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**FANNY BAY WATERWORKS DISTRICT**

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**FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024**

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# FANNY BAY WATERWORKS DISTRICT

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YEAR ENDED DECEMBER 31, 2024  
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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements of Fanny Bay Waterworks District are the responsibility of management and have been approved by the Board.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the financial statements are presented fairly, in all material respects.

The District maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the District's assets are appropriately accounted for and adequately safeguarded.

The Board of Trustees of Fanny Bay Waterworks District (called "the Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board reviews the District's financial statements and management letter. The Board meets periodically with management, as well as the external auditors, to discuss internal control over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditors' report. The Board approves the financial statements for issuance to the ratepayers. The Board also considers, for review and approval by the ratepayers, the engagement of the external auditors.

The financial statements have been audited by MPS Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers. MPS Chartered Professional Accountants has full and free access to the Board.

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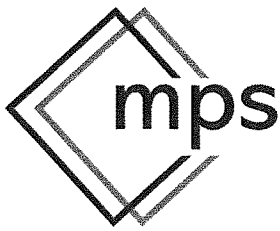
Trustee

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Trustee

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Trustee



**MacLean Pazicka Souchuck**  
Chartered Professional Accountants

Campbell B. MacLean, Ltd.  
Stana Pazicka, Inc.  
Leanne M. Souchuck, Ltd.

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of Fanny Bay Waterworks District

### **Opinion**

We have audited the accompanying financial statements of Fanny Bay Waterworks District, which comprise the financial position as at December 31, 2024, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position as at December 31, 2024, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis of Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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.

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**MPS**

CHARTERED PROFESSIONAL ACCOUNTANTS

Parksville, Canada  
March 13, 2025

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## FANNY BAY WATERWORKS DISTRICT

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### STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

	2024	2023
<b>FINANCIAL ASSETS</b>		
Cash (note 3)	\$ 87,364	\$ 65,108
Accounts receivable	14,574	15,476
GST recoverable	137	776
	102,075	81,360
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (note 4)	8,014	9,370
Current portion of long term debt (note 5)	-	1,644
	8,014	11,014
<b>NET FINANCIAL ASSETS</b>	94,061	70,346
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	4,652	4,496
Tangible capital assets (note 6)	318,554	332,945
	323,206	337,441
<b>ACCUMULATED SURPLUS</b>	\$ 417,267	\$ 407,787
<b>ACCUMULATED SURPLUS AT END OF YEAR CONSISTS OF:</b>		
Contingency reserve - internally restricted (note 3)	\$ 20,000	\$ 20,000
Investment in tangible capital assets (note 7)	318,554	331,301
Unrestricted	78,713	56,486
	\$ 417,267	\$ 407,787

Commitment (note 8)

APPROVED ON BEHALF OF BOARD OF TRUSTEES:

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## FANNY BAY WATERWORKS DISTRICT

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### STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2024

	Budget (unaudited) (note 9)	2024	2023
<b>REVENUE</b>			
Water toll	\$ 45,600	\$ 43,157	\$ 50,661
Parcel tax	27,348	27,348	27,348
Interest	-	303	212
Other	500	796	4,913
	73,448	71,604	83,134
<b>EXPENSES</b>			
Amortization	13,000	16,167	15,956
Insurance	6,600	6,592	6,323
Interest on long term debt	500	13	448
Office	6,100	4,385	4,195
Professional fees	7,200	7,525	8,000
Repairs and maintenance	11,748	2,214	8,664
Supplies	-	855	1,076
Travel	1,100	1,400	1,071
Utilities	3,700	2,107	2,203
Wages and benefits	23,500	20,866	23,591
	73,448	62,124	71,527
<b>ANNUAL SURPLUS</b>	\$ -	9,480	11,607
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>		407,787	396,180
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>		\$ 417,267	\$ 407,787

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## FANNY BAY WATERWORKS DISTRICT

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### STATEMENT OF CHANGES IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2024

	2024	2023
<b>ANNUAL SURPLUS</b>	\$ 9,480	\$ 11,607
Acquisition of tangible capital assets	(1,776)	(16,523)
Amortization of tangible capital assets	16,167	15,956
Acquisition of prepaid expenses	(4,652)	(4,496)
Use of prepaid expenses	4,496	4,344
<b>CHANGE IN NET FINANCIAL ASSETS</b>	23,715	10,888
<b>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</b>	70,346	59,458
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	\$ 94,061	\$ 70,346

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## FANNY BAY WATERWORKS DISTRICT

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### STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2024

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 9,480	\$ 11,607
Adjust for amortization that does not involve cash	16,167	15,956
	25,647	27,563
Changes in non-cash working capital		
Decrease (Increase)		
Accounts receivable	902	(923)
GST recoverable	639	502
Prepaid expenses	(156)	(152)
Increase (Decrease)		
Accounts payable and accrued liabilities	(1,356)	1,060
	29	487
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	25,676	28,050
<b>CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	(1,776)	(16,523)
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	(1,644)	(11,205)
<b>INCREASE IN CASH</b>	22,256	322
<b>CASH AT BEGINNING OF YEAR</b>	65,108	64,786
<b>CASH AT END OF YEAR</b>	\$ 87,364	\$ 65,108

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# FANNY BAY WATERWORKS DISTRICT

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## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

Fanny Bay Waterworks District (the "Waterworks District") was incorporated on May 9, 1963 under the Water Act and Regulations under the laws of the Province of British Columbia to provide water supply to the residents of the Fanny Bay Waterworks District.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) Basis of accounting

The financial statements reflect the results and activities of the Waterworks District, which comprise the operating fund, internally restricted fund and investment in tangible capital assets.

