

VILLAGE POINT IMPROVEMENT DISTRICT
Financial Statements
Year Ended December 31, 2022

VILLAGE POINT IMPROVEMENT DISTRICT
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Year Ended December 31, 2022

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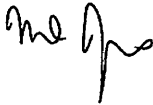
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Village Point Improvement District have been prepared in accordance with Canadian public sector accounting standards (PSAS). These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for the design and implementation of internal control to prevent and detect fraud and error.

The Board of Trustees is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited on behalf of the Trustees by Paterson Henn CPA, in accordance with Canadian public sector accounting standards (PSAS).



Trustee



Trustee

Mayne Island, BC
April 3, 2023



PATERSON HENN CPA
CHARTERED PROFESSIONAL ACCOUNTANTS

Caroline M. Paterson, CPA, CGA*

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INDEPENDENT AUDITOR'S REPORT

To the Members of Village Point Improvement District

Report on the Financial Statements

Opinion

We have audited the financial statements of Village Point Improvement District (the Improvement District), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in accumulated surplus, changes in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Improvement District as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Improvement District in accordance with 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 PSAS, 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 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.

(continues)

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 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 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 Improvement 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.

Sidney, British Columbia
April 3, 2023

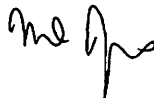
Paterson Henn CPA

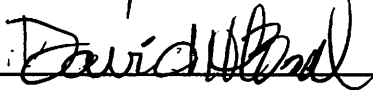
Chartered Professional Accountants

VILLAGE POINT IMPROVEMENT DISTRICT
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
Cash	\$ 135,011	\$ 120,271
Accounts receivable	380	1,580
GST receivable	401	960
	135,792	122,811
LIABILITIES		
Accounts payable and accrued liabilities	13,140	16,074
Prepaid taxes and tolls	1,071	-
Bank loans (Note 5)	378,708	479,593
	392,919	495,667
NET FINANCIAL DEBT	(257,127)	(372,856)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	2,142,296	2,228,920
ACCUMULATED SURPLUS (Note 6)	\$ 1,885,169	\$ 1,856,064

APPROVED BY THE TRUSTEES


 _____ Trustee


 _____ Trustee

VILLAGE POINT IMPROVEMENT DISTRICT
Statement of Operations
Year Ended December 31, 2022

	Budget 2022	Total 2022	Total 2021
REVENUES			
Sewer taxes	\$ 33,000	\$ 33,000	\$ 33,000
Sewer tolls	26,712	26,712	26,712
Water taxes	66,240	66,480	66,440
Water tolls	156,420	160,800	158,400
Connection and disconnection fees	-	1,250	500
Interest, penalties and other revenue	3,000	3,272	4,479
	<u>285,372</u>	<u>291,514</u>	<u>289,531</u>
EXPENSES			
Amortization	-	96,867	97,109
Bank charges	1,750	1,881	1,743
Contractors	72,000	73,353	69,960
Honorariums	-	500	250
Insurance	8,750	8,468	7,964
Interest on long term debt	-	11,760	12,292
Legal and accounting	8,500	8,000	8,000
Operational and office	34,500	46,614	28,936
Telephone and utilities	14,300	14,966	13,235
	<u>139,800</u>	<u>262,409</u>	<u>239,489</u>
ANNUAL SURPLUS	<u>\$ 145,572</u>	<u>\$ 29,105</u>	<u>\$ 50,042</u>

See accompanying notes to the financial statements

VILLAGE POINT IMPROVEMENT DISTRICT
Statement of Changes in Accumulated Surplus
Year Ended December 31, 2022

	Budget 2022	2022 2022	2021 2021
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 1,856,064	\$ 1,856,064	\$ 1,806,022
ANNUAL SURPLUS	145,572	29,105	50,042
ACCUMULATED SURPLUS - END OF YEAR	\$ 2,001,636	\$ 1,885,169	\$ 1,856,064

See accompanying notes to the financial statements

VILLAGE POINT IMPROVEMENT DISTRICT
Statement of Changes in Net Financial Debt
Year Ended December 31, 2022

	Budget 2022	2022	2021
ANNUAL SURPLUS	\$ 145,572	\$ 29,105	\$ 50,042
Amortization of tangible capital assets	-	96,867	97,109
Purchase of tangible capital assets	(35,000)	(10,243)	(29,495)
	(35,000)	86,624	67,614
INCREASE IN NET FINANCIAL ASSETS	110,572	115,729	117,656
NET FINANCIAL DEBT - BEGINNING OF YEAR	(451,213)	(372,856)	(490,512)
NET FINANCIAL DEBT - END OF YEAR	\$ (340,641)	\$ (257,127)	\$ (372,856)

