

THETIS ISLAND IMPROVEMENT DISTRICT
Financial Statements
Year Ended December 31, 2023

DRAFT FOR APPROVAL

THETIS ISLAND IMPROVEMENT DISTRICT
Index to Financial Statements
Year Ended December 31, 2023

| | Page |
|-----------------------------------------------------|---------|
| MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING | 1 |
| INDEPENDENT AUDITOR'S REPORT | 2 - 3 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 4 |
| Statement of Changes in Accumulated Surplus | 5 |
| Statement of Operations | 6 - 7 |
| Statement of Changes in Net Financial Assets (Debt) | 8 |
| Combined Statement of Cash Flows | 9 |
| Notes to Financial Statements | 10 - 15 |
| Budget vs. Actual (<i>Schedule 1</i>) | 16 - 17 |

DRAFT FOR APPROVAL

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Thetis Island Improvement District have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. 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.

The integrity and reliability of Thetis Island Improvement District's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Trustees are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Trustees carry out this responsibility principally through its 5 board meetings where the finances are reviewed. Following the review of the financial statements and discussions with the auditors, the reports are shared with the Trustees prior to its approval of the financial statements.

The financial statements have been audited on behalf of the members by Palmer Leslie, Chartered Professional Accountants, in accordance with Canadian public sector accounting standards (PSAS)

Trustee

Trustee

Thetis Island, BC
May 04, 2024



Tammy Leslie, C.P.A., C.G.A., C.A.*
Lori John, C.P.A., C.G.A.*
Jaime Court, C.P.A.*
Sarah Brimacombe, C.P.A.*
*A professional corporation.

INDEPENDENT AUDITOR'S REPORT

To the Members of Thetis Island Improvement District

Report on the Financial Statements

Opinion

We have audited the financial statements of Thetis Island Improvement District (the organization), which comprise the statement of financial position as at December 31, 2023, and the statements of changes in accumulated surplus, operations, changes in net financial assets (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 organization as at December 31, 2023, 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 organization 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

(continues)

301-394 Duncan Street
Duncan, BC V9L 3W4

T | 250 748 1426
F | 250 748 2805

Toll Free | 1 800 818 5703
Email | info@plcpa.ca
Web | www.palmerleslie.ca

101-626 First Avenue, PO Box 1396
Ladysmith, BC V9G 1A9

T | 250 245 1429
F | 250 245 1421

Independent Auditor's Report to the Members of Thetis Island Improvement District (*continued*)

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 organization'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 organization'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 organization 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.

THETIS ISLAND IMPROVEMENT DISTRICT
Statement of Financial Position
December 31, 2023

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents <i>(Note 4)</i> | \$ 648,957 | \$ 398,866 |
| Accrued interest | 10,219 | 5,742 |
| Goods and services tax recoverable | <u>2,110</u> | <u>962</u> |
| | 661,286 | 405,570 |
| LIABILITIES | | |
| Accounts payable <i>(Note 5)</i> | 13,660 | 12,638 |
| Current portion of long term debt <i>(Note 9)</i> | 33,614 | 32,572 |
| Deferred revenues <i>(Note 6)</i> | 197,379 | 10,200 |
| Long term debt <i>(Note 9)</i> | <u>624,132</u> | <u>657,746</u> |
| | 868,785 | 713,156 |
| NET FINANCIAL DEBT | <u>(207,499)</u> | <u>(307,586)</u> |
| NON-FINANCIAL ASSETS | | |
| Prepaid expenses | 11,176 | 7,415 |
| Tangible capital assets <i>(Note 7)</i> | <u>1,094,220</u> | <u>1,027,317</u> |
| | 1,105,396 | 1,034,732 |
| ACCUMULATED SURPLUS | <u>\$ 897,897</u> | <u>\$ 727,146</u> |

APPROVED BY THE TRUSTEES

_____ *Trustee*
 _____ *Trustee*

DRAFT FOR APPROVAL

THETIS ISLAND IMPROVEMENT DISTRICT
Statement of Changes in Accumulated Surplus
Year Ended December 31, 2023

