

PIERS ISLAND IMPROVEMENT DISTRICT

Financial Statements

For the Year Ended December 31, 2023

Piers Island Improvement District

Financial Statements

December 31, 2023



	<u>Page</u>
Statement of Responsibility	3
Independent Auditors' Report	4 - 6
Statement of Financial Position	7
Statement of Operations	8
Change in Net Financial Assets	9
Statement of Cash Flows	10
Notes to Financial Statements	11 - 14
Schedule of Tangible Capital Assets	15
Schedule of Operations and Changes in Fund Balances	16 - 17
Schedule of Reserve Funds - Sustainment	18
Schedule of Capital Reserve Funds	19

STATEMENT OF RESPONSIBILITY

The accompanying financial statements are the responsibility of the management of the Piers Island Improvement District and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Trustees of the District reviewed the financial statements and discussed any significant financial reporting or internal control matters prior to their approval of the financial statements.

Baker Tilly Victoria Ltd. as the District's appointed independent external auditors, have audited the financial statements. The Auditor report is addressed to the Trustees of the Piers Island Improvement District and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, in performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the District in accordance with Canadian public sector accounting standards.



Trustee



Baker Tilly Victoria Ltd
Chartered Professional
Accountants
T: 250.386.0500
www.btvic.com

Uptown:
3551 Uptown Blvd
Unit 219
Victoria, BC
V8Z 0B9

Westshore:
967 Langford Pkwy
Suite 218
Victoria, BC
V9B 0A5

Sidney:
9764 Fifth St
Unit 7
Sidney, BC
V8L 2X2

INDEPENDENT AUDITORS' REPORT

To the Trustees of Piers Island Improvement District

Report on the financial statements

Opinion

We have audited the financial statements of Piers Island Improvement District (the "District") that comprise the statement of financial position as at December 31, 2023, and the statements of operations, change in net financial assets, cash flows, and schedules 1 through 4 for the year then ended, and 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, 2023, and results of its operations, its changes in its 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.



Baker Tilly Victoria Ltd
Chartered Professional
Accountants
T: 250.386.0500
www.btvic.com

Uptown:
3551 Uptown Blvd
Unit 219
Victoria, BC
V8Z 0B9

Westshore:
967 Langford Pkwy
Suite 218
Victoria, BC
V9B 0A5

Sidney:
9764 Fifth St
Unit 7
Sidney, BC
V8L 2X2

INDEPENDENT AUDITORS' REPORT (continued)

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 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.



Baker Tilly Victoria Ltd
Chartered Professional
Accountants
T: 250.386.0500
www.btvic.com

Uptown:
3551 Uptown Blvd
Unit 219
Victoria, BC
V8Z 0B9

Westshore:
967 Langford Pkwy
Suite 218
Victoria, BC
V9B 0A5

Sidney:
9764 Fifth St
Unit 7
Sidney, BC
V8L 2X2

INDEPENDENT AUDITORS' REPORT (continued)

- 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 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.

Baker Tilly Victoria Ltd.

CHARTERED PROFESSIONAL ACCOUNTANTS

Victoria, BC

May 15, 2024

Piers Island Improvement District

Statement of Financial Position

As at December 31, 2023

	2023	2022
	\$	\$
Financial Assets		
Cash	25,056	8,565
Operations/sustainment investments	71,316	133,743
Capital reserve fund investments	416,042	292,016
Interest receivable	4,393	6,141
Accounts receivable	3,531	12,431
GST rebate recoverable	1,577	1,556
	521,915	454,452
Liabilities		
Accounts payable and accrued liabilities	17,842	18,058
	504,073	436,394
Net Financial Assets		
Non-Financial Assets		
Prepaid expenses	17,119	12,963
Tangible capital assets (schedule 1)	726,550	707,346
	743,669	720,309
District Position (schedule 2)	1,247,742	1,156,703

Commitments (note 3)

