

**SHIPS POINT IMPROVEMENT DISTRICT**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

# **SHIPS POINT IMPROVEMENT DISTRICT**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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## **Management's Responsibility**

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### **To the Board of Trustees: Ships Point Improvement District**

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Public Sector Accounting Standards. The responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Trustees is composed entirely of trustees who are neither management nor employees of the Improvement District. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the financial information, including the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

Brent Johnson, CPA Ltd., an independent Chartered Professional Accountant firm, is appointed by the Board to audit the consolidated financial statements and report directly to them; his reports follows. The external auditor has full and free access to, and meets periodically with, both the Board and management to discuss his audit findings.

May 24, 2022



Administration



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Brent Johnson, CPA, CGA, CFP

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees: **Ships Point Improvement District**

### **Opinion**

I have audited the accompanying consolidated financial statements of Ships Point Improvement District, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of operations and changes in fund balances and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, included a summary of significant accounting policies.

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ships Point Improvement District (the Improvement District) as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### **Basis of Opinion**

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards excluding the Public Sector 4200 series, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Improvement 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 Improvement District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Improvement District's financial reporting process.


### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated 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 my 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Improvement 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 Improvement District's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Improvement District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

  
**Brent Johnson, CPA Ltd.**  
**Chartered Professional Accountant**

Qualicum Beach, British Columbia  
May 24, 2022

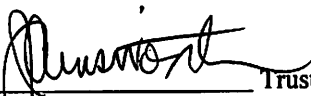
# SHIPS POINT IMPROVEMENT DISTRICT


## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| <b>Financial assets</b>                              |                     |                     |
| Cash and short term investments                      | \$ 470,121          | \$ 654,116          |
| Accounts receivable (Note 3)                         | 5,148               | 6,335               |
| Due from government agency                           | <u>2,917</u>        | <u>50,243</u>       |
|  | <u>478,186</u>      | <u>710,694</u>      |
| <b>Liabilities</b>                                   |                     |                     |
| Accounts payable and accrued liabilities             | 14,814              | 13,969              |
| Due to government agency                             | 975                 | 880                 |
| Province of British Columbia debt (Note 4)           | 112,632             | 128,007             |
| Royal Bank of Canada loans (Note 5)                  | 2,184,861           | 2,495,620           |
| Comox Valley Regional District contribution (Note 6) | <u>75,000</u>       | <u>75,000</u>       |
|  | <u>2,388,282</u>    | <u>2,713,476</u>    |
| <b>Net financial assets</b>                          | <u>(1,910,096)</u>  | <u>(2,002,782)</u>  |
| <b>Non-financial assets</b>                          |                     |                     |
| Tangible capital assets (Note 7)                     | 2,954,109           | 3,117,011           |
| Supply inventory                                     | 9,265               | 9,265               |
| Prepaid expense                                      | <u>12,657</u>       | <u>12,253</u>       |
|  | <u>2,976,031</u>    | <u>3,138,529</u>    |
| <b>Accumulated surplus - Page 2</b>                  | <u>\$ 1,065,935</u> | <u>\$ 1,135,747</u> |
| COMMITMENTS AND CONTINGENCIES (Note 12)              |                     |                     |
| SUBSEQUENT EVENTS (Note 13)                          |                     |                     |

APPROVED BY THE DIRECTORS

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

The auditor's report and notes are an integral part of the consolidated financial statements.

