

PIERS ISLAND IMPROVEMENT DISTRICT

Financial Statements

For the Year Ended December 31, 2022

Piers Island Improvement District

Financial Statements

December 31, 2022



	<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 Reserve Funds - Capital Reserve Funds	19

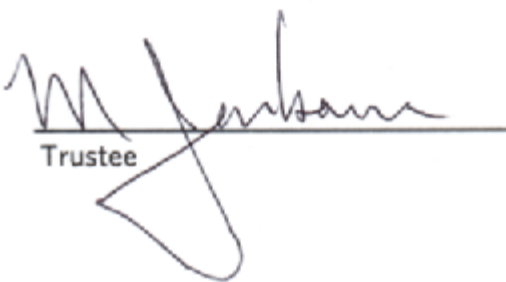
STATEMENT OF RESPONSIBILITY

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



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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, 2022, 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, 2022, 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.



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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.



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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 8, 2023

Piers Island Improvement District


Statement of Financial Position

As at December 31, 2022

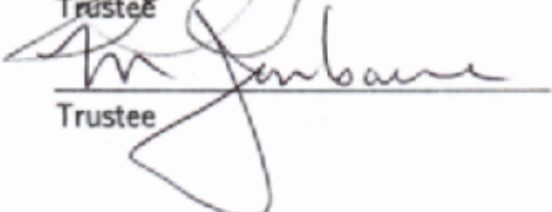
	2022	2021
	\$	\$
Financial Assets		
Cash	8,565	45,277
Operations/sustainment investments	133,743	89,873
Capital reserve fund investments	292,016	212,692
Interest receivable	6,141	-
Accounts receivable	12,431	7,543
GST rebate recoverable	1,556	22,676
	454,452	378,061
Liabilities		
Accounts payable and accrued liabilities	18,058	14,316
	436,394	363,745
Net Financial Assets		
Non-Financial Assets		
Prepaid expenses	12,963	10,068
Tangible capital assets (schedule 1)	707,346	715,960
	720,309	726,028
District Position (schedule 2)	1,156,703	1,089,773

Commitments (note 3)

APPROVED BY THE TRUSTEES



Trustee



Trustee

Piers Island Improvement District

Statement of Operations

For the Year Ended December 31, 2022

	2022 Budget (note 4)	2022 Actual	2021 Actual
	\$	\$	\$
Revenue			
Assessments	79,200	79,200	79,200
Capital reserve assessments	74,844	74,844	69,300
Water	31,000	23,044	30,407
Donations	2,000	2,330	850
Fundraising	-	-	3,380
Penalties	-	1,867	1,125
Interest	-	7,653	2,124
Other revenue	1,150	1,730	1,858
Rental	3,825	4,400	2,835
Grants	-	1,036	10,598
	192,019	196,104	201,677
Expenses			
Amortization	-	26,123	29,923
Administration	42,310	41,942	39,577
Bad debt	-	3,046	-
Building and land improvement	1,750	3,049	1,405
Disposal costs	-	-	15,750
Fire protection	31,890	21,728	20,843
Water supply	31,000	22,774	30,405
Water system	10,225	8,774	8,319
Other	-	1,738	1,050
	117,175	129,174	147,272
Annual Surplus	74,844	66,930	54,405
District position, beginning of year	1,089,773	1,089,773	1,035,368
District position, end of year	1,164,617	1,156,703	1,089,773

Piers Island Improvement District

Statement of Change in Net Financial Assets

For the Year Ended December 31, 2022

	2022 Budget (note 4)	2022 Actual \$	2021 Actual \$
Annual Surplus	74,844	66,930	54,405
Acquisition of tangible capital assets	(17,509)	(17,509)	(100,625)
Disposition of tangible capital assets	-	-	826
Amortization of tangible capital assets	26,123	26,123	29,923
Increase in prepaid items	(2,895)	(2,895)	(951)
Change in Net Financial Assets	80,563	72,649	(16,422)
Net Financial Assets, Beginning of Year	363,745	363,745	380,167
Net Financial Assets, End of Year	444,308	436,394	363,745

Piers Island Improvement District

Statement of Cash Flows

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
Cash Provided from (Used for):		
Operating Transactions		
Annual Surplus	66,930	54,405
Item not affecting cash - Amortization of tangible capital assets	26,123	29,923
Changes in non-cash working capital -		
Interest receivable	(6,141)	-
Accounts receivable	(4,888)	(1,820)
GST rebate recoverable	21,120	(2,538)
Accounts payable and accrued liabilities	3,742	(90,736)
Prepaid expenses	(2,895)	(951)
	103,991	(11,717)
Capital Transactions		
Purchase of tangible capital assets	(17,509)	(100,625)
Proceeds on disposal of tangible capital assets	-	826
Net Increase (Decrease) in Cash	86,482	(111,516)
Cash - Beginning of Year	347,842	459,358
Cash - End of Year	434,324	347,842
Cash consists of -		
Cash	8,565	45,277
Operations/sustainment investments	133,743	89,873
Capital reserve fund investments	292,016	212,692
	434,324	347,842

Piers Island Improvement District

Notes to Financial Statements

For the Year Ended December 31, 2022

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, 2022

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, 2022

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 2022, rent in the amount of \$1,167 was paid to PIA (2021 - \$1,125).