| | Operating Fund | Capital Replacement Fund | Property and Equipment Fund | Health and Wellness Fund | Total 2023 | Total 2022 |
|------------------------------------------------|-------------------|--------------------------------|-----------------------------------|-----------------------------|-----------------------|-------------------|
| | 2023 | 2023 | 2023 | 2023 | | |
| ACCUMULATED SURPLUS - BEGINNING OF YEAR | \$ 13,968 | \$ 372,178 | \$ 336,999 | \$ 4,000 | \$ 727,146 | \$ 678,664 |
| ANNUAL SURPLUS (DEFICIT) | 20,973 | 159,867 | (11,050) | 962 | 170,752 | 48,482 |
| | 34,941 | 532,045 | 325,949 | 4,962 | 897,898 | 727,146 |
| Acquisition of tangible capital assets | - | (121,527) | 121,527 | - | - | - |
| Disposal of tangible capital assets | - | 11,000 | (11,000) | - | - | - |
| ACCUMULATED SURPLUS - END OF YEAR | \$ 34,941 | \$ 421,518 | \$ 436,476 | \$ 4,962 | \$ 897,897 | \$ 727,146 |

DRAFT FOR APPROVAL

The accompanying notes form an integral part of these financial statements

THETIS ISLAND IMPROVEMENT DISTRICT
Statement of Operations
Year Ended December 31, 2023

| | Budget Unaudited 2023 | Operating Fund 2023 | Capital Replacement Fund 2023 | Property and Equipment Fund 2023 | Health and Wellness Fund 2023 | Total 2023 | Total 2022 |
|----------------------------------------------------|-----------------------------|---------------------------|----------------------------------------|-------------------------------------------|-------------------------------------|-----------------------|----------------|
| REVENUES | | | | | | | |
| Property Taxes | \$ 345,547 | \$ 266,647 | \$ 78,900 | \$ 53,841 | \$ - | \$ 399,388 | \$ 366,206 |
| Donations | 10,000 | 10,200 | - | - | 1,962 | 12,162 | 10,000 |
| Interest income | - | 1,561 | 12,200 | - | - | 13,761 | 7,071 |
| TI Volunteer Fire Fighters Society Donation | - | - | 38,767 | - | - | 38,767 | - |
| Union of BC Municipalities Grant | - | - | 30,000 | - | - | 30,000 | - |
| | 355,547 | 278,408 | 159,867 | 53,841 | 1,962 | 494,078 | 383,277 |
| EXPENSES | | | | | | | |
| Wages and benefits | 124,637 | 118,828 | - | - | - | 118,828 | 116,975 |
| Amortization | - | - | - | 54,622 | - | 54,622 | 53,292 |
| Travel and training general | 2,000 | 600 | - | - | - | 600 | 2,475 |
| Travel and training firefighters | 15,500 | 11,137 | - | - | - | 11,137 | 6,019 |
| Travel and training first responders | 3,000 | 812 | - | - | - | 812 | 1,951 |
| Travel and training professional development | 3,000 | 54 | - | - | - | 54 | 1,279 |
| Public education | 500 | 153 | - | - | - | 153 | 489 |
| Vehicle | 19,950 | 18,749 | - | - | - | 18,749 | 22,773 |
| Office | 2,700 | 3,820 | - | - | - | 3,820 | 3,023 |
| Insurance | 26,300 | 27,873 | - | - | - | 27,873 | 22,229 |
| Firefighting supplies and equipment maintenance | 5,500 | 4,419 | - | - | - | 4,419 | 7,580 |
| First responder supplies and equipment maintenance | 3,500 | 2,751 | - | - | - | 2,751 | 3,093 |
| Call out fuel expense | 18,000 | 17,340 | - | - | - | 17,340 | 18,600 |
| Uniforms and miscellaneous | 3,000 | 2,185 | - | - | - | 2,185 | 2,673 |
| Property maintenance | 6,000 | 4,171 | - | - | - | 4,171 | 5,021 |
| Emergency dock equipment and supplies | 300 | - | - | - | - | - | 134 |
| Communication equipment maintenance | 2,000 | 3,234 | - | - | - | 3,234 | 3,007 |
| Utilities | 9,600 | 11,597 | - | - | - | 11,597 | 9,811 |
| Association dues | 1,500 | 1,426 | - | - | - | 1,426 | 897 |
| Contract services | 5,000 | 4,435 | - | - | - | 4,435 | 6,751 |
| Bank charges and interest | 660 | 597 | - | - | - | 597 | 755 |
| Accounting and legal | 14,000 | 14,141 | - | - | - | 14,141 | 13,559 |

(continues)

The accompanying notes form an integral part of these financial statements

THETIS ISLAND IMPROVEMENT DISTRICT

Statement of Operations (continued)

