

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2016**

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Index to Financial Statements**  
**Year Ended December 31, 2016**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Financial Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9
Segmented Information	10
Operations ( <i>Schedule 1</i> )	11
Renewal Reserve Fund ( <i>Schedule 2</i> )	12
Equity in Capital Assets ( <i>Schedule 3</i> )	13

---

## INDEPENDENT AUDITOR'S REPORT

---

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, 2016, 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.

*(continues)*

Suite 1588 - 789 West Pender Street  
Vancouver BC V6C 1H2  
T 604 434-8026  
F 604 434-8972

Suite 312 - 1959 152 Street  
Surrey, BC V4A 9E3  
T 604 531-0982  
F 604 531-0985

975 Terminal Avenue North  
Nanaimo, BC V9S 4K3  
T 250 753-9193  
F 250 753-9337

1486 Fisher Road - PO Box 27  
Cobble Hill BC V0R 1L0  
T 250 743-2861  
F 250 743-9906

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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*ABS LLP*

Nanaimo, British Columbia  
April 20, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Statement of Financial Position**  
**December 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 411,297	\$ 777,200
Marketable securities	1,628	1,615
Accounts receivable	9,470	9,387
Goods and services tax recoverable	90,084	28,624
	<u>512,479</u>	<u>816,826</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	156,537	21,845
Wages payable	2,342	1,438
Deferred income	300,000	-
Long term debt (Note 3)	1,471,780	1,311,675
	<u>1,930,659</u>	<u>1,334,958</u>
<b>NET FINANCIAL ASSETS</b>	<u>(1,418,180)</u>	<u>(518,132)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 2)	4,154,094	3,229,869
<b>ACCUMULATED SURPLUS</b>	<u>\$ 2,735,914</u>	<u>\$ 2,711,737</u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
*Trustee*

\_\_\_\_\_  
*Trustee*

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Statement of Operations**  
**Year Ended December 31, 2016**

	2016	2015
<b>REVENUE</b>		
Taxes	\$ 645,231	\$ 617,231
Other income	3,201	22,256
Fire tolls	9,377	9,387
Interest income	3,589	4,691
	<u>661,398</u>	<u>653,565</u>
<b>EXPENSES</b>		
Admin gratuity	10,500	9,500
Advertising	704	406
Amortization	208,360	205,944
Audit and legal	5,000	23,766
Bank charges	875	528
Clothing, repairs and supplies	38,125	33,810
Deputy chief's gratuity	2,200	2,200
Fire chief's gratuity	30,000	15,000
Firemen's gratuity	123,976	93,431
Firemen's insurance	4,770	4,212
Firemen's training	36,435	23,396
Honoraria (Note 5)	12,000	11,000
Insurance	20,951	19,974
Interest on long term debt	48,531	45,602
Memberships, conventions and travel	2,962	989
Radio license	772	772
Repairs and maintenance	15,857	17,071
Street lighting	7,284	6,434
Utilities	28,334	26,853
Vehicle and boat operations	31,081	41,888
Wage benefits	6,160	3,462
Workers' compensation	2,342	1,438
	<u>637,219</u>	<u>587,676</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 24,179</u>	<u>\$ 65,889</u>

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2016**

	2016	2015
<b>ANNUAL SURPLUS</b>	<b>\$ 24,179</b>	<b>\$ 65,889</b>
Amortization	208,360	205,944
Purchase of Tangible Capital Assets	<u>(1,132,585)</u>	<u>(426,436)</u>
	<u>(924,225)</u>	<u>(220,492)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b><u>(900,047)</u></b>	<b><u>(154,603)</u></b>
Net financial assets, beginning of year	<u>(518,132)</u>	<u>(363,529)</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b><u>\$ (1,418,179)</u></b>	<b><u>\$ (518,132)</u></b>