# SHIPS POINT IMPROVEMENT DISTRICT

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

|  | 2021<br>Operating<br>Budget | 2021                       | 2020                       |
|--|-----------------------------|----------------------------|----------------------------|
| <b>REVENUE</b>                                   |                             |                            |                            |
| Parcel taxes                                     | \$ 70,600                   | \$ 70,604                  | \$ 70,598                  |
| Capital Expenditure Fund                         | 172,200                     | 172,200                    | 172,200                    |
| Sale of services                                 | 97,600                      | 100,594                    | 99,019                     |
| Interest income                                  | 3,000                       | 11,663                     | 16,131                     |
| Province of British Columbia                     | -                           | 20,353                     | 20,353                     |
| Other income                                     | 1,250                       | 377                        | 1,200                      |
| Gain on sale of tangible capital assets          | <u>-</u>                    | <u>-</u>                   | <u>8,122</u>               |
|  | <b><u>344,650</u></b>       | <b><u>375,791</u></b>      | <b><u>387,623</u></b>      |
| <b>EXPENSES</b>                                  |                             |                            |                            |
| Amortization of tangible capital assets          | -                           | 181,656                    | 190,923                    |
| Donations  | 1,900                       | 750                        | 1,100                      |
| Insurance  | 20,900                      | 18,795                     | 19,947                     |
| Interest – Province of British Columbia (Note 4) | -                           | 4,978                      | 3,971                      |
| Interest - Royal Bank of Canada (Note 5)         | -                           | 79,730                     | 67,164                     |
| Office expenses                                  | 14,050                      | 13,382                     | 12,579                     |
| Professional fees                                | 8,000                       | 8,660                      | 8,300                      |
| Repairs and maintenance                          | 16,100                      | 27,347                     | 31,751                     |
| Travel and training                              | 7,700                       | 4,188                      | 6,456                      |
| Utilities  | 13,125                      | 15,416                     | 12,911                     |
| Wages and benefits                               | <u>93,740</u>               | <u>90,701</u>              | <u>81,646</u>              |
|  | <b><u>175,515</u></b>       | <b><u>445,603</u></b>      | <b><u>436,748</u></b>      |
| <b>Annual surplus</b>                            | <b>169,135</b>              | <b>(69,812)</b>            | <b>(49,125)</b>            |
| <b>Accumulated surplus</b>                       |                             |                            |                            |
| Beginning balance                                | <u>1,135,747</u>            | <u>1,135,747</u>           | <u>1,184,872</u>           |
| <b>Ending balance - Page 1</b>                   | <b><u>\$ 1,304,882</u></b>  | <b><u>\$ 1,065,935</u></b> | <b><u>\$ 1,135,747</u></b> |

The auditor's report and notes are an integral part of the consolidated financial statements.

# SHIPS POINT IMPROVEMENT DISTRICT

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED DECEMBER 31, 2021

|  | 2021<br>Budget               | 2021                         | 2020                         |
|--|------------------------------|------------------------------|------------------------------|
| <b>ANNUAL SURPLUS</b>                          | \$ 169,135                   | \$ (69,812)                  | \$ (49,125)                  |
| Acquisition of tangible capital assets         | -                            | (18,754)                     | (1,315,849)                  |
| Amortization of tangible capital assets        | -                            | 181,656                      | 190,923                      |
| (Gain) loss on sale of tangible capital assets | -                            | -                            | (8,122)                      |
| Proceeds on sale of tangible capital assets    | <u>-</u>                     | <u>-</u>                     | <u>12,178</u>                |
|  | <b>169,135</b>               | <b>93,090</b>                | <b>(1,169,995)</b>           |
| Acquisition of prepaid expense                 | <u>-</u>                     | <u>(404)</u>                 | <u>(90)</u>                  |
| <b>Increase in net financial assets</b>        | <b>169,135</b>               | <b>92,686</b>                | <b>(1,170,085)</b>           |
| <b>NET FINANCIAL ASSETS</b>                    |                              |                              |                              |
| Beginning balance                              | <u>(2,002,782)</u>           | <u>(2,002,782)</u>           | <u>(832,697)</u>             |
| <b>Ending balance</b>                          | <b>\$ <u>(1,833,647)</u></b> | <b>\$ <u>(1,910,096)</u></b> | <b>\$ <u>(2,002,782)</u></b> |

The auditor's report and notes are an integral part of the consolidated financial statements.



# SHIPS POINT IMPROVEMENT DISTRICT

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

|  | 2021                     | 2020                     |
|--|--------------------------|--------------------------|
| <b>Cash provided by (used in)</b>                |                          |                          |
| <b>Operating transactions</b>                    |                          |                          |
| Annual surplus (deficit)                         | \$ (69,812)              | \$ (49,125)              |
| Amortization of tangible capital assets          | 181,656                  | 190,923                  |
| (Gain) loss on sale of tangible capital assets   | -                        | (8,122)                  |
|  | <u>111,844</u>           | <u>133,676</u>           |
| <b>Changes in non-cash operating balances</b>    |                          |                          |
| Accounts receivable                              | 1,187                    | 593                      |
| Due from government agency                       | 47,329                   | 29,656                   |
| Accounts payable and accrued liabilities         | 843                      | 1,917                    |
| Due to government agency                         | 94                       | 18                       |
| Prepaid expenses                                 | (404)                    | (90)                     |
|  | <u>49,049</u>            | <u>32,094</u>            |
| <b>Net cash provided by operating activities</b> | <u>160,893</u>           | <u>165,770</u>           |
| <b>Financing transactions</b>                    |                          |                          |
| Issuance of long term debt                       | 4,917                    | 1,343,336                |
| Reduction in long term debt                      | (331,051)                | (337,464)                |
|  | <u>(326,134)</u>         | <u>1,005,872</u>         |
| <b>Capital transactions</b>                      |                          |                          |
| Acquisition of tangible capital assets           | (18,754)                 | (1,315,849)              |
| Proceeds on sale of tangible capital assets      | -                        | 12,178                   |
|  | <u>(18,754)</u>          | <u>(1,303,671)</u>       |
| <b>Increase in cash and cash equivalents</b>     | <b>(183,995)</b>         | <b>(132,029)</b>         |
| <b>CASH AND SHORT TERM INVESTMENTS</b>           |                          |                          |
| Beginning balance                                | <u>654,116</u>           | <u>786,145</u>           |
| <b>Ending balance</b>                            | <b>\$ <u>470,121</u></b> | <b>\$ <u>654,116</u></b> |

