

Consolidated Financial Statements of

SHAWNIGAN
IMPROVEMENT DISTRICT
Year ended December 31, 2011

SHAWNIGAN IMPROVEMENT DISTRICT

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Year ended December 31, 2011

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AUDITORS' REPORT

To the Members of Shawnigan Improvement District

We have audited the consolidated statement of financial position of Shawnigan Improvement District as at December 31, 2011 and the consolidated statements of operations, changes in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2011 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants LLP

White Rock, Canada
April 30, 2012

SHAWNIGAN IMPROVEMENT DISTRICT

Consolidated Statement of Financial Position

Exhibit A

December 31, 2011, with comparative figures for 2010

	2011	2010
Financial Assets		
Cash	\$ 464,397	\$ 27,428
Investments and marketable securities	96,706	245,231
Accounts receivable	55,790	27,343
Total Financial Assets	\$ 616,893	\$ 300,002
Liabilities		
Accounts payable and accrued liabilities	\$ 25,986	\$ 25,919
Deferred revenue	225,000	-
Long-term debt (note 3)	1,211,113	1,050,930
Total Liabilities	\$ 1,462,099	\$ 1,076,849
Net Debt	\$ (845,206)	\$ (776,847)
Non-Financial Assets		
Deposits on tangible capital assets	-	5,023
Tangible capital assets	3,189,076	3,059,106
Total Non-Financial Assets	3,189,076	3,064,129
Accumulated Surplus - exhibit B	\$ 2,343,870	\$ 2,287,282

See accompanying notes to consolidated financial statements.

On behalf of the District:

SHAWNIGAN IMPROVEMENT DISTRICT

Consolidated Statement of Operations

Exhibit B

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Taxes - operations	\$ 460,000	\$ 450,000
Taxes - long-term debt and interest	145,231	124,230
Fire tolls	10,226	10,240
Interest income	1,391	1,540
Miscellaneous	4,110	540
Foreign exchange gain (loss)	1,591	(8,775)
	<u>622,549</u>	<u>577,775</u>
Expenses:		
Workers' compensation	980	856
Insurance	24,650	25,322
Amortization	254,319	214,314
Vehicle and boat operation	30,026	23,693
Street lighting	5,356	5,292
Firemen's gratuity	55,313	59,570
Interest and bank charges	571	339
Repairs and maintenance	26,013	11,844
Admin gratuity	7,500	7,500
Firemen's training	16,652	18,816
Utilities	24,690	22,315
Interest	43,038	39,031
Fire chief's gratuity	5,000	5,000
Clothing, repairs and supplies	38,985	83,426
Honoraria	10,000	10,000
Membership, convention and travel	1,510	1,948
Advertising	212	586
Snow removal	825	525
Fire chief's vehicle allowance	1,400	1,400
Firemen's insurance	3,938	3,938
Wage benefits	1,271	1,482
Radio licences	734	734
Deputy chief's gratuity	733	733
Audit and legal	8,724	4,500
Loss on disposal of capital assets	3,521	-
	<u>565,961</u>	<u>543,164</u>
Annual Surplus	56,588	34,611
Accumulated Surplus, Beginning of year	2,287,282	2,252,671
Accumulated Surplus, End of year	<u>\$ 2,343,870</u>	<u>\$ 2,287,282</u>

See accompanying notes to consolidated financial statements.

SHAWNIGAN IMPROVEMENT DISTRICT

Consolidated Statement of Changes in Net Debt

Exhibit C

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Annual Surplus	\$ 56,588	\$ 34,611
Amortization	254,319	214,314
Disposal of capital assets - net	31,234	
Purchase of capital assets	(415,500)	(252,051)
Deposits on capital property	5,000	(5,023)
Increase, (decrease) in net debt	(68,359)	(8,149)
Net debt, Beginning of year	(776,847)	(768,698)
Net debt, End of year	\$ (845,206)	\$ (776,847)

See accompanying notes to consolidated financial statements.

SHAWNIGAN IMPROVEMENT DISTRICT

Consolidated Statement of Cash Flow

Exhibit D

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash flows from operating activities:		
Annual surplus	\$ 56,588	\$ 34,611
Items not involving cash		
Amortization, an item not involving cash	254,319	214,314
Loss on disposal of capital assets	3,521	-
Change in non-cash items on statement of financial position		
Accounts receivable	(28,447)	23,555
Accounts payable and accrued liabilities	67	(27,141)
Deferred revenue	225,000	-
Deposits on tangible capital assets	4	-
	<u>511,052</u>	<u>245,339</u>
Cash flows from financing activities:		
Increase (decrease) in long-term debt	160,183	(71,810)
Cash flow from investing activities:		
Purchase of capital assets	(415,500)	(252,051)
Proceeds on disposal of property, plant and equipment	27,686	-
Investments and marketable securities	148,525	5,910
Deposit on capital assets purchase	5,023	(5,023)
	<u>(234,266)</u>	<u>(251,164)</u>
Decrease in cash	436,969	(77,635)
Cash, Beginning of year	27,428	105,063
Cash, End of year	<u>\$ 464,397</u>	<u>\$ 27,428</u>

See accompanying notes to consolidated financial statements.