APPROVED BY THE TRUSTEES

Trustee

Trustee

Trustee

Piers Island Improvement District

Statement of Operations

For the Year Ended December 31, 2023

	2023 Budget (note 4)	2023 Actual	2022 Actual
	\$	\$	\$
Revenue			
Assessments	79,200	79,200	79,200
Capital reserve assessments	86,064	86,064	74,844
Water	24,000	26,048	23,044
Donations	500	6,650	2,330
Penalties	-	3,574	1,867
Interest	1,512	11,908	7,653
Other revenue	1,660	1,803	1,730
Rental	4,000	3,370	4,400
Grants	-	30,540	1,036
	196,936	249,157	196,104
Expenses			
Amortization	-	29,288	26,123
Administration	50,387	55,848	41,942
Bad debt	-	(2,795)	3,046
Building and land improvement	2,650	10,009	3,049
Fire protection	36,990	27,945	21,728
Water supply	24,000	26,232	22,774
Water system	12,768	11,591	8,774
Other	-	-	1,738
	126,795	158,118	129,174
Annual Surplus	70,141	91,039	66,930
District position, beginning of year	1,156,703	1,156,703	1,089,773
District position, end of year	1,226,844	1,247,742	1,156,703

Piers Island Improvement District

Statement of Change in Net Financial Assets

For the Year Ended December 31, 2023

	2023 Budget (note 4)	2023 Actual	2022 Actual
		\$	\$
Annual Surplus	70,141	91,039	66,930
Acquisition of tangible capital assets	(48,492)	(48,492)	(17,509)
Amortization of tangible capital assets	29,288	29,288	26,123
Increase in prepaid items	(4,156)	(4,156)	(2,895)
Change in Net Financial Assets	46,781	67,679	72,649
Net Financial Assets, Beginning of Year	436,394	436,394	363,745
Net Financial Assets, End of Year	483,175	504,073	436,394

Piers Island Improvement District

Statement of Cash Flows

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
Cash Provided from (Used for):		
Operating Transactions		
Annual Surplus	91,039	66,930
Item not affecting cash - Amortization of tangible capital assets	29,288	26,123
Changes in non-cash working capital -		
Interest receivable	1,748	(6,141)
Accounts receivable	8,900	(4,888)
GST rebate recoverable	(21)	21,120
Accounts payable and accrued liabilities	(216)	3,742
Prepaid expenses	(4,156)	(2,895)
	126,582	103,991
Capital Transactions		
Purchase of tangible capital assets	(48,492)	(17,509)
Net Increase in Cash	78,090	86,482
Cash - Beginning of Year	434,324	347,842
Cash - End of Year	512,414	434,324
Cash consists of -		
Cash	25,056	8,565
Operations/sustainment investments	71,316	133,743
Capital reserve fund investments	416,042	292,016
	512,414	434,324

Piers Island Improvement District

Notes to Financial Statements

For the Year Ended December 31, 2023

1 Purpose of the District

Piers Island Improvement District (the "District") is an improvement district subject to the provisions contained in the Local Government Act, a statute of the provincial government. The District operates to provide water services, fire protection, and buildings and land including operation of the Dolphin Road Lot by acquisition, maintenance, and operations related to these functions for the community.

2 Significant Accounting Policies

These financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards ("PSAS") applied within the framework of the significant accounting policies summarized below:

Basis of Accounting

The District has established funds to designate a portion of their total assets to reflect their intention of use. These funds include: Operating Fund, Sustainment Fund, Capital Reserve Fund New Capital Asset Fund and the Capital Fund. In accordance with PSAS these funds have been consolidated for presentation purposes.

Revenue Recognition

The District collects parcel taxes, water tolls, rental and other revenue. The District records these revenues on an accrual basis when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted operating grants are recorded as revenue in the period that related expenses is incurred.

Funds

Operating Fund:

The Operating Fund accounts for the Improvement District's program delivery and administrative activities of fire protection, water systems and land and building maintenance including Dolphin Road Lot.

Sustainment Fund:

Sustaining internally restricted fund was established in 2001 to provide in advance for expenses for Fire Protection (Piers Island Volunteer Fire Department), Water System and Building and Land Improvements (including Dolphin Road Lot). The fund, as well as interest earned on the fund, is held in investments. These investments are cash or cash equivalent accounts. Interest and expenditures are reported in the operating fund.

Piers Island Improvement District

Notes to Financial Statements

For the Year Ended December 31, 2023

2 Significant Accounting Policies (continued)

Capital Asset Replacement Fund:

The Capital Asset Replacement Fund is a fund established through bylaw for the upgrading, replacement or renewal of existing works. The funds, as well as interest earned on the funds, are held in separate investment accounts. These accounts are cash or cash equivalent accounts. Expenditures may only be made from these funds after a bylaw is approved by the Trustees of the Improvement District. These funds are established pursuant to the provisions of Division 4 of Part 17, Section 706 of the Local Government Act.