The auditor's report and notes are an integral part of the consolidated financial statements.

# SHIPS POINT IMPROVEMENT DISTRICT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 1. HISTORY AND NATURE OF THE IMPROVEMENT DISTRICT

The **Ships Point Improvement District** (Improvement District) was incorporated in 1979 under the laws of the Province of British Columbia, to provide water supply and fire protection services to the residents of Ships Point Improvement District.

### 2. SIGNIFICANT ACCOUNTING POLICIES

(a) **The Improvement District** prepares its financial statements in accordance with Canadian Public Sector Accounting Standards excluding the Public Sector 4200 series for local government as recommended by the Public Sector Accounting Board.

The consolidated financial statements reflect the combined results and activities of the Improvement District which is comprised of operating and capital funds, and all organizations that are accountable for the administration of the Improvement District's financial affairs and resources to the Board of Trustees and are controlled or owned by the Improvement District. Interfund transactions have been eliminated on consolidation.

i. **Operating and Reserve Funds** include the Waterworks and Fire Department's operating costs of the services provided by the Improvement District and funds established by the trustees of the Improvement District, by bylaw, to be used for expenditures related to upgrading, replacement or renewal of any existing tangible capital assets. These funds, and interest earned thereon, must only be invested and disbursed by bylaw passed by the trustees of the Improvement District.

ii. **Capital Funds** include the Waterworks and Fire Department's capital fund which is used to record the acquisition and disposal of tangible capital assets and their related financing.

(b) **Non-financial assets** are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(c) **Tangible capital assets** are recorded at cost and amortized over their useful lives, in accordance to the provisions of Public Sector 3150. 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. Cost includes 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 annually at the following rates and methods over the estimated useful 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 the donation.

|                    |                             |
|--------------------|-----------------------------|
| Buildings          | 6% declining balance        |
| Equipment          | 20% declining balance       |
| Water mains        | 6% declining balance        |
| Wells and casings  | 6% declining balance        |
| Fire trucks        | 20 year straight line basis |
| Computer equipment | 55% declining balance       |

**The auditor's report and notes are an integral part of the consolidated financial statements.**

# SHIPS POINT IMPROVEMENT DISTRICT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

(d) **Revenue recognition** is recorded when it is earned and, more specifically, when all the following conditions are met:

- Services are provided or products are delivered to customers.
- There is clear evidence that an arrangement exists.
- Amounts are fixed or can be determined.
- The Improvement District's ability to collect is reasonably assured.
- There are no significant obligations for future performance.
- The amount of future returns can be reasonably estimated.

(e) **Short term investments** consist of term deposits and guaranteed investment certificates which are readily convertible to cash and subject to insignificant risk of change in fair value, liquidity and credit risk.

(f) **Use of estimates** in the preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the year. Significant areas of estimation include assumptions used in estimating amortization of tangible capital assets and provisions for accrued liabilities. Actual results could differ from these estimates.

### 3. ACCOUNTS RECEIVABLE

|   | 2021            | 2020            |
|---|-----------------|-----------------|
| Parcel taxes and water toll revenue and other receivables | \$ 3            | \$ -            |
| Accrued interest receivable Operating Fund                | 1,091           | 1,291           |
| Province of British Columbia                              | 1,553           | 1,765           |
| Accrued interest receivable Reserve Fund                  | <u>2,501</u>    | <u>3,279</u>    |
|   | <u>\$ 5,148</u> | <u>\$ 6,335</u> |

### 4. PROVINCE OF BRITISH COLUMBIA DEBT

On November 19, 2012 the Improvement District received a \$250,000 capital tax advance from the Province of British Columbia in accordance with Bylaw No. 85, the 2012 Long Term Borrowing Bylaw to purchase a fire truck.