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Statement of Cash Flows**  
**Year Ended December 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 24,179	\$ 65,889
Item not affecting cash:		
Amortization of Tangible Capital Assets	208,360	205,944
	<u>232,539</u>	<u>271,833</u>
Changes in non-cash working capital:		
Accounts receivable	(83)	814
Other receivables	(61,460)	(1,091)
Accounts payable and accrued liabilities	134,691	(14,705)
Deferred income	300,000	(236,000)
Wages payable	904	82
	<u>374,052</u>	<u>(250,900)</u>
Cash flow from operating activities	<u>606,591</u>	<u>20,933</u>
<b>INVESTING ACTIVITY</b>		
Purchase of Tangible Capital Assets	<u>(1,132,585)</u>	<u>(426,436)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term borrowing	272,255	500,000
Repayment of long term debt	<u>(112,151)</u>	<u>(106,990)</u>
Cash flow from financing activities	<u>160,104</u>	<u>393,010</u>
<b>DECREASE IN CASH FLOW</b>	<b>(365,890)</b>	<b>(12,494)</b>
Cash - beginning of year	<u>778,815</u>	<u>791,309</u>
<b>CASH - END OF YEAR</b>	<b>\$ 412,925</b>	<b>\$ 778,815</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	<u>\$ 49,407</u>	<u>\$ 46,130</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 411,297	\$ 777,200
Marketable securities	<u>1,628</u>	<u>1,615</u>
	<u>\$ 412,925</u>	<u>\$ 778,815</u>



# SHAWNIGAN IMPROVEMENT DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2016

---

### NATURE OF OPERATIONS

SHAWNIGAN IMPROVEMENT DISTRICT (the "organization") is incorporated under the Local Government Act (BC) Part 17. The objective of the organization is to supply fire protection and street lighting within its boundaries.

---

#### 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.

*(continues)*

---

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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	2016 Net book value	2015 Net book value
Buildings	\$ 3,009,183	\$ 835,801	\$ 2,173,382	\$ 881,910
Equipment	4,060,278	2,079,566	1,980,712	2,035,682
Construction in progress	-	-	-	312,277
	<u>\$ 7,069,461</u>	<u>\$ 2,915,367</u>	<u>\$ 4,154,094</u>	<u>\$ 3,229,869</u>

3. LONG TERM DEBT

	2016	2015
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.	\$ 57,053	\$ 110,874
Ministry of Provincial Revenue loan bearing interest at 4% per annum, repayable in annual blended payments of \$35,067. The loan matures on February 27, 2024 and is issued under Bylaw 116.	210,472	236,095
Ministry of Provincial Revenue loan bearing interest at 4% per annum, repayable in annual blended payments of \$28,688. The loan matures on February 27, 2029 and is issued under Bylaw 117.	269,242	286,472
Ministry of Provincial Revenue loan bearing interest at 3.1% per annum, repayable in annual blended payments of \$21,001. The loan matures on April 18, 2026 and is issued under Bylaw 124.	162,758	178,234
RBC loan bearing interest at prime plus .25% per annum. The loan matures on September 30, 2017 and is issued under Bylaw 126.	772,255	500,000
	<u>\$ 1,471,780</u>	<u>\$ 1,311,675</u>

*(continues)*

SHAWNIGAN IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2016

---

3. LONG TERM DEBT *(continued)*

Principal repayment terms are approximately:

2017	\$	65,163
2018		67,617
2019		70,165
2020		72,809
2021		75,554

---

4. FINANCIAL INSTRUMENTS

Fair value

The organization's carrying value of cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the demand loan approximates the fair value as the interest rates are consistent with the current rates offered to the organization for debt with similar terms.

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 floating interest rate demand loan.

---

5. RELATED PARTY TRANSACTIONS

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

	<u>2016</u>	<u>2015</u>
<i>Trustees</i>		
Honoraria	\$ 12,000	\$ 11,000

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 resolution at the prior year's Annual General Meeting.

---

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Segmented Information**  
**Year Ended December 31, 2016**