Piers Island Improvement District

Notes to Financial Statements

For the Year Ended December 31, 2022

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, 2022

	Cost, Beginning of year	Additions	Dispositions	Cost, End of Period	Accumulated Amortization Beginning of Year	Dispositions	Amortization	Accumulated Amortization End of Period	2022 Net	2021 Net
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - Dolphin Road	1	-	-	1	-	-	-	-	1	1
Lot fencing and lighting	4,809	-	-	4,809	4,809	-	-	4,809	-	-
Fire protection equipment	182,181	1,201	-	183,382	159,723	-	7,040	166,763	16,619	22,458
Office equipment	4,629	1,498	-	6,127	3,685	-	508	4,193	1,934	944
Other equipment	9,201	4,180	-	13,381	8,850	-	488	9,338	4,043	351
Vehicles	54,895	-	-	54,895	33,609	-	6,264	39,873	15,022	21,286
Fire halls	216,328	-	-	216,328	168,364	-	2,185	170,549	45,779	47,964
Water system	534,282	-	-	534,282	41,658	-	6,632	48,290	485,992	492,624
Water pipeline and right of way	62,557	-	-	62,557	29,400	-	1,251	30,651	31,906	33,157
Valves - water control	38,404	1,051	-	39,455	12,051	-	973	13,024	26,431	26,353
Pump houses	39,105	-	-	39,105	10,025	-	782	10,807	28,298	29,080
Capital assets under construction	41,742	9,579	-	51,321	-	-	-	-	51,321	41,742
	1,188,134	17,509	-	1,205,643	472,174	-	26,123	498,297	707,346	715,960

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

Fire protection equipment	1,201
Office equipment	1,498
Kubota rough cut mower	4,180
Valves - water control	1,051
Compound - under construction	9,579
	17,509

Piers Island Improvement District

Schedule 2

Schedule of Operations and Changes in Fund Balances

For the Year Ended December 31, 2022

	Operating Fund (note 5) 2022 \$	Sustainment Fund (schedule 3) 2022 \$	Capital Asset Replacement Fund (schedule 4) 2022 \$	New Capital Asset Fund 2022 \$	Capital Fund 2022 \$	Total 2022 \$	Total 2021 \$
Revenue							
Assessments	79,200	-	-	-	-	79,200	79,200
Capital Reserve Assessments	-	-	74,844	-	-	74,844	69,300
Water	23,044	-	-	-	-	23,044	30,407
Donations	2,330	-	-	-	-	2,330	850
Fundraising	-	-	-	-	-	-	3,380
Penalties	1,867	-	-	-	-	1,867	1,125
Interest	563	1,201	5,889	-	-	7,653	2,124
Other revenue	1,730	-	-	-	-	1,730	1,858
Rental	4,400	-	-	-	-	4,400	2,835
Grants	1,036	-	-	-	-	1,036	10,598
	114,170	1,201	80,733	-	-	196,104	201,677

Piers Island Improvement District

Schedule 2

Schedule of Operations and Changes in Fund Balances

For the Year Ended December 31, 2022

	Operating Fund (note 5) 2022 \$	Sustainment Fund (schedule 3) 2022 \$	Capital Asset Replacement Fund (schedule 4) 2022 \$	New Capital Asset Fund 2022 \$	Capital Fund 2022 \$	Total 2022 \$	Total 2021 \$
Expenses							
Amortization	-	-	-	-	26,123	26,123	29,923
Administration	41,942	-	-	-	-	41,942	39,577
Bad debt	3,046	-	-	-	-	3,046	-
Building and Land Improvement	2,707	342	-	-	-	3,049	1,405
Disposal costs	-	-	-	-	-	-	15,750
Fire Protection	21,578	150	-	-	-	21,728	20,843
Water Supply	22,774	-	-	-	-	22,774	30,405
Water System	8,006	768	-	-	-	8,774	8,319
Other	1,738	-	-	-	-	1,738	1,050
	101,791	1,260	-	-	26,123	129,174	147,272
Annual Surplus -	12,379	(59)	80,733	-	(26,123)	66,930	54,405
Fund Balance							
Balance, beginning of year	68,636	88,987	216,190	-	715,960	1,089,773	1,035,368
Acquisition of tangible capital assets	(1,201)	(16,308)	-	-	17,509	-	-
Transfers in (out) -							
Bylaw 135	6,500	-	(6,500)	-	-	-	-
Bylaw 136	-	(30,000)	-	30,000	-	-	-
Allocation of surplus	(11,343)	11,343	-	-	-	-	-
Balance, End of Year	74,971	53,963	290,423	30,000	707,346	1,156,703	1,089,773

Piers Island Improvement District

Schedule 3

Schedule of Reserve Funds - Sustainment

For the Year Ended December 31, 2022

	2022 Actual	2021 Actual
	\$	\$
Balance, Beginning of Year	88,987	79,352
Interest income	1,201	411
Expenses -		
Firehall Lights Replacement	(236)	(294)
Curb stops / hydrant	(768)	-
Survey	(106)	-
Retirement Gift	(150)	-
Transfers in (out) -		
Compound project	(9,579)	(4,250)
Water		(2,793)
Owl Sound	(1,498)	
Pressure Release Valve	(1,051)	(2,720)
Kubota Rough Cut Mower	(4,180)	-
Bylaw #136	(30,000)	
Current year surplus allocation	11,343	19,281
Net Reserve Funds, End of Year	53,963	88,987

Piers Island Improvement District

Schedule 4

Schedule of Reserve Funds - Capital Reserve Funds

For the Year Ended December 31, 2022

	Fire Protection	Water System	Building and Land	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$
Balance, Beginning of Year	108,025	64,063	44,102	216,190	120,883
Interest income	2,693	1,793	1,403	5,889	782
Capital replacement funds	7,484	33,680	33,680	74,844	69,300
Transfers in (out) -	-	-	-	-	-
Bylaw 129 unused funds	-	-	-	-	40,225
Bylaw 132	-	-	-	-	(15,000)
Bylaw 135	-	-	(6,500)	(6,500)	-
Net Reserve Funds, End of Year	118,202	99,536	72,685	290,423	216,190