The capital tax advance is repayable with an annual payment in July of each year (2015 - 2027) in the amount of \$20,352.76 including interest at 2.75%.

Bylaw No. 85 approves the Province of British Columbia, in accordance with Section 756 of the Local Government Act, to collect the payment directly from the ratepayers within the Improvement District by way of their rural property tax assessments.

|  | 2021              | 2020              |
|--|-------------------|-------------------|
|  | <u>\$ 112,632</u> | <u>\$ 128,007</u> |

Principal repayments, based on the loan terms and conditions at year end, are as follows:

|                     |                   |
|---------------------|-------------------|
| 2022                | \$ 16,382         |
| 2023                | 16,832            |
| 2024                | 17,282            |
| 2025                | 17,782            |
| 2026                | 19,133            |
| 2027 and subsequent | <u>25,221</u>     |
|                     | <u>\$ 112,632</u> |

**The auditor's report and notes are an integral part of the consolidated financial statements.**

# SHIPS POINT IMPROVEMENT DISTRICT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 5. ROYAL BANK OF CANADA LOANS

Bylaw No. 89 authorizes the Improvement District to borrow up to \$2,500,000 to fund its water system infrastructure upgrade.

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| Term loan - Royal Bank of Canada, repayable in monthly payments of \$4,964.10 including interest at 3.38%. Maturing July 31, 2024. | \$ 627,804          | \$ 733,799          |
| Term loan - Royal Bank of Canada, repayable in monthly payments of \$3,575.08 including interest at 4.4%. Maturing March 12, 2028. | 473,489             | 546,057             |
| Term loan - Royal Bank of Canada, repayable in monthly payments of \$5,593.81 including interest at 3.69%. Maturing June 30, 2031. | <u>1,083,568</u>    | <u>1,215,764</u>    |
|  | <u>\$ 2,184,861</u> | <u>\$ 2,495,620</u> |

Principal repayments, based on the loan terms and conditions at year end, are as follows:

|                     |                     |
|---------------------|---------------------|
| 2022                | \$ 74,428           |
| 2023                | 77,380              |
| 2024                | 80,462              |
| 2025                | 83,627              |
| 2026                | 86,081              |
| 2027 and subsequent | <u>1,782,883</u>    |
|                     | <u>\$ 2,184,861</u> |

### 6. COMOX VALLEY REGIONAL DISTRICT CONTRIBUTION

In 2014 the Comox Valley Regional District (CVRD) transferred funds from the Canadian Works Fund to the Improvement District. If after 10 years there has been no change in ownership, the amount will no longer be repayable.

|  | 2021             | 2020             |
|--|------------------|------------------|
|  | <u>\$ 75,000</u> | <u>\$ 75,000</u> |

### 7. TANGIBLE CAPITAL ASSETS

|                        | 2021                | 2020                |
|------------------------|---------------------|---------------------|
| Buildings              | \$ 36,956           | \$ 39,315           |
| Equipment              | 14,111              | 7,041               |
| Water mains            | 2,646,865           | 2,815,813           |
| Wells and casings      | 52,086              | 47,255              |
| Fire trucks            | 156,982             | 160,387             |
| Land and right of ways | 47,109              | 47,109              |
| Computer equipment     | <u>-</u>            | <u>91</u>           |
|                        | <u>\$ 2,954,109</u> | <u>\$ 3,117,011</u> |

See the Schedule of Tangible Capital Assets on page 10 for additional information.

**The auditor's report and notes are an integral part of the consolidated financial statements.**

# SHIPS POINT IMPROVEMENT DISTRICT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

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

|   | 2021              | 2020              |
|---|-------------------|-------------------|
| Balance beginning   | \$ 442,741        | \$ 303,387        |
| Operating Fund acquisition of tangible capital assets               | 18,754            | 18,075            |
| Capital Reserve Renewal Fund acquisition of tangible capital assets | -                 | 1,297,774         |
| Amortization of tangible capital assets                             | (179,536)         | (190,923)         |
| Gain on sale of tangible capital assets                             | -                 | 8,122             |
| Proceeds on sale of tangible capital assets                         | -                 | 12,178            |
| Issuance of long term debt  | (4,917)           | (1,343,336)       |
| Reduction in long term debt   | <u>331,051</u>    | <u>337,464</u>    |
|   | <u>\$ 608,093</u> | <u>\$ 442,741</u> |

