Blue River Improvement District
Financial Statements
December 31, 2024

Blue River Improvement District
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Management's Responsibility

To the Board of Trustees of the Blue River Improvement District,

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This 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 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 financial statements.

The Board of Trustees is composed entirely of individuals who are neither management nor employees of the District. The Board of Trustees is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board of Trustees fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board of Trustees is also responsible for appointing the District's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board of Trustees to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Board and management to discuss their audit findings.

August 4, 2026

e-Signed by Dustin Deuling
2026-08-04 11:37:05:05 PDT

Chair – Board of Trustees

Independent Auditor’s Report

To the Board of Trustees of the Blue River Improvement District,

Opinion

We have audited the financial statements of Blue River Improvement District (the "District"), which comprise the statement of financial position as at December 31, 2024, the statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules 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 of the District as at December 31, 2024, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

Vernon, British Columbia

August 4, 2026

MNP LLP

Chartered Professional Accountants

Blue River Improvement District
Statement of Financial Position
As at December 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents	**399,253**	389,173
Marketable securities *(Note 8)*	**209,025**	200,000
Accounts receivable *(Note 3)*	**38,310**	30,875
	646,588	620,048
Financial liabilities		
Payables and accruals	**36,804**	79,355
Capital tax advance debt *(Note 4)*	**43,974**	86,664
	80,778	166,019
Net financial assets	**565,810**	454,028
Non-financial assets		
Tangible capital assets *(Schedule 1)*	**390,516**	398,336
Prepaid expenses	**11,330**	11,453
	401,846	409,789
Accumulated surplus *(Note 5)*	**967,656**	863,817

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Chair, the Board of Trustees

The accompanying notes are an integral part of these financial statements

Blue River Improvement District
Statement of Operations and Accumulated Surplus
For the year ended December 31, 2024

	Budget *(Note 6)*	**2024**	2023
Revenue			
Taxes and government transfers	259,000	**191,110**	214,000
Recognition of capital tax advance	-	**44,655**	44,655
Grants		**28,408**	43,138
Donations	-	**-**	-
Interest	-	**9,025**	-
	259,000	**273,198**	301,793
Expenses			
Amortization		**29,328**	29,747
Bad debts		**-**	7,811
Donations		**1,500**	-
Insurance	20,000	**16,014**	16,931
Interest on capital tax advance debt		**1,483**	3,860
Loss on disposal of assets		**26,509**	-
Office and administration	5,000	**1,823**	4,863
Professional fees	20,000	**19,506**	17,121
Repairs and maintenance	36,700	**19,436**	13,904
Salaries and benefits	25,800	**21,052**	22,442
Training	15,000	**5,000**	6,815
Travel		**643**	-
Utilities	26,500	**27,066**	25,388
	149,000	**169,360**	**148,882**
Annual surplus	40,000	**103,838**	152,911
Accumulated surplus, beginning of year	863,817	**863,817**	710,906
Accumulated surplus *(Note 5)*	903,817	**967,655**	863,817

The accompanying notes are an integral part of these financial statements

Blue River Improvement District
Statement of Changes in Net Financial Assets
For the year ended December 31, 2024

	Budget *(Note 6)*	**2024**	*2023*
Annual surplus	40,000	**103,838**	152,911
Acquisition of tangible capital assets	-	**(58,016)**	(8,754)
Net book value of tangible capital assets disposed		**36,509**	
Amortization of tangible capital assets	26,500	**29,328**	29,747
Addition of prepaid expenses		**123**	
	26,500	**7,944**	20,993
Increase in net financial assets	66,500	**111,782**	173,904
Net financial assets, beginning of year	454,028	**454,028**	280,124
Net financial assets, end of year	520,528	**565,810**	454,028

The accompanying notes are an integral part of these financial statements

Blue River Improvement District
Statement of Cash Flows
For the year ended December 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating Activities		
Annual surplus	**103,838**	152,911
Items not involving cash included in annual surplus:		
Amortization of tangible capital assets	**29,328**	29,747
Non-cash reduction of capital tax advance	**(42,692)**	(41,453)
Non-cash interest accrued on marketable securities	**(9,025)**	
Loss on disposal of tangible capital assets	**26,509**	
Receivable on disposition of tangible capital assets	**2,650**	
Change in financial assets and liabilities:		
Accounts receivable	**(7,435)**	31,515
Prepaid expenses	**123**	
Accounts payable and accrued liabilities	**(42,550)**	20,072
	60,746	192,792
Investing Activities		
Purchase of marketable securities		(200,000)
Capital Activities		
Cash paid for acquisition of tangible capital assets	**(58,016)**	(8,754)
Cash received for disposition of tangible capital assets	**7,350**	
Increase in cash and cash equivalents	**10,080**	(15,962)
Cash and cash equivalents, beginning of year	**389,173**	405,135
Cash and cash equivalents, end of year	**399,253**	389,173

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

The Blue River Improvement District (the "District") was incorporated under the laws of the Province of British Columbia on May 23, 1956. It is engaged in the operation of local municipal services to the residents of the area including general government, fire protection, and street lighting. Under Section 149(1)(c) of the Income Tax Act, the District is exempt from taxation.

2. Significant accounting policies

The financial statements of the District are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada. Significant accounting policies adopted by the District are as follows:

(a) Basis of accounting

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay. Capital tax advances represent taxes received from the Province of British Columbia in advance of the tax being levied. Amounts will be recorded as revenue when levied over the period of the capital tax advance debt account that is held with the Province of British Columbia.

(b) Revenue recognition

Unrestricted revenues, which include taxation revenues, special levies, rates, and sales of service and penalties on late-paid taxes, are recognized under the accrual basis when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions received from non-government sources are recognized in revenue when the associated expenditures are incurred.

