

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2013**

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Index to Financial Statements**  
**Year Ended December 31, 2013**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of SHAWNIGAN IMPROVEMENT DISTRICT

We have audited the accompanying financial statements of SHAWNIGAN IMPROVEMENT DISTRICT, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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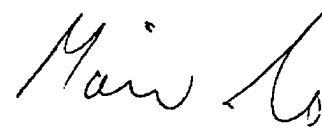
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Independent Auditor's Report to the Members of SHAWNIGAN IMPROVEMENT DISTRICT *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SHAWNIGAN IMPROVEMENT DISTRICT as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

White Rock, British Columbia  
April 9, 2014



CHARTERED ACCOUNTANTS LLP

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Statement of Financial Position**  
**December 31, 2013**

	2013	2012
<b>FINANCIAL ASSETS</b>		
Cash	\$ 119,645	\$ 64,590
Marketable securities	404,429	346,048
Accounts receivable	24,108	34,893
	<b>548,182</b>	<b>445,531</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	86,639	39,030
Wages payable	1,040	5,900
Long term debt <i>(Note 3)</i>	1,020,746	1,118,153
	<b>1,108,425</b>	<b>1,163,083</b>
<b>NET FINANCIAL ASSETS</b>	<b>(560,243)</b>	<b>(717,552)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	8,463	-
Tangible Capital Assets <i>(Note 2)</i>	3,078,249	3,129,987
	<b>3,086,712</b>	<b>3,129,987</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 2,526,469</b>	<b>\$ 2,412,435</b>

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Statement of Operations**  
**Year Ended December 31, 2013**

	2013	2012
<b>REVENUE</b>		
Taxes	\$ 615,231	\$ 595,231
Other income	9,760	917
Fire tolls	9,095	9,127
Interest income	3,152	2,043
	<u>637,238</u>	<u>607,318</u>
<b>EXPENSES</b>		
Admin gratuity	8,400	8,000
Advertising	438	505
Amortization	194,614	221,511
Audit and legal	8,318	8,154
Bank charges	647	449
Clothing, repairs and supplies	39,608	30,416
Deputy chief's gratuity	1,100	917
Fire chief's gratuity	5,000	5,000
Fire chief's vehicle allowance	-	1,400
Firemen's gratuity	64,574	69,757
Firemen's insurance	4,088	3,938
Firemen's training	21,902	18,976
Honoraria (Note 5)	10,000	10,000
Insurance and licenses	25,287	24,184
Interest on long term debt	47,824	52,271
Memberships, conventions and travel	1,849	2,523
Radio license	772	830
Repairs and maintenance	23,389	16,574
Snow removal	191	525
Street lighting	6,289	5,822
Utilities	24,040	22,413
Vehicle and boat operations	32,701	32,007
Wage benefits	1,133	1,604
Workers' compensation	1,040	974
	<u>523,204</u>	<u>538,750</u>
<b>ANNUAL SURPLUS</b>	<b>\$ 114,034</b>	<b>\$ 68,568</b>

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2013**

	2013	2012
<b>ANNUAL SURPLUS</b>	<b>\$ 114,034</b>	<b>\$ 68,568</b>
Amortization	194,614	221,511
Prepaid expenses	(8,463)	-
Purchase of Tangible Capital Assets	(142,877)	(162,424)
	<u>43,274</u>	<u>59,087</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>157,309</b>	<b>127,654</b>
Net financial assets, beginning of year	(717,552)	(845,206)
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ (560,243)</b>	<b>\$ (717,552)</b>

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Statement of Cash Flows**  
**Year Ended December 31, 2013**

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 114,034	\$ 68,568
Item not affecting cash:		
Amortization of Tangible Capital Assets	194,614	221,511
	<u>308,648</u>	<u>290,079</u>
Changes in non-cash working capital:		
Accounts receivable	10,785	20,897
Accounts payable and accrued liabilities	47,610	14,021
Deferred income	-	(225,000)
Prepaid expenses	(8,463)	-
Wages payable	(4,860)	4,920
	<u>45,072</u>	<u>(185,162)</u>
Cash flow from operating activities	<u>353,720</u>	<u>104,917</u>
<b>INVESTING ACTIVITY</b>		
Purchase of Tangible Capital Assets	<u>(142,877)</u>	<u>(162,424)</u>
<b>FINANCING ACTIVITY</b>		
Repayment of long term debt	<u>(97,407)</u>	<u>(92,959)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>113,436</b>	<b>(150,466)</b>
Cash - beginning of year	<u>410,638</u>	<u>561,104</u>
<b>CASH - END OF YEAR</b>	<b>\$ 524,074</b>	<b>\$ 410,638</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	<u>\$ 48,471</u>	<u>\$ 52,720</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 119,645	\$ 64,590
Marketable securities	<u>404,429</u>	<u>346,048</u>
	<b>\$ 524,074</b>	<b>\$ 410,638</b>