### 9. ACCUMULATED SURPLUS

The Improvement District segregates accumulated surplus in the following categories:

|                              | 2021                | 2020                |
|------------------------------|---------------------|---------------------|
| Operating Fund               | \$ 223,415          | \$ 228,733          |
| Capital Reserve Renewal Fund | 234,427             | 464,274             |
| Capital Fund                 | <u>608,093</u>      | <u>442,740</u>      |
|                              | <u>\$ 1,065,935</u> | <u>\$ 1,135,747</u> |

### 10. CAPITAL RESERVE RENEWAL FUND

These funds are available for the acquisition of tangible capital assets.

|  | 2021              | 2020              |
|--|-------------------|-------------------|
| Beginning balance                      | \$ 464,274        | \$ 616,723        |
| Contributions                          | 4,917             | 1,371,700         |
| Capital Expenditure Fund               | 172,200           | 172,200           |
| Interest income                        | 8,794             | 10,024            |
| Acquisition of tangible capital assets | -                 | (1,297,774)       |
| Loans and interest payments            | <u>(415,758)</u>  | <u>(408,599)</u>  |
|  | <u>\$ 234,427</u> | <u>\$ 464,274</u> |

### 11. HONORARIUMS

|                       | 2021            | 2020            |
|-----------------------|-----------------|-----------------|
| Trustees' honorariums | <u>\$ 2,600</u> | <u>\$ 2,800</u> |

The auditor's report and notes are an integral part of the consolidated financial statements.

# **SHIPS POINT IMPROVEMENT DISTRICT**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

### **12. COMMITMENTS AND CONTINGENCIES**

Ships Point Improvement District maintains capital reserves for future upgrades to its water infrastructure system as well as for the repayment of debt related to the water infrastructure system upgrade.

### **13. SUBSEQUENT EVENTS**

The ongoing Covid-19 pandemic continues to have a significant impact on the global economy and the industry. The level of the decline in revenues and annual surplus is yet unpredictable. There has been no impact on current year financial results.

**The auditor's report and notes are an integral part of the consolidated financial statements.**

# SHIPS POINT IMPROVEMENT DISTRICT

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 2021

|   | Buildings        | Equipment        | Water mains        | Wells and casings | Fire trucks       | Land and right of ways | Computer equipment | 2021               | 2020               |
|---|------------------|------------------|--------------------|-------------------|-------------------|------------------------|--------------------|--------------------|--------------------|
| <b>Cost</b>                             |                  |                  |                    |                   |                   |                        |                    |                    |                    |
| Beginning balance                       | \$ 108,879       | \$ 121,262       | \$3,625,606        | \$ 123,273        | \$ 244,832        | \$ 47,109              | \$ 2,419           | \$4,273,380        | \$2,963,346        |
| Additions                               | -                | 10,598           | -                  | 8,156             | -                 | -                      | -                  | 18,754             | 1,315,849          |
| Disposals                               | <u>-</u>         | <u>-</u>         | <u>-</u>           | <u>-</u>          | <u>-</u>          | <u>-</u>               | <u>(2,419)</u>     | <u>(2,419)</u>     | <u>(5,815)</u>     |
| Ending balance                          | <u>108,879</u>   | <u>131,860</u>   | <u>3,625,606</u>   | <u>131,429</u>    | <u>244,832</u>    | <u>47,109</u>          | <u>-</u>           | <u>4,289,715</u>   | <u>4,273,380</u>   |
| <b>Accumulated amortization</b>         |                  |                  |                    |                   |                   |                        |                    |                    |                    |
| Balance beginning                       | 69,564           | 114,221          | 809,793            | 76,018            | 84,445            | -                      | 2,328              | 1,156,369          | 967,205            |
| Amortization of tangible capital assets | 2,524            | 3,528            | 168,783            | 3,325             | 3,405             | -                      | 91                 | 181,656            | 190,923            |
| Effect of disposals and write down      | <u>-</u>         | <u>-</u>         | <u>-</u>           | <u>-</u>          | <u>-</u>          | <u>-</u>               | <u>(2,419)</u>     | <u>(2,419)</u>     | <u>(1,759)</u>     |
| Ending balance                          | <u>72,088</u>    | <u>117,749</u>   | <u>978,576</u>     | <u>79,343</u>     | <u>87,850</u>     | <u>-</u>               | <u>-</u>           | <u>1,335,606</u>   | <u>1,156,369</u>   |
| Net book value                          | <u>\$ 36,791</u> | <u>\$ 14,111</u> | <u>\$2,647,030</u> | <u>\$ 52,086</u>  | <u>\$ 156,982</u> | <u>\$ 47,109</u>       | <u>\$ -</u>        | <u>\$2,954,109</u> | <u>\$3,117,011</u> |

The auditor's report and notes are an integral part of the consolidated financial statements.