Year Ended December 31, 2023

| | Budget Unaudited 2023 | Operating Fund 2023 | Capital Replacement Fund 2023 | Property and Equipment Fund 2023 | Health and Wellness Fund 2023 | Total 2023 | Total 2022 |
|---------------------------------------------|-----------------------------|---------------------------|----------------------------------------|-------------------------------------------|-------------------------------------|-----------------------|------------------|
| Interest on long term debt | - | - | - | 21,269 | - | 21,269 | 22,279 |
| Meetings and conventions | 3,500 | 3,966 | - | - | - | 3,966 | 3,309 |
| Health and wellness expenses | - | - | - | - | 1,000 | 1,000 | - |
| Social events | 5,500 | 5,147 | - | - | - | 5,147 | 5,206 |
| Pandemic | 1,000 | - | - | - | - | - | 1,615 |
| | <u>276,647</u> | <u>257,435</u> | <u>-</u> | <u>75,891</u> | <u>1,000</u> | <u>334,326</u> | <u>334,795</u> |
| SURPLUS (DEFICIT) FROM OPERATIONS | 78,900 | 20,973 | 159,867 | (22,050) | 962 | 159,752 | 48,482 |
| OTHER EXPENSES (REVENUES) | | | | | | | |
| Gain on disposal of tangible capital assets | - | - | - | (11,000) | - | (11,000) | - |
| ANNUAL SURPLUS (DEFICIT) | \$ 78,900 | \$ 20,973 | \$ 159,867 | \$ (11,050) | \$ 962 | \$ 170,752 | \$ 48,482 |

DRAFT FOR APPROVAL

The accompanying notes form an integral part of these financial statements

THETIS ISLAND IMPROVEMENT DISTRICT
Statement of Changes in Net Financial Assets (Debt)
Year Ended December 31, 2023

| | Budget Unaudited 2023 | 2023 | 2022 |
|--------------------------------------------------------|-----------------------------|--------------|--------------|
| ANNUAL SURPLUS | \$ 78,900 | \$ 170,752 | \$ 48,482 |
| Amortization of tangible capital assets | - | 54,622 | 53,292 |
| Purchase of tangible capital assets | (26,300) | (121,527) | (19,185) |
| Proceeds on disposal of tangible capital assets | - | 11,000 | - |
| Gain on disposal of tangible capital assets | - | (11,000) | - |
| Decrease (increase) in prepaid expenses | - | (3,760) | 1,231 |
| | (26,300) | (70,665) | 35,338 |
| INCREASE IN NET FINANCIAL ASSETS | 52,600 | 100,087 | 83,820 |
| NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR | - | (307,586) | (391,406) |
| NET FINANCIAL ASSETS (DEBT) - END OF YEAR | \$ 52,600 | \$ (207,499) | \$ (307,586) |

DRAFT FOR APPROVAL

THETIS ISLAND IMPROVEMENT DISTRICT
Combined Statement of Cash Flows
Year Ended December 31, 2023

| | 2023 | 2022 |
|-------------------------------------------------|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Annual surplus | \$ 170,752 | \$ 48,482 |
| Items not affecting cash: | | |
| Amortization of tangible capital assets | 54,622 | 53,292 |
| Gain on disposal of tangible capital assets | (11,000) | - |
| | <u>214,374</u> | <u>101,774</u> |
| Changes in non-cash working capital: | | |
| Accrued interest | (4,477) | (5,742) |
| Accounts payable | 1,021 | (14,137) |
| Deferred income | 187,179 | (145,983) |
| Prepaid expenses | (3,759) | 1,232 |
| Goods and services tax payable | (1,148) | 1,268 |
| Employee deductions payable | - | (7,229) |
| | <u>178,816</u> | <u>(170,591)</u> |
| Cash flow from (used by) operating activities | <u>393,190</u> | <u>(68,817)</u> |
| INVESTING ACTIVITIES | | |
| Purchase of tangible capital assets | (121,527) | (19,185) |
| Proceeds on disposal of tangible capital assets | 11,000 | - |
| Cash flow used by investing activities | <u>(110,527)</u> | <u>(19,185)</u> |
| FINANCING ACTIVITY | | |
| Repayment of long term debt | (32,572) | (31,562) |
| Cash flow used by financing activity | <u>(32,572)</u> | <u>(31,562)</u> |
| INCREASE (DECREASE) IN CASH FLOW | 250,091 | (119,564) |
| Cash - beginning of year | <u>398,866</u> | <u>518,430</u> |
| CASH - END OF YEAR | \$ 648,957 | \$ 398,866 |
| CASH CONSISTS OF: | | |
| Cash | \$ 438,529 | \$ 194,046 |
| Term deposit | 210,428 | 204,820 |
| | <u>\$ 648,957</u> | <u>\$ 398,866</u> |