SHAWNIGAN IMPROVEMENT DISTRICT

Statement of Operations by Program (Deficit)
Exhibit E

Year ended December 31, 2011, with comparative figures for 2010

Schedule	Program	Revenue	Expenses	Annual surplus
1	Operations	\$ 622,492	\$ 311,642	\$ 310,850
2	Renewal reserve	57	-	57
3	Capital	-	254,319	(254,319)
Total		\$ 622,549	\$ 565,961	\$ 56,588

See accompanying notes to consolidated financial statements.

SHAWNIGAN IMPROVEMENT DISTRICT

Notes to Consolidated Financial Statements

Year ended December 31, 2011

The Shawnigan Improvement District is an improvement district incorporated under the Local Government Act (BC) Part 23. The Improvement District provides the functions of fire protection, street lighting and park maintenance.

1. Significant accounting policies:

These consolidated 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:

(a) Fund accounting:

The Shawnigan Improvement District 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 financial position of the District is shown on the statement of financial position which includes the assets, liabilities and accumulated surplus of all funds presented in the financial statements.

The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Revenue Fund reports the operating activities of the District. This fund is divided into two categories. Operations accounts for 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.

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

(b) Tangible capital assets:

Tangible capital assets are recorded at cost. Commencing in 2009 all tangible capital assets have been included in the statement of financial position. Amortization is recognized as an expense in the statement of operations and is calculated using the straight-line method over periods of time ranging from 15 to 50 years.

(c) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

SHAWNIGAN IMPROVEMENT DISTRICT

Notes to Consolidated Financial Statements

Year ended December 31, 2011

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments include cash, investments and marketable securities, accounts receivable, accounts payable, and long term debt, all of which have fair values that approximate their carrying values.

(e) Revenue:

Revenue is recorded on the accrual basis and amounts received or receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

2. Tangible capital assets:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 3,551,635	\$ 1,291,787	\$ 2,259,848	\$ 2,094,101
Buildings	1,670,784	741,556	929,228	965,005
	\$ 5,222,419	\$ 2,033,343	\$ 3,189,076	\$ 3,059,106

3. Long-term debt:

	2011	2010
By-law #102 issued 2002, maturing 2017, bearing interest at 6% per annum	\$ 297,374	\$ 337,593
By-law #116 issued 2009, maturing 2023, bearing interest at 4% per annum.	329,103	350,163
By-law #117 issued 2009, maturing 2028, bearing interest at 4% per annum.	349,013	363,174
By-law #124 issued 2011, maturing 2025, bearing interest at 3.1% per annum.	235,623	-
	\$ 1,211,113	\$ 1,050,930

Principal payments required over the next five years are as follows:

SHAWNIGAN IMPROVEMENT DISTRICT

Notes to Consolidated Financial Statements

Year ended December 31, 2011

3. Long-term debt:

2012	\$	92,959
2013		97,407
2014		102,080
2015		105,991
2016		112,150

AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Members of the Shawnigan Improvement District

We have audited and reported separately herein on the financial statements of Shawnigan Improvement District as at and for the year ended December 31, 2011.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the District taken as a whole. The supplementary segment information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Chartered Accountants LLP

White Rock, Canada
April 30, 2012

SHAWNIGAN IMPROVEMENT DISTRICT

Schedule of Operations
Operations

Schedule 1

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Taxes - operations	\$ 460,000	\$ 450,000
Taxes - long-term debt and interest	145,231	124,230
Fire tolls	10,226	10,240
Interest income	1,334	666
Miscellaneous	4,110	540
Foreign exchange gain (loss)	1,591	(8,775)
	622,492	576,901
Expenses:		
Vehicle and boat operation	30,026	23,693
Workers' compensation	980	856
Bank charges	571	339
Firemen's gratuity	55,313	59,570
Insurance - liability	24,650	25,322
Advertising	212	586
Street lighting	5,356	5,292
Wage benefits	1,271	1,482
Secretary - Treasurer's gratuity	7,500	7,500
Firemen's training	16,652	18,816
Utilities	24,690	22,315
Interst and collection charges	43,038	39,031
Fire chief's gratuity	5,000	5,000
Audit and legal	8,724	4,500
Clothing, repairs and supplies	38,985	83,426
Trustees' gratuity	10,000	10,000
Membership, convention and travel	1,510	1,948
Fire chief's vehicle allowance	1,400	1,400
Snow removal	825	525
Firemen's insurance	3,938	3,938
Repairs and maintenance	26,013	11,844
Radio licences	734	734
Deputy chief's gratuity	733	733
Loss on disposal of capital assets	3,521	-
	311,642	328,850
Annual surplus	\$ 310,850	\$ 248,051

SHAWNIGAN IMPROVEMENT DISTRICT

Schedule of Operations
Renewal reserve

Schedule 2

Year ended December 31, 2011, with comparative figures for 2010
(in thousands of dollars)

	2011	2010
Revenue:		
Interest income	\$ 57	\$ 875
	57	875
Annual surplus	\$ 57	\$ 875

SHAWNIGAN IMPROVEMENT DISTRICT

Schedule of Operations
Capital

Schedule 3

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Amortization expense	\$ 254,319	\$ 214,314
Annual deficit	\$ (254,319)	\$ (214,314)