**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2013**

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**NATURE OF OPERATIONS**

SHAWNIGAN IMPROVEMENT DISTRICT (the "organization") is incorporated under the Local Government Act (BC) Part 23. The objective of the organization is to supply fire protection and street lighting within its boundaries.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with generally accepted accounting principles for governments, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

Fund accounting

The organization records accounting transactions using the fund accounting method generally in use for governments. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own statement of operations which presents the results of operations for the fund. The statement of financial position of the organization includes the assets, liabilities and accumulated surplus of all funds presented in the financial statements.

The various funds, being the capital fund, which accounts for the Tangible Capital Assets of the organization and the revenue fund, which includes the operations of the organization have been amalgamated for the purpose of presentation in the financial statements. The revenue fund is split into two categories. Operations accounts for the day-to-day activities of providing services. Renewal reserve, which was established for purchase and replacement of property, plant and equipment, requires ministerial approval for withdrawal. Details of the operations of each program are set out in the supplementary schedules.

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst programs have not necessarily been eliminated on the individual schedules.

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 (ranging from 15 to 50 years) on a straight-line basis.

Revenue recognition

Revenue is recorded on the accrual basis and amounts received but not earned are recorded as deferred revenue.

Financial instruments policy

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.

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**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2013**

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

Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles for governments 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.

2. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Buildings	\$ 1,787,815	\$ 858,997	\$ 928,818	\$ 930,020
Equipment	3,739,901	1,590,470	2,149,431	2,199,967
	<b>\$ 5,527,716</b>	<b>\$ 2,449,467</b>	<b>\$ 3,078,249</b>	<b>\$ 3,129,987</b>

3. LONG TERM DEBT

	2013	2012
Ministry of Provincial Revenue loan bearing interest at 6% per annum, repayable in annual blended payments of \$60,475. The loan matures on November 15, 2017 and is issued under Bylaw 102.	<b>\$ 209,551</b>	\$ 254,742
Ministry of Provincial Revenue loan bearing interest at 4% per annum, repayable in monthly blended payments of \$35,067. The loan matures on February 27, 2024 and is issued under Bylaw 116.	<b>284,422</b>	307,200
Ministry of Provincial Revenue loan bearing interest at 4% per annum, repayable in monthly blended payments of \$28,688. The loan matures on February 27, 2029 and is issued under Bylaw 117.	<b>318,968</b>	334,285
Ministry of Provincial Revenue loan bearing interest at 3.1% per annum, repayable in monthly blended payments of \$21,001. The loan matures on April 18, 2026 and is issued under Bylaw 124.	<b>207,805</b>	221,926
	<b>\$ 1,020,746</b>	<b>\$ 1,118,153</b>

*(continues)*

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2013**

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3. LONG TERM DEBT *(continued)*

Principal repayment terms are approximately:

2014	\$	102,080
2015		106,991
2016		112,151
2017		117,574
2018		62,799

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4. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2013.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, expenses, accounts payable and long term debt. This risk is concentrated regionally in that all members, employees and vendors are from the same local region, thus liquidity issues of any one of these sources of funding will impact the organization.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its term deposits and cash.

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5. RELATED PARTY TRANSACTIONS

The following is a summary of the organization's related party transactions:

	2013	2012
Trustees		
Honoraria	<b>\$ 10,000</b>	<b>\$ 10,000</b>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and approved by the board.

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**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Segmented Information**  
**Year Ended December 31, 2013**