New Capital Asset Fund:

The New Capital Asset Fund is a fund established through bylaw for the acquisition of new capital assets. Expenditures may only be made from these funds after a bylaw is approved by the Trustees of the Improvement District. These funds are established pursuant to the provisions of Division 4 of Part 17, Section 706 of the Local Government Act.

Capital Fund:

The Capital Fund reports the assets, liabilities, revenues and expenses related to Piers Island Improvement District's capital assets for land, buildings, fire protection and the water system.

Measurement Uncertainty

The preparation of the financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amount 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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant areas that require estimates include the valuation of receivables, the useful lives of assets for amortization, and the amounts recorded as accrued liabilities.

Contributed Services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services from volunteers are not recognized in the financial statements.

Piers Island Improvement District

Notes to Financial Statements

For the Year Ended December 31, 2023

2 Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Tangible Capital Assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Land - Dolphin Road	non-depreciable
Lot fencing and lighting	10% declining balance method
Fire protection equipment	30% declining balance method
Office equipment	30% declining balance method
Other equipment	20% declining balance method
Vehicles	30% declining balance method
Fire halls	25 years straight-line method
Water system	80 years straight-line method
Water pipeline and right of way	50 years straight-line method
Valves - water control	40 years straight-line method
Pump houses	50 years straight-line method
Capital assets under construction	N/A non-depreciable until assets enters use

Tangible capital assets acquired during the year are amortized at one half of the above rates.

3 Commitments

The District has entered into an agreement with Piers Island Association (PIA) regarding the terms and conditions by which the District is permitted to continue to use sites on the property owned by the PIA. In consideration of this agreement, the District is committed to paying annual rent to the PIA consisting of costs of services, annual cost of joint insurance and the cost of any third party fees or charges related to the access and use of the Property by the District. In 2023, rent in the amount of \$1,252 was paid to PIA (2022 - \$1,167).

Piers Island Improvement District

Notes to Financial Statements

For the Year Ended December 31, 2023

4 Budget

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the District has modified its financial plan to prepare a budget that is consistent with the scope and accounting principals used to report actual results. The budget figures use in these financial statements have been approved by the trustees.

5 Operating fund

The following restricted funds are held within the operating fund:

The District established an emergency fund in 2016 which holds internally restricted funds of \$25,000 for emergencies.

6 Financial Instruments

The District's financial instruments consist of cash, operations/sustainment investments capital reserve fund investments, interest receivable, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments.

7 Cash or Cash Equivalent

Cash and investments that can readily be converted into cash are classified as Cash or Cash Equivalent. All investments held by the organization are classified as Cash or Cash equivalents as they comprise redeemable GIC accounts.

Piers Island Improvement District

Schedule 1

Schedule of Tangible Capital Assets

For the Year Ended December 31, 2023

	Cost, Beginning of year	Additions	Dispositions	Cost, End of Period	Accumulated Amortization Beginning of Year	Dispositions	Amortization	Accumulated Amortization End of Period	2023 Net	2022 Net
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - Dolphin Road	1	-	-	1	-	-	-	-	1	1
Lot fencing and lighting	4,809	-	-	4,809	4,809	-	-	4,809	-	-
Fire protection equipment	183,382	33,895	-	217,277	166,763	-	10,192	176,955	40,322	16,619
Office equipment	6,127	-	-	6,127	4,193	-	580	4,773	1,354	1,934
Other equipment	13,381	1,800	-	15,181	9,338	-	989	10,327	4,854	4,043
Vehicles	54,895	-	-	54,895	39,873	-	4,385	44,258	10,637	15,022
Fire halls	216,328	-	-	216,328	170,549	-	2,185	172,734	43,594	45,779
Water system	534,282	-	-	534,282	48,290	-	6,632	54,922	479,360	485,992
Water pipeline and right of way	62,557	-	-	62,557	30,651	-	1,251	31,902	30,655	31,906
Valves - water control	39,455	-	-	39,455	13,024	-	986	14,010	25,445	26,431
Pump houses	39,105	9,442	-	48,547	10,807	-	877	11,684	36,863	28,298
Compound	-	54,676	-	54,676	-	-	1,211	1,211	53,465	-
Capital assets under construction	51,321	-	51,321	-	-	-	-	-	-	51,321
	1,205,643	99,813	51,321	1,254,135	498,297	-	29,288	527,585	726,550	707,346

The following additions were made to tangible capital assets during the year:

