,866
Annual loss	(31,199)	(64,783)	<b>(95,982)</b>	(77,285)
Transfers				
Acquisition of tangible capital assets	(32,120)	32,120	-	-
Loss on disposal of tangible capital assets	36,136	(36,136)	-	-
Repayment of debt	<u>(24,920)</u>	<u>24,920</u>	<u>-</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 290,451</u>	<u>\$ 798,148</u>	<u>\$ <b>1,088,599</b></u>	<u>\$ 1,184,581</u>



# Sion Improvement District

## Comparative Income Statement

	Actual 2015 Jan to Dec 2015	Budget 2015 Jan to Dec 2015	Actual 2015 Jan to Dec 2015	Budget 2016 Jan to Dec 2016
<b>REVENUE</b>				
<b>REVENUE</b>				
Taxes Levied Under Bylaw	164,107.79	164,000.00	164,107.79	172,500.00
Tolls Levied Under Bylaw	126,028.00	126,000.00	126,028.00	135,000.00
Interest & Penalty Revenue	7,588.48	2,000.00	7,588.48	7,000.00
Service Revenue	922.99	0.00	922.99	2,000.00
Interest/Dividend Earned from Other	509.89	0.00	509.89	700.00
<b>TOTAL REVENUE</b>	<b>299,157.15</b>	<b>292,000.00</b>	<b>299,157.15</b>	<b>317,200.00</b>
<b>EXPENSE</b>				
<b>OPERATING EXPENSES</b>				
Power Expense	68,229.88	50,000.00	68,229.88	70,000.00
Water Sampling Program (Int.Health)	7,210.09	6,500.00	7,210.09	7,000.00
Rental	640.17	500.00	640.17	1,000.00
SubContractors	0.00	50,000.00	0.00	12,000.00
SubContractors - Non WCB Registered	500.00	0.00	500.00	0.00
Engineering	0.00	0.00	0.00	3,000.00
Shop Tools & Supplies	915.68	1,000.00	915.68	5,000.00
Total System Repairs/Maintenance	40,704.38	12,000.00	40,704.38	31,100.00
Security	80.00	500.00	80.00	500.00
<b>TOTAL OPERATING EXPENSES</b>	<b>118,280.20</b>	<b>120,500.00</b>	<b>118,280.20</b>	<b>129,600.00</b>
<b>TOTAL PAYROLL EXPENSES</b>	<b>75,372.11</b>	<b>64,800.00</b>	<b>75,372.11</b>	<b>76,325.00</b>
<b>TOTAL VEHICLE EXPENSES</b>	<b>5,223.00</b>	<b>5,700.00</b>	<b>5,223.00</b>	<b>5,875.00</b>
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>				
Accounting	24,300.00	21,500.00	24,300.00	29,000.00
Advertising/Promo	1,368.20	200.00	1,368.20	500.00
Amortization	64,782.55	67,000.00	64,782.55	63,000.00
Bank Charges	451.73	250.00	451.73	200.00
Bank Bill Payment Service Fees	793.25	700.00	793.25	800.00
Insurance - Properties/Liabilities	21,106.87	21,500.00	21,106.87	21,500.00
Interest Charges	104.37	50.00	104.37	100.00
Interest - GFCU Loan	9,436.35	9,000.00	9,436.35	8,500.00
Office-Computer Accessories	64.69	0.00	64.69	500.00
Office Supplies	2,749.42	500.00	2,749.42	2,500.00
Office-Equipment Repair/Maintenance	354.83	500.00	354.83	800.00
Shop-Equipment Repair/Maintenance	75.31	0.00	75.31	200.00
Permits/Licenses/Membership Dues	894.00	1,300.00	894.00	1,200.00
Postage	1,473.17	1,200.00	1,473.17	1,800.00
Professional Fees	2,980.00	1,500.00	2,980.00	6,000.00
Telephone/Cell Phones,Shaw Internet	3,371.55	3,200.00	3,371.55	3,000.00
Cell/Phone Assessories	0.00	150.00	0.00	250.00
Total Seminar/Training/Travel Exp	3,734.38	4,200.00	3,734.38	4,300.00
Total Redi Office Expense	1,704.55	0.00	1,704.55	7,200.00
Total USCC Virtual Office	13,983.50	12,615.00	13,983.50	0.00
Trustee Meetings/Stipends	6,400.00	6,000.00	6,400.00	6,000.00
Capital Expenditures	0.00	0.00	0.00	40,000.00
Gain/Loss on Disposal of Asset	36,136.00	0.00	36,136.00	0.00
<b>TOTAL GEN/ADMIN EXPENSES</b>	<b>196,264.72</b>	<b>151,365.00</b>	<b>196,264.72</b>	<b>197,350.00</b>
<b>TOTAL EXPENSE</b>	<b>395,140.03</b>	<b>342,365.00</b>	<b>395,140.03</b>	<b>409,150.00</b>
<b>NET INCOME</b>	<b>-95,982.88</b>	<b>-50,365.00</b>	<b>-95,982.88</b>	<b>-91,950.00</b>