See accompanying notes to the financial statements

VILLAGE POINT IMPROVEMENT DISTRICT
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus	\$ 29,105	\$ 50,042
Item not affecting cash:		
Amortization of tangible capital assets	96,867	97,109
	<u>125,972</u>	<u>147,151</u>
Changes in non-cash working capital:		
Accounts receivable	1,200	(1,402)
GST receivable	559	834
Accounts payable and accrued liabilities	(2,934)	3,493
Prepaid taxes and tolls	1,071	-
	<u>(104)</u>	<u>2,925</u>
Cash flow from operating activities	<u>125,868</u>	<u>150,076</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(10,243)</u>	<u>(29,495)</u>
Cash flow used by investing activity	<u>(10,243)</u>	<u>(29,495)</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(100,885)</u>	<u>(93,341)</u>
Cash flow used by financing activity	<u>(100,885)</u>	<u>(93,341)</u>
INCREASE IN CASH FLOW	14,740	27,240
Cash - beginning of year	<u>120,271</u>	<u>93,031</u>
CASH - END OF YEAR	\$ 135,011	\$ 120,271

See accompanying notes to the financial statements

VILLAGE POINT IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2022

1. PURPOSE OF THE IMPROVEMENT DISTRICT

Village Point Improvement District (the "Improvement District") is located on Mayne Island, British Columbia. The Improvement District was incorporated by Letters Patent under the Municipal Act of the Province of B.C. on March 1, 1979. The Improvement District acquires, maintains and operates the waterworks within the area set out in the Letters Patent as well as collection and disposal of sewage within the same area.

The Improvement District is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP).

Fund accounting

The resources and operations of the Village Point Improvement District have been segregated for accounting and financial reporting purposes into the following funds:

Operating Fund - Sewer and Water

The Operating Fund reports the the Improvement District's principal activities of sewer and water activities. Costs relating to these activities are allocated on a 20% sewer and 80% water, when costs are not directly identifiable or relate to the entire Improvement District.

Capital Funds - Sewer and Water

The Capital Fund reports the assets including acquisitions and disposals, liabilities, revenues and expenses related to Village Point Improvement District's tangible capital assets used for sewer and water operations.

Reserve Funds - Sewer and Water

Reserve Funds consisting of sewer and water are held for future capital expenditure requirements. The bank loans are considered to be included in their respective reserve funds with the interest paid reducing the reserve fund each year. (See Note 7)

Financial instruments

The Improvement District's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and bank loans. It is management's opinion the the improvement district is not exposed to any significant interest, credit or currency risks and fair values approximate carrying values.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

(continues)

VILLAGE POINT IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Water and sewer taxes, tolls and other related revenue are assessed annually and invoiced monthly and recognized on an accrual basis in the period these are incurred.

Budget

The budget reflects the Statutory Annual Budget as adopted by the Improvement District and is not subject to review or audit.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Water - treatment plant building	40 years
Water - tanks & equipment	20-25 years
Water - water mains	30-40 years
Water - pump, lines & equipment	20-25 years
Water - other equipment	3-20 years
Sewer - Equipment	30-50 years
Sewer - pump station	15 years

Amortization begins at the point of time the asset is substantially complete and ready to use. Assets under construction are not amortized until the asset is substantially complete and available for productive use.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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

The Improvement District regularly assesses its tangible assets to eliminate obsolete items. The tangible capital assets are consider for their fair value and any impairments are expensed. There were no impairments during the year.

Intangible capital assets, such as water rights, are not recorded in the financial statements.

VILLAGE POINT IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2022

3. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	2021 Balance	Additions	Disposals	2022 Balance
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Water - treatment plant building	95,168	-	-	95,168
Water - tanks & equipment	845,332	3,943	-	849,275
Water - water mains	911,615	252	-	911,867
Wells - pump, lines & equipment	121,051	6,048	-	127,099
Water - other equipment	37,833	-	-	37,833
Sewer - Equipment	1,428,646	-	-	1,428,646
Sewer - Pump Station	14,956	-	-	14,956
	\$ 3,524,601	\$ 10,243	\$ -	\$ 3,534,844

<u>Accumulated Amortization</u>	2021 Balance	Amortization	Accumulated Amortization on Disposals	2022 Balance
Land	\$ -	\$ -	\$ -	\$ -
Water - treatment plant building	15,301	2,379	-	17,680
Water - tanks & equipment	224,737	34,046	-	258,783
Water - water mains	410,978	27,161	-	438,139
Wells - pump, lines & equipment	15,019	4,649	-	19,668
Water - other equipment	20,363	1,954	-	22,317
Sewer - Equipment	602,354	25,681	-	628,035
Sewer - Pump Station	6,929	997	-	7,926
	\$ 1,295,681	\$ 96,867	\$ -	\$ 1,392,548

<u>Net book value</u>	2022	2021
Land	\$ 70,000	\$ 70,000
Water - treatment plant building	77,488	79,867
Water - tanks & equipment	590,492	620,595
Water - water mains	473,728	500,637
Wells - pump, lines & equipment	107,431	106,032
Water - other equipment	15,516	17,470
Sewer - Equipment	800,611	826,292
Sewer - Pump Station	7,030	8,027
	\$ 2,142,296	\$ 2,228,920

Land, recorded at cost, consists of various properties on Mayne Island held within the Improvement District. The combined 2023 BC property tax assessment value was \$1,057,100 (combined 2022 tax assessment value - \$865,900). These assessment values may not represent the fair market value of these properties.

Intangible capital assets, such as water rights, are not recorded in the financial statements.