(b) Cash

The Waterworks District's policy is to present bank balances under cash.

(c) Use of 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 amounts 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. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, management prepares estimates for certain items such as valuation of accounts receivable, prepaid expenses, accrued liabilities and useful lives of tangible capital assets. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

(d) Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are being amortized over their estimated useful lives, in accordance with the provisions of the Public Sector 3150.

Machinery and equipment	- 20 - 25 years straight-line method
Waterworks system	- 20 - 45 years straight-line method

Tangible capital assets are a special class of non-financial assets and are recorded at cost less accumulated amortization and are classified according to their functional use. Costs include all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs.

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital assets commencing when the asset is put into use. Donated tangible capital assets are recorded at fair value at the time of donation.

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# FANNY BAY WATERWORKS DISTRICT

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## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition

Revenue for the Waterworks District comes from parcel taxes, water tolls and interest income. Revenue is recognized from all of these sources when the event has occurred or services been provided, the amount is reasonably determined, and the collection is assured.

(f) Expense recognition

Expenses are recorded on an accrual basis and are recognized in the period in which the goods and services are acquired and a liability is incurred or transfers are due.

(g) Non-financial assets

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

(h) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or living organism that exceeds an environmental standard. A liability for remediation of contaminated sites is to be recognized when a site is not in productive use and all of the following criteria are met:

- An environmental standard exists;
- Contamination exceeds the environmental standard;
- The Waterworks District:
  - ◊ Is directly responsible or
  - ◊ Accepts responsibility;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amounts can be made.

No liability has been recorded in these financial statements. Should a liability be determined, it will be recorded net of any expected recoveries.

### 2. FINANCIAL INSTRUMENTS

*Measurement of financial instruments*

The District initially measures its financial assets and financial liabilities at fair value.

The District subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

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## FANNY BAY WATERWORKS DISTRICT

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### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

#### 2. FINANCIAL INSTRUMENTS (continued)

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income.

##### *Transaction costs*

The District recognizes its transaction costs in net income in the period incurred.

##### *Risks and concentrations*

The District is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the District's risk exposure at the Statement of financial position date, December 31, 2024:

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The District's main credit risk relates to its accounts receivable.

One customer accounts for 12.95% of total accounts receivable. The District is subject to normal risk associated with accounts receivable.

##### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The District's main liquidity risks relate to its accounts payable and accrued liabilities.

##### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest, currency or other price risks.

#### 3. CONTINGENCY RESERVE - INTERNALLY RESTRICTED

The District has an internally restricted contingency reserve fund that is not available for other purchases without the approval of the Board of Trustees. The cash balance includes \$20,000 that is restricted for this purpose.

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## FANNY BAY WATERWORKS DISTRICT

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### NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

#### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade accounts payable	\$ 7,357	\$ 8,535
WorkSafeBC	438	485
Source deductions	219	350
	\$ 8,014	\$ 9,370

#### 5. LONG TERM DEBT

	2024	2023
Royal Bank of Canada term loan bearing interest at prime plus 0.50% per annum, repayable at \$822 per month including principal and interest	\$ -	\$ 1,644

# FANNY BAY WATERWORKS DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

### 6. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization			Net book value at end of 2024
	Balance at end of 2023	Additions	Disposals	Balance at end of 2024	Disposals	Amortization	
Land	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 1,500
Machinery and equipment	63,129	1,776	-	64,905	-	1,152	17,602
Waterworks system - new	516,960	-	-	516,960	-	12,137	262,035
Waterworks system - old	143,911	-	-	143,911	-	2,878	37,417
	\$ 725,500	\$ 1,776	\$ -	\$ 727,276	\$ -	\$ 16,167	\$ 318,554

	Cost			Accumulated amortization			Net book value at end of 2023
	Balance at end of 2022	Additions	Disposals	Balance at end of 2023	Disposals	Amortization	
Land	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 1,500
Machinery and equipment	46,606	16,523	-	63,129	-	941	16,978
Waterworks system - new	516,960	-	-	516,960	-	12,137	274,172
Waterworks system - old	143,911	-	-	143,911	-	2,878	40,295
	\$ 708,977	\$ 16,523	\$ -	\$ 725,500	\$ -	\$ 15,956	\$ 332,945

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## **FANNY BAY WATERWORKS DISTRICT**

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### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024**

#### **7. INVESTMENT IN TANGIBLE CAPITAL ASSETS**

Investment in tangible capital assets represents the net book value of the total tangible capital assets less long term obligations assumed to acquire those assets.

#### **8. COMMITMENT**

A 30-year agreement with the Ministry of Sustainable Resource Management commenced April 1, 2002 to lease land at Lot A of District Lot 88, Newcastle District, Plan VIP67926 comprised of 1.32 hectares, excluding highways under the Highway Act and land covered by water. Rent for the term was \$1 and is exclusively for the use of land for domestic waterworks facilities purposes.

#### **9. BUDGET**

The Waterworks District budget was approved by the Board in 2023. Budget figures are neither audited or reviewed.

#### **10. REMUNERATION**

The trustees of the Waterworks District receive annual remuneration of \$500 per trustee for services rendered.

#### **11. OCCUPATIONAL LICENCE**

A 30-year licence of occupation with the Province of British Columbia commenced October 4, 2021 granting the Water District a non-exclusive licence to occupy land for well head, pumping station, chlorine infiltration and fire hall purposes in exchange for \$1 for the term. The licence is for District Lot 48, Newcastle District, Plan 29577 comprised of 0.5179 hectares, more or less.