Fire protection equipment	33,895
Office equipment	1,800
Pump houses	9,442
Compound	3,355
	48,492

Piers Island Improvement District

Schedule 2

Schedule of Operations and Changes in Fund Balances

For the Year Ended December 31, 2023

	Operating Fund (note 5) 2023	Sustainment Fund (schedule 3) 2023	Capital Asset Replacement Fund (schedule 4) 2023	Capital Fund 2023	Total 2023	Total 2022
	\$	\$	\$	\$	\$	\$
Revenue						
Assessments	79,200	-	-	-	79,200	79,200
Capital Reserve Assessments	-	-	86,064	-	86,064	74,844
Water	26,048	-	-	-	26,048	23,044
Donations	6,650	-	-	-	6,650	2,330
Penalties	3,574	-	-	-	3,574	1,867
Interest	(217)	1,019	11,106	-	11,908	7,653
Other revenue	1,803	-	-	-	1,803	1,730
Rental	3,370	-	-	-	3,370	4,400
Grants	30,540	-	-	-	30,540	1,036
	150,968	1,019	97,170	-	249,157	196,104

Piers Island Improvement District

Schedule 2

Schedule of Operations and Changes in Fund Balances

For the Year Ended December 31, 2023

	Operating Fund (note 5) 2023	Sustainment Fund (schedule 3) 2023	Capital Asset Replacement Fund (schedule 4) 2023	Capital Fund 2023	Total 2023	Total 2022
	\$	\$	\$	\$	\$	\$
Expenses						
Amortization	-	-	-	29,288	29,288	26,123
Administration	55,848	-	-	-	55,848	41,942
Bad debt (recovery)	(2,795)	-	-	-	(2,795)	3,046
Building and Land Improvement	3,436	6,573	-	-	10,009	3,049
Fire Protection	27,945	-	-	-	27,945	21,728
Water Supply	26,232	-	-	-	26,232	22,774
Water System	8,523	3,068	-	-	11,591	8,774
Other	-	-	-	-	-	1,738
	119,189	9,641	-	29,288	158,118	129,174
Annual Surplus -	31,779	(8,622)	97,170	(29,288)	91,039	66,930
Fund Balance						
Balance, beginning of year	74,971	53,963	320,423	707,346	1,156,703	1,089,773
Acquisition of tangible capital assets	(33,895)	(5,155)	(9,442)	48,492	-	-
Transfers in (out) -						
Bylaw 138	15,000	-	(15,000)	-	-	-
Allocation of surplus	1,239	(1,239)	-	-	-	-
Balance, End of Year	89,093	38,947	393,151	726,550	1,247,742	1,156,703

Piers Island Improvement District

Schedule 3

Schedule of Reserve Funds - Sustainment

For the Year Ended December 31, 2023

	2023 Actual	2022 Actual
	\$	\$
Balance, Beginning of Year	53,963	88,987
Interest income	1,019	1,201
Expenses -		
Curb stops / hydrant	(1,373)	(768)
Firehall Lights Replacement	-	(236)
Homeless Clean-Up	(1,200)	-
Lightening Strike Repair	(1,353)	-
Parking Lot EV Design	(4,000)	
Retirement Gift	-	(150)
Septic	(1,715)	
Survey	-	(106)
Transfers in (out) -		
Compound Project	(3,355)	(9,579)
AED	(1,800)	(1,498)
Pressure Release Valve	-	(1,051)
Kubota Rough Cut Mower	-	(4,180)
Bylaw #136	-	(30,000)
Current year surplus allocation	(1,239)	11,343
Net Reserve Funds, End of Year	38,947	53,963

Piers Island Improvement District

Schedule 4

Schedule of Capital Reserve Funds

For the Year Ended December 31, 2023

	New Capital Asset \$	Fire Protection \$	Water System \$	Building and Land \$	2023 Actual \$	2022 Actual \$
Balance, Beginning of Year	30,000	118,202	99,536	72,685	320,423	246,190
Interest income	1,051	3,678	3,434	2,943	11,106	5,889
Capital replacement funds	-	8,606	38,729	38,729	86,064	74,844
Transfers in (out) -						
Bylaw 138	-	-	(15,000)	-	(15,000)	-
Bylaw 135	-	-	-	-	-	(6,500)
Pump Houses	-	-	(9,442)	-	(9,442)	-
Net Reserve Funds, End of Year	31,051	130,486	117,257	114,357	393,151	320,423