VILLAGE POINT IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2022

4. TANGIBLE CAPITAL ASSET IMPROVEMENTS

Improvements or replacements were made during the year to the following tangible capital assets:

	Budget 2022	2022	2021
Water - tanks & equipment	\$ 10,000	\$ 3,943	\$ 6,252
Water - pump, lines & equipment	10,000	6,048	20,345
Water - other equipment	3,000	252	-
Sewer - pump stations & equipment	-	-	-
Sewer - removal of trees	-	-	2,898
	\$ 23,000	\$ 10,243	\$ 29,495

5. BANK LOANS

	2022	2021
RBC loan ("Water treatment plant loan") bearing interest at 2.69% per annum, repayable in monthly blended payments of \$3,731. The loan matures on July 9, 2023.	\$ 202,710	\$ 241,458
RBC loan ("Sewer absorption fields loan") bearing interest at 6.82% per annum, repayable in monthly blended payments of \$2,758. The loan matures on October 22, 2024. See below.	175,998	238,135
	\$ 378,708	\$ 479,593

Principal repayment terms are approximately:

2023	\$ 61,574
2024	64,190
2025	66,944
2026	69,843
2027	65,450
	\$ 328,001

The Sewer absorption fields loan was renewed on October 22, 2022. The trustees approved an additional payment of \$35,000 and reduced this loan by this amount in October 2022.

6. ACCUMULATED SURPLUS (DEBT)

	2022	2021
Accumulated surplus (debt) comprises:		
Sewer Operating Fund Surplus (Debt)	\$ 10,152	\$ 891
Water Operating Fund Surplus	(59,381)	(88,371)
Invested in Tangible Capital Assets	2,142,296	2,228,920
Reserve funds - sewer (Note 7)	(127,258)	(154,518)
Reserve funds - water (Note 7)	(80,640)	(130,858)
	\$ 1,885,169	\$ 1,856,064

VILLAGE POINT IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2022

7. RESERVE FUNDS

Reserve funds are comprised of the following:

	<u>Sewer</u> <u>Reserve Fund</u>	<u>Water</u> <u>Reserve Fund</u>	<u>Total</u>
Balance, beginning of the year, December 31, 2022	\$ (154,518)	\$ (130,858)	\$ (285,376)
Taxes - transferred to reserves	33,000	66,480	99,480
	<u>(121,518)</u>	<u>(64,378)</u>	(185,896)
Interest on bank loans	(5,740)	(6,019)	(11,759)
Capital additions - transfer to capital fund	-	(10,243)	(10,243)
BALANCE END OF YEAR, DECEMBER 31, 2022	\$ (127,258)	\$ (80,640)	\$ (207,898)

VILLAGE POINT IMPROVEMENT DISTRICT

Statement of Sewer Operating Fund

(Schedule 1)

Year Ended December 31, 2022

	Budget 2022 <i>(Unaudited)</i>	Total 2022	Total 2021
REVENUES			
Sewer taxes	\$ 33,000	\$ 33,000	\$ 33,000
Sewer tolls	26,712	26,712	26,712
Interest, penalties and other revenue	-	280	-
	<u>59,712</u>	<u>59,992</u>	<u>59,712</u>
EXPENSES			
Amortization	-	26,678	26,485
Bank charges	350	374	351
Contractors	13,000	8,341	10,815
Honorariums	-	100	50
Insurance	1,750	1,694	1,593
Interest on long term debt	-	5,740	4,989
Legal and accounting	1,700	1,600	1,600
Operational and office	4,500	3,906	5,061
Telephone and utilities	2,300	1,715	1,908
	<u>23,600</u>	<u>50,148</u>	<u>52,852</u>
NET OPERATING SUPLUS BEFORE TRANSFERS	<u>\$ 36,112</u>	<u>\$ 9,844</u>	<u>\$ 6,860</u>

See accompanying notes to the financial statements

VILLAGE POINT IMPROVEMENT DISTRICT

Statement of Water Operating Fund

(Schedule 2)

Year Ended December 31, 2022

	Budget 2022 <i>(Unaudited)</i>	Total 2022	Total 2021
REVENUES			
Water taxes	\$ 66,240	\$ 66,480	\$ 66,440
Water tolls	156,420	160,800	158,400
Connection and disconnection fees	-	1,250	500
Interest, penalties and other revenue	3,000	2,992	4,479
	<u>225,660</u>	<u>231,522</u>	<u>229,819</u>
EXPENSES			
Amortization	-	70,189	70,625
Bank charges	1,400	1,508	1,393
Contractors	59,000	65,012	59,144
Honorariums	-	400	200
Insurance	7,000	6,774	6,371
Interest on long term debt	-	6,019	7,302
Legal and accounting	6,800	6,400	6,400
Operational and office	30,000	42,708	23,875
Telephone and utilities	12,000	13,251	11,327
	<u>116,200</u>	<u>212,261</u>	<u>186,637</u>
NET OPERATING SUPLUS BEFORE TRANSFERS	<u>\$ 109,460</u>	<u>\$ 19,261</u>	<u>\$ 43,182</u>

See accompanying notes to the financial statements