The accompanying notes form an integral part of these financial statements

THETIS ISLAND IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2023

1. GENERAL

The Thetis Island Improvement District ("District") was incorporated on December 16, 1982 and is subject to the provisions contained in the Local Government Act, a statute of the British Columbia provincial government. The principal activities of the District are to provide volunteer fire protection and first-response emergency services to the residents of Thetis Island Improvement District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the District were prepared in accordance with Canadian public sector accounting standards (GAAP) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Basis of presentation

The consolidated financial statements were prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures and changes in fund balances and the financial position of the District. These consolidated statements consolidate the financial position of assets and liabilities of the funds.

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Trustees.

The Operating Fund accounts for all revenues and expenses related to the general and ancillary fire protection and first response services provided by the District.

The Capital Replacement Fund known as the "Fire Protection - Capital Works and Equipment Renewal Reserve Fund" consists of funds established by the Board of the District to be used for Expenditures related to the upgrading, replacement or renewal of existing tangible capital assets used in the fire protection and first response services by the District. These funds have been augmented by annual assessments of property tax and must only be invested or disbursed when approved by resolution of the trustees and the Inspector of Municipalities. The fund was established by Bylaw No. 5 dated May 2, 1984 with an initial appropriation of \$2,500 from operating funds.

The Property and Equipment Fund accounts for all tangible capital property and equipment of the District used in the provision of fire protection and first response services by the District.

The Health and Wellness Fund consists of funds established in 2002 to provide supplemental assistance for volunteer fire department members and their families during the period of recovery from injury or illness, or to provide interim financial assistance to families of fire department members in the event of death. These funds are intended to supplement any insurance proceeds from the accident and sickness insurance policy of the District. The amounts disbursed from this fund as a supplement to insurance proceeds are not to exceed the fund balance and are to be disbursed when approved by resolution of the trustees.

(continues)

THETIS ISLAND IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2023

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

Revenue recognition

The Provincial government distributes the taxes collected for fire protection and first response services from property tax revenue which is recognized in the calendar year based on approved property tax assessments for the period. Donations, interest income and other income is recognized as revenue as earned on an accrual basis.

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and a reasonable estimate of the amounts can be determined.

The District is in receipt of government transfers in the form of property tax revenues received from senior levels of government.

Investment income is recognized as revenue when earned.

The recognition of insurance proceeds are determined on an individual basis.

Contributed services

Volunteers contribute significant time to assist the Improvement District in carrying out its mandate. Because of the difficulty of determining their fair value, contributed services are not recognized in the consolidated financial statements.

Estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting standards for Districts under the jurisdiction of the Local Government Act requires the Board of Trustees to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reported year. Significant areas requiring the use of such estimates relate to the determination of the collectible of accounts receivable and provisions for contingencies. Actual results could differ from the estimates. These estimates are reviewed periodically, and, if adjustments become necessary, they are reported in earnings in the year in which they become known.

(continues)

THETIS ISLAND IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2023

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

Tangible capital assets

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

| | | |
|---------------------------|----------|----------------------|
| Buildings | 40 years | straight-line method |
| Furniture and equipment | 15 years | straight-line method |
| Water tanks | 10 years | straight-line method |
| Communication equipment | 10 years | straight-line method |
| Fire protection equipment | 10 years | straight-line method |
| Motor vehicles | 10 years | straight-line method |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Districts' ability to provide goods or services, or when the value of the future economic benefits associated with the asset are less than the book value of the asset.

Amortization is charged at 50% the year of acquisition and not recorded in the year of disposal. The amortization policy has been applied prospectively to the financial statements on the adoption of the public sector accounting standards based on the original costs and acquisition dates of the tangible capital assets.

3. FINANCIAL INSTRUMENTS

The District's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is the Board of Trustees opinion that the District is not exposed to significant interest rate, credit, or currency risk arising from these financial instruments.

LOANS AND RECEIVABLES

The District has classified the following financial assets as loans and receivables: accounts receivable. The assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell items are recorded on the settlement date. Total interest income, calculated using the effective interest rate method, is recognized in total income.

OTHER FINANCIAL LIABILITIES

The District has classified the following financial liabilities as other financial liabilities: accounts payable. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date. Total interest expense (if any) is calculated using the effective interest rate method and would be recognized in net income.