	Operations	Renewal Reserve	Tangible Capital Assets	2013
<b>REVENUE</b>				
Taxes	\$ 615,231	\$ -	\$ -	\$ 615,231
Other income	9,760	-	-	9,760
Fire tolls	9,095	-	-	9,095
Interest income	1,167	1,985	-	3,152
	<u>635,253</u>	<u>1,985</u>	<u>-</u>	<u>637,238</u>
<b>EXPENSES</b>				
Admin gratuity	8,400	-	-	8,400
Advertising	438	-	-	438
Amortization	-	-	194,614	194,614
Audit and legal	8,318	-	-	8,318
Bank charges	647	-	-	647
Clothing, repairs and supplies	39,608	-	-	39,608
Deputy chief's gratuity	1,100	-	-	1,100
Fire chief's gratuity	5,000	-	-	5,000
Firemen's gratuity	64,574	-	-	64,574
Firemen's insurance	4,088	-	-	4,088
Firemen's training	21,902	-	-	21,902
Honoraria	10,000	-	-	10,000
Insurance and licenses	25,287	-	-	25,287
Interest on long term debt	47,824	-	-	47,824
Memberships, conventions and travel	1,849	-	-	1,849
Radio license	772	-	-	772
Repairs and maintenance	23,389	-	-	23,389
Snow removal	191	-	-	191
Street lighting	6,289	-	-	6,289
Utilities	24,040	-	-	24,040
Vehicle and boat operations	32,701	-	-	32,701
Wage benefits	1,133	-	-	1,133
Workers' compensation	1,040	-	-	1,040
	<u>328,590</u>	<u>-</u>	<u>194,614</u>	<u>523,204</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>306,663</u>	<u>1,985</u>	<u>(194,614)</u>	<u>114,034</u>
<b>SURPLUS (DEFICIT) BEGINNING OF YEAR</b>	147,557	253,044	2,011,834	2,412,435
Transfers	(50,000)	50,000	-	-
Transfer to fund capital asset aquisitions	(142,876)	-	142,876	-
Transfer of principal payments	(97,407)	-	97,407	-
	<u>(142,726)</u>	<u>303,044</u>	<u>2,252,117</u>	<u>2,412,435</u>
<b>SURPLUS (DEFICIT) END OF YEAR</b>	<u>\$ 163,937</u>	<u>\$ 305,029</u>	<u>\$ 2,057,503</u>	<u>\$ 2,526,469</u>

**SHAWNIGAN IMPROVEMENT DISTRICT**

**Operations**

*(Schedule 1)*

**Year Ended December 31, 2013**

	<b>2013</b>	<b>2012</b>
<b>REVENUE</b>		
Taxes	\$ 615,231	\$ 595,231
Fire tolls	9,095	9,127
Other income	9,760	917
Interest income	1,167	853
	<u>635,253</u>	<u>606,128</u>
<b>EXPENSES</b>		
Admin gratuity	8,400	8,000
Advertising	438	505
Audit and legal	8,318	8,154
Bank charges	647	449
Clothing, repairs and supplies	39,608	30,416
Deputy chief's gratuity	1,100	917
Fire chief's gratuity	5,000	5,000
Fire chief's vehicle allowance	-	1,400
Firemen's gratuity	64,574	69,757
Firemen's insurance	4,088	3,938
Firemen's training	21,902	18,976
Honoraria	10,000	10,000
Insurance and licenses	25,287	24,184
Interest on long term debt	47,824	52,271
Memberships, conventions and travel	1,849	2,523
Radio license	772	830
Repairs and maintenance	23,389	16,574
Snow removal	191	525
Street lighting	6,289	5,822
Utilities	24,040	22,413
Vehicle and boat operations	32,701	32,007
Wage benefits	1,133	1,604
Workers' compensation	1,040	974
	<u>328,590</u>	<u>317,239</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>306,663</u>	<u>288,889</u>
<b>SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	<u>147,557</u>	<u>167,050</u>
<b>TRANSFERS</b>	<u>(290,283)</u>	<u>(308,382)</u>
<b>SURPLUS (DEFICIT), END OF YEAR</b>	<u>\$ 163,937</u>	<u>\$ 147,557</u>

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Renewal Reserve Fund**  
**Year Ended December 31, 2013**

*(Schedule 2)*

	<u>2013</u>	<u>2012</u>
<b>REVENUE</b>		
Interest income	<u>\$ 1,985</u>	<u>\$ 1,190</u>
<b>SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	<u>253,044</u>	<u>198,854</u>
TRANSFERS	<u>50,000</u>	<u>53,000</u>
<b>SURPLUS (DEFICIT), END OF YEAR</b>	<u>\$ 305,029</u>	<u>\$ 253,044</u>

**SHAWNIGAN IMPROVEMENT DISTRICT**

**Equity in Capital Assets**

**(Schedule 3)**

**Year Ended December 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>EXPENSES</b>		
Amortization	<u>\$ 194,614</u>	<u>\$ 221,511</u>
<b>SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	<u>2,011,834</u>	<u>1,977,964</u>
<b>TRANSFERS</b>	<u>240,283</u>	<u>255,381</u>
<b>SURPLUS (DEFICIT), END OF YEAR</b>	<u>\$ 2,057,503</u>	<u>\$ 2,011,834</u>