	Operations	Renewal Reserve	Tangible Capital Assets	2016
<b>REVENUE</b>				
Taxes	\$ 645,231	\$ -	\$ -	\$ 645,231
Other income	3,201	-	-	3,201
Fire tolls	9,377	-	-	9,377
Interest income	981	2,608	-	3,589
	<u>658,790</u>	<u>2,608</u>	<u>-</u>	<u>661,398</u>
<b>EXPENSES</b>				
Admin gratuity	10,500	-	-	10,500
Advertising	704	-	-	704
Amortization	-	-	208,360	208,360
Audit and legal	5,000	-	-	5,000
Bank charges	875	-	-	875
Clothing, repairs and supplies	38,125	-	-	38,125
Deputy chief's gratuity	2,200	-	-	2,200
Fire chief's gratuity	30,000	-	-	30,000
Firemen's gratuity	123,976	-	-	123,976
Firemen's insurance	4,770	-	-	4,770
Firemen's training	36,435	-	-	36,435
Honoraria	12,000	-	-	12,000
Insurance	20,951	-	-	20,951
Interest on long term debt	48,531	-	-	48,531
Memberships, conventions and travel	2,962	-	-	2,962
Radio license	772	-	-	772
Repairs and maintenance	15,857	-	-	15,857
Street lighting	7,284	-	-	7,284
Utilities	28,334	-	-	28,334
Vehicle and boat operations	31,081	-	-	31,081
Wage benefits	6,160	-	-	6,160
Workers' compensation	2,342	-	-	2,342
	<u>428,859</u>	<u>-</u>	<u>208,360</u>	<u>637,219</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>229,931</u>	<u>2,608</u>	<u>(208,360)</u>	<u>24,179</u>
<b>SURPLUS (DEFICIT) BEGINNING OF YEAR</b>				
Transfers	381,627	411,914	1,918,194	2,711,735
Transfer to fund capital asset acquisitions	(50,000)	50,000	-	-
Transfer of principal payments	(1,132,585)	-	1,132,585	-
Transfer of proceeds of long term debt	(112,150)	-	112,150	-
	<u>272,255</u>	<u>-</u>	<u>(272,255)</u>	<u>-</u>
	<u>(640,853)</u>	<u>461,914</u>	<u>2,890,674</u>	<u>2,711,735</u>
<b>SURPLUS (DEFICIT) END OF YEAR</b>	<u>\$ (410,922)</u>	<u>\$ 464,522</u>	<u>\$ 2,682,314</u>	<u>\$ 2,735,914</u>

**SHAWNIGAN IMPROVEMENT DISTRICT**

**Operations**

**(Schedule 1)**

**Year Ended December 31, 2016**

	2016	2015
<b>REVENUE</b>		
Taxes	\$ 645,231	\$ 617,231
Fire tolls	9,377	9,387
Other income	3,201	22,256
Interest income	981	1,920
	<u>658,790</u>	<u>650,794</u>
<b>EXPENSES</b>		
Admin gratuity	10,500	9,500
Advertising	704	406
Audit and legal	5,000	23,766
Bank charges	875	528
Clothing, repairs and supplies	38,125	33,812
Deputy chief's gratuity	2,200	2,200
Fire chief's gratuity	30,000	15,000
Firemen's gratuity	123,976	93,431
Firemen's insurance	4,770	4,212
Firemen's training	36,435	23,396
Honoraria	12,000	11,000
Insurance	20,951	19,974
Interest on long term debt	48,531	45,602
Memberships, conventions and travel	2,962	989
Radio license	772	772
Repairs and maintenance	15,857	17,071
Street lighting	7,284	6,434
Utilities	28,334	26,853
Vehicle and boat operations	31,081	41,888
Wage benefits	6,160	3,462
Workers' compensation	2,342	1,438
	<u>428,859</u>	<u>381,734</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>229,931</u>	<u>269,060</u>
<b>SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	<u>381,628</u>	<u>195,994</u>
<b>TRANSFERS</b>	<u>(1,022,482)</u>	<u>(83,426)</u>
<b>SURPLUS (DEFICIT), END OF YEAR</b>	<u>\$ (410,923)</u>	<u>\$ 381,628</u>

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Renewal Reserve Fund**  
**Year Ended December 31, 2016**

**(Schedule 2)**

	<u>2016</u>	<u>2015</u>
<b>REVENUE</b>		
Interest income	\$ 2,608	\$ 2,771
<b>EXPENSES</b>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>2,608</u>	<u>2,771</u>
<b>SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	<u>411,914</u>	<u>359,143</u>
<b>TRANSFERS</b>	<u>50,000</u>	<u>50,000</u>
<b>SURPLUS (DEFICIT), END OF YEAR</b>	<u>\$ 464,522</u>	<u>\$ 411,914</u>

**SHAWNIGAN IMPROVEMENT DISTRICT****Equity in Capital Assets****(Schedule 3)****Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENSES</b>		
Amortization	<u>208,360</u>	<u>205,943</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(208,360)</u>	<u>(205,943)</u>
<b>SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	<u>1,918,194</u>	<u>2,090,712</u>
<b>TRANSFERS</b>	<u>972,482</u>	<u>33,426</u>
<b>SURPLUS (DEFICIT), END OF YEAR</b>	<u><b>\$ 2,682,316</b></u>	<u><b>\$ 1,918,194</b></u>