THETIS ISLAND IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2023

4. CASH AND CASH EQUIVALENTS

At year end, the District's cash balance are as follows:

| | 2023 | 2022 |
|---------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Cash on deposit | \$ 438,529 | \$ 197,693 |
| Cheque's issued and outstanding | - | (3,647) |
| | 438,529 | 194,046 |
| Term deposit purchased January 20, 2023 maturing January 20, 2024 with an annual interest rate of 5.00% | 210,428 | - |
| Term deposit purchased January 20, 2020 maturing January 20, 2023 with an interest rate of 5.25% | - | 204,820 |
| | \$ 648,957 | \$ 398,866 |

5. ACCOUNTS PAYABLE

Accounts payable represent trade accounts payable relating to operations.

6. DEFERRED REVENUES

| | 2023 | 2022 |
|------------------------------------------|-------------------|------------------|
| <u>Vancouver Island Health Authority</u> | | |
| Opening balance | \$ 10,200 | \$ - |
| Revenue received | 10,404 | 20,200 |
| Revenue recognized | (10,200) | (10,000) |
| | 10,404 | 10,200 |
| <u>Government of BC</u> | | |
| Opening balance | - | 156,183 |
| Revenue received | 586,363 | 210,023 |
| Revenue recognized | (399,388) | (366,206) |
| | 186,975 | - |
| Closing balance | \$ 197,379 | \$ 10,200 |

THETIS ISLAND IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2023

7. TANGIBLE CAPITAL ASSETS

| | Cost | Accumulated amortization | 2023 Net book value | 2022 Net book value |
|---------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| Buildings | \$ 986,357 | \$ 164,594 | \$ 821,762 | \$ 846,421 |
| Furniture and equipment | 2,177 | 218 | 1,959 | 2,104 |
| Water tanks | 56,007 | 26,802 | 29,205 | 27,744 |
| Communication equipment | 107,853 | 24,685 | 83,168 | 4,025 |
| Fire protection equipment | 239,798 | 146,548 | 93,250 | 77,072 |
| Motor vehicles | 329,329 | 264,453 | 64,876 | 69,950 |
| | <u>\$ 1,721,521</u> | <u>\$ 627,300</u> | <u>\$ 1,094,220</u> | <u>\$ 1,027,317</u> |

The District recorded amortization of \$54,622 in the current year (2022 - \$53,292). There were \$121,527 in capital assets purchased (2022 - \$19,185) and \$11,000 in capital assets disposed of in 2023 (2022 - \$0). Insurance proceeds of \$19,799 were received and reduced the acquisition cost of capital assets in the year (2022 - \$0).

8. ACCUMULATED SURPLUS

The District segregates its accumulated surplus into the following categories.

| | 2023 | 2022 |
|-----------------------------|-------------------|-------------------|
| Operating Fund | \$ 34,941 | \$ 13,968 |
| Capital Replacement Fund | 421,518 | 372,178 |
| Property and Equipment Fund | 436,476 | 336,999 |
| Health and Wellness Fund | 4,962 | 4,000 |
| | <u>\$ 897,897</u> | <u>\$ 727,146</u> |

9. LONG TERM DEBT

| | 2023 | 2022 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Province of BC #1 loan bearing interest at 3.2% per annum, repayable in annual blended payments of \$30,147. The loan matures on June 30, 2038 and is unsecured. | \$ 360,152 | \$ 378,643 |
| Province of BC #2 loan bearing interest at 3.2% per annum, repayable in annual blended payments of \$23,694. The loan matures on June 30, 2039 and is unsecured. | <u>297,594</u> | <u>311,675</u> |
| | 657,746 | 690,318 |
| Amounts payable within one year | <u>(33,614)</u> | <u>(32,572)</u> |
| | <u>\$ 624,132</u> | <u>\$ 657,746</u> |

(continues)

THETIS ISLAND IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2023

9. LONG TERM DEBT *(continued)*

Principal repayment terms are approximately:

| | |
|------------|-------------------|
| 2024 | \$ 33,614 |
| 2025 | 34,690 |
| 2026 | 35,800 |
| 2027 | 36,946 |
| 2028 | 38,128 |
| Thereafter | <u>478,568</u> |
| | <u>\$ 657,746</u> |

10. INTER-FUND TRANSFERS

Funds from the Capital Replacement Fund of \$121,527 were transferred to the Property and Equipment Fund for the purchase of tangible capital assets.

11. BUDGET FIGURES

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 the actual results. The unaudited budget figures used in these consolidated financial statements have been approved by the trustees.