The District recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the District recognizes revenue as the liability is settled.

(c) Non-financial assets

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.

(d) Reserve funds

Included in the capital assets reserve are: The capital works renewal reserve is a statutory reserve restricted for expenditures relating to renewal or replacement of existing capital works of the District to extend the life of its assets. The capital expenditure charge (“CEC”) reserve is a statutory reserve restricted for expenditures relating to augmenting/increasing the system capacity to ensure adequate water supply within the District. The equipment replacement reserve is designated for the purpose of purchasing equipment or vehicles, as approved by Board Resolution.

Reserve funds are fully funded through cash held and investments. All charges collected and interest earned for these purposes are required to be segregated from other funds. See Note 5.

(e) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with a term to maturity of 90 days or less at acquisition and readily convertible to cash.

(f) Marketable securities

Marketable securities includes Guaranteed Income Certificates ("GIC") with maturities of over 90 days at acquisition. Balances include principal and accrued interest.

(g) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available and as at December 31, 2024 no liability has been recorded.

(h) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the District to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available and as at December 31, 2024 no liability has been recorded. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the District reviews the carrying amount of the liability. The District recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(i) Financial instruments

The District recognizes its financial instruments when the District becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the District may irrevocably elect to subsequently measure any financial instrument at fair value. The District has not made such an election during the year.

The District subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of unquoted equity

instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The District has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

(j) Non-financial assets

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized using the methods and rates listed below based over their estimated useful lives as follows:

Asset	Method	Rate
Buildings	Straight Line	50 years
Vehicles	Straight Line	25 years
Street Lighting	Straight Line	30 years
Fire Equipment	Straight Line	12 years
Office Furniture & Equipment	Straight Line	3 years

Work-in-progress is valued at cost and represents capital projects under construction but not yet completed. Capital assets under construction are not amortized until the capital asset is available for productive use.

(ii) Contributions of tangible capital assets

Additions to tangible capital assets as contributions are recorded at fair value and reflected in the statement of operations and accumulated surplus as income.

(iii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

2. Significant accounting policies *(continued)*

(iv) Interest capitalization

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(k) Contributed services

Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements. Donated material and services are recorded at the fair value only when the fair value can be reasonably estimated and would normally have been purchased by the District if not donated.

(l) Use of estimates

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

Significant estimates include assumptions used in estimating liabilities for contaminated sites, asset retirement obligations, estimated useful lives of tangible capital assets, and valuation of accounts receivable. Liabilities for contaminated sites are estimated based on the best information available regarding potential contamination where the District is responsible. Contributions from developers and others are recorded at the District's best estimate of fair value on the date of contribution, calculated using engineering plans and standardized item cost estimates.

3. Accounts receivable

	2024	2023
Trade receivables	**16,058**	14,720
Goods and Services Tax receivable	**22,252**	16,155
	38,310	30,875

4. Capital tax advance debt

On October 23, 2015, bylaw #156 was enacted which stated that the District would be advanced $385,000 from the Ministry of Community, Sport and Cultural Development to finance the purchase of a fire truck. Interest accrued on this debt in 2024 is $661 (2023 – $1,304).

	2024	2023
Fire truck loan, repayable in blended annual repayments of $44,655, including interest at 3.00% per annum, due July 2025.	**43,974**	86,664

5. Accumulated surplus

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2024	2023
Surplus:		
Invested in tangible capital assets	**346,540**	311,670
Unrestricted operating surplus	**295,072**	271,105
Capital assets reserve	**326,043**	281,042
Total accumulated surplus	**967,655**	863,817

6. Budget data

The budget data presented in these financial statements is based upon the 2024 operating and capital budgets. The following table reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Surplus – Statement of Operations	40,000
Adjust for budgeted cash items not included in statement of operations	
Transfer to capital assets reserve fund	(40,000)
Financial plan surplus	-

7. Change in accounting policy

Revenue (PS 3400)

Effective January 1, 2024, the District adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 Revenue. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

8. Portfolio Investments

The District's investment is comprised of a fixed income asset with a maturity date of June 2025. The investment earns interest at 4.8%. The market value of the investment as at December 31, 2024 is $209,025 (2023 - $200,000).

Blue River Improvement District
Schedule 1 - Tangible Capital Assets
For the year ended December 31, 2024

	Land	Buildings	Vehicles	Office Furniture & Equipment	Fire Equipment	Street Lighting	Total 2024	Total 2023
Cost								
Balance, beginning of year	**36,748**	**38,731**	**474,648**	**1,390**	**116,551**	**10,304**	**678,372**	669,618
Additions	-	-	-	-	58,016	-	**58,016**	8,754
Disposals	-	-	(96,077)	-	-	-	**(96,077)**	-
Balance, end of year	36,748	38,731	378,571	1,390	174,567	10,304	**640,311**	678,372
Accumulated amortization								
Balance, beginning of year	-	14,066	186,598	1,390	68,899	9,082	**280,035**	250,289
Amortization	-	775	16,354	-	11,856	343	**29,328**	29,747
Disposals	-	-	(59,568)	-	-	-	**(59,568)**	-
Balance, end of year	-	14,841	143,384	1,390	80,755	9,425	**249,795**	280,036
Net book value, end of year	**36,748**	**23,890**	**235,187**	**-**	**93,812**	**879**	**390,516**	398,336

A contributed tangible capital asset of a garbage truck from the Thompson Nicola Regional District was sold during the year and is included in disposals. Included in tangible capital assets are fully depreciated assets with cost and accumulated amortization of $4,563 (2023 - $1,390).