12. RELATED PARTY TRANSACTIONS

In 2023, there were no payments to Trustees that would be considered wages or contract. As well, there were no employee remuneration over \$75,000.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the method of presentation adopted in the current year.

THETIS ISLAND IMPROVEMENT DISTRICT

Budget vs. Actual

(Schedule 1)

Year Ended December 31, 2023

| | Budget Unaudited 2023 | Actual 2023 |
|----------------------------------------------------|-----------------------------|------------------|
| Revenue | | |
| Property Taxes | \$ 266,647 | \$ 266,647 |
| Donations | 10,000 | 12,162 |
| Interest income | - | 1,561 |
| Total Revenue | 276,647 | 280,370 |
| Maintenance and Operations | | |
| Hydro | 4,000 | 5,988 |
| Telephones | 4,500 | 3,908 |
| Garbage TIRRA | 100 | 100 |
| Potable Water | 1,000 | 1,600 |
| Radio Communication & Dispatch Maintenance | 2,000 | 3,234 |
| First Responder Supplies and Equipment Maintenance | 3,500 | 2,751 |
| Fire Fighting Supplies Equipment Maintenance | 5,500 | 4,419 |
| Fire Engine Pump Certification | 1,000 | 746 |
| Uniforms and Clothing | 1,000 | 1,412 |
| Vehicle Costs - Fuel | 4,500 | 4,699 |
| Vehicle Costs - Ferry | 1,500 | 1,639 |
| Vehicle Maintenance General | 11,450 | 9,144 |
| Vehicle Maintenance Emergency Response Vehicle | 2,500 | 3,268 |
| Canteen (incl: Aux & Social Events) | 2,500 | 2,443 |
| Property Maintenance (Building & Grounds) | 6,000 | 4,171 |
| Training - Per Diem | 2,000 | 600 |
| Training - Firefighters | 15,000 | 11,137 |
| Training - Medical First Responder | 3,000 | 812 |
| Training - Professional Development and Public Edu | 3,500 | 207 |
| Structure Protection Unit | 500 | 27 |
| Conference and Association Dues | 5,000 | 5,392 |
| Auxillary Supplies | 500 | - |
| Office & Misc. Supplies | 1,500 | 3,301 |
| Contract Services | 5,000 | 4,435 |
| Minor Capital | 500 | - |
| Emergency Dock Equipment & Supplies | 300 | - |
| Pandemic | 1,000 | - |
| Total Maintenance and Operations | 88,850 | 75,433 |
| Administration | | |
| Bank Charges | 660 | 596 |
| Insurance - Members | 6,100 | 5,914 |
| Insurance - General | 16,200 | 17,650 |
| Insurance - Vehicles | 4,000 | 4,310 |
| Wages and Payroll Taxes | 124,637 | 118,829 |
| Call out fuel expenses Members | 18,000 | 17,340 |
| Appreciation Dinners / Special Events | 3,000 | 2,704 |
| Accounting and Legal | 14,000 | 14,141 |
| Office & Misc. Supplies | 700 | 519 |
| Training (Firefighter) | 500 | - |
| Total Administration | 187,797 | 182,003 |
| Total Surplus | \$ - | \$ 22,934 |

(continues)

The accompanying notes form an integral part of these financial statements

THETIS ISLAND IMPROVEMENT DISTRICT

Budget vs. Actual (continued)

(Schedule 1)

Year Ended December 31, 2023

| | Budget Unaudited 2023 | Actual 2023 |
|----------------------------------------------|-----------------------------|-------------------|
| Capital Projects | | |
| Revenue | | |
| Capital Replacement Fund | \$ 78,900 | \$ 78,900 |
| Interest income | - | 12,200 |
| TI Volunteer Fire Fighters Society Donation | - | 38,767 |
| Union of BC Municipalities Grant | - | 30,000 |
| Sale of Capital Asset | - | 11,000 |
| | 78,900 | 170,867 |
| Capital Expenditures | | |
| PPE | 8,500 | 31,118 |
| Water Supply Project | 8,500 | 6,550 |
| Small Engines | 3,500 | 1,086 |
| Hoses | 1,500 | - |
| Equipment | 4,300 | 3,130 |
| Motor Vehicles | - | 79,643 |
| Appliances | - | - |
| Total Capital Expenditures | 26,300 | 121,527 |
| Capital Replacement Fund Contribution | 52,600 | 52,600 |
| Total Surplus (Deficit) | \$ - | \$ (3,260) |

DRAFT FOR APPROVAL