

SHAWNIGAN IMPROVEMENT DISTRICT
Financial Statements
Year Ended December 31, 2014

SHAWNIGAN IMPROVEMENT DISTRICT
Index to Financial Statements
Year Ended December 31, 2014

	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, 2014, 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)

1

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, 2014 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 13, 2015

Morine + Co.

CHARTERED ACCOUNTANTS LLP

SHAWNIGAN IMPROVEMENT DISTRICT
Statement of Financial Position
December 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	\$ 323,775	\$ 119,645
Marketable securities	467,533	404,429
Accounts receivable	10,201	9,095
Goods and services tax recoverable	27,533	15,013
	<u>829,042</u>	<u>548,182</u>
LIABILITIES		
Accounts payable and accrued liabilities	36,549	86,639
Wages payable	1,356	1,040
Deferred income	236,000	-
Long term debt (Note 3)	918,666	1,020,746
	<u>1,192,571</u>	<u>1,108,425</u>
NET FINANCIAL ASSETS	<u>(363,529)</u>	<u>(560,243)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	-	8,463
Tangible Capital Assets (Note 2)	3,009,377	3,078,249
	<u>3,009,377</u>	<u>3,086,712</u>
ACCUMULATED SURPLUS	<u>\$ 2,645,848</u>	<u>\$ 2,526,469</u>

SHAWNIGAN IMPROVEMENT DISTRICT
Statement of Operations
Year Ended December 31, 2014

	2014	2013
REVENUE		
Taxes	\$ 627,231	\$ 615,231
Other income	13,865	9,760
Fire tolls	10,201	9,095
Interest income	6,409	3,152
	<u>657,706</u>	<u>637,238</u>
EXPENSES		
Admin gratuity	8,652	8,400
Advertising	476	438
Amortization	199,315	194,614
Audit and legal	9,402	8,318
Bank charges	522	647
Clothing, repairs and supplies	42,725	39,608
Deputy chief's gratuity	2,200	1,100
Fire chief's gratuity	10,000	5,000
Firemen's gratuity	71,776	64,574
Firemen's insurance	4,088	4,088
Firemen's training	23,116	21,902
Honoraria (<i>Note 5</i>)	10,000	10,000
Insurance and licenses	24,900	25,287
Interest on long term debt	43,151	47,824
Memberships, conventions and travel	1,636	1,849
Radio license	772	772
Repairs and maintenance	17,689	23,389
Snow removal	525	191
Street lighting	6,848	6,289
Utilities	26,157	24,040
Vehicle and boat operations	31,487	32,701
Wage benefits	1,534	1,133
Workers' compensation	1,356	1,040
	<u>538,327</u>	<u>523,204</u>
ANNUAL SURPLUS	<u>\$ 119,379</u>	<u>\$ 114,034</u>

SHAWNIGAN IMPROVEMENT DISTRICT
Statement of Changes in Net Financial Assets
Year Ended December 31, 2014

	2014	2013
ANNUAL SURPLUS	\$ 119,379	\$ 114,034
Amortization	199,315	194,614
Prepaid expenses	8,463	(8,463)
Purchase of Tangible Capital Assets	(130,443)	(142,877)
	<u>77,335</u>	<u>43,274</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	196,714	157,309
Net financial assets, beginning of year	(560,243)	(717,552)
NET FINANCIAL ASSETS, END OF YEAR	\$ (363,529)	\$ (560,243)

SHAWNIGAN IMPROVEMENT DISTRICT
Statement of Cash Flows
Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 119,379	\$ 114,034
Item not affecting cash:		
Amortization of Tangible Capital Assets	199,315	194,614
	<u>318,694</u>	<u>308,648</u>
Changes in non-cash working capital:		
Accounts receivable	(1,106)	32
Other receivables	(12,520)	10,753
Accounts payable and accrued liabilities	(50,090)	47,609
Deferred income	236,000	-
Prepaid expenses	8,463	(8,463)
Wages payable	316	(4,860)
	<u>181,063</u>	<u>45,071</u>
Cash flow from operating activities	<u>499,757</u>	<u>353,719</u>
INVESTING ACTIVITY		
Purchase of Tangible Capital Assets	<u>(130,443)</u>	<u>(142,877)</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(102,080)</u>	<u>(97,407)</u>
INCREASE IN CASH FLOW	267,234	113,435
Cash - beginning of year	<u>524,074</u>	<u>410,639</u>
CASH - END OF YEAR	\$ 791,308	\$ 524,074
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	<u>\$ 43,674</u>	<u>\$ 48,471</u>
CASH CONSISTS OF:		
Cash	\$ 323,775	\$ 119,645
Marketable securities	<u>467,533</u>	<u>404,429</u>
	\$ 791,308	\$ 524,074

SHAWNIGAN IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2014

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.

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, 2014

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	2014 Net book value	2013 Net book value
Buildings	\$ 1,794,814	\$ 900,087	\$ 894,727	\$ 928,818
Equipment	3,863,344	1,748,694	2,114,650	2,149,431
	<u>\$ 5,658,158</u>	<u>\$ 2,648,781</u>	<u>\$ 3,009,377</u>	<u>\$ 3,078,249</u>

3. LONG TERM DEBT

	2014	2013
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.	\$ 161,650	\$ 209,551
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.	260,732	284,422
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.	303,039	318,968
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.	193,245	207,805
	<u>\$ 918,666</u>	<u>\$ 1,020,746</u>

(continues)

SHAWNIGAN IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2014

3. LONG TERM DEBT *(continued)*

Principal repayment terms are approximately:

2015		\$	106,991
2016			112,151
2017			117,574
2018			62,799
2019			65,163

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, 2014.

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.

5. RELATED PARTY TRANSACTIONS

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

	2014	2013
<i>Trustees</i>		
Honoraria	\$ 10,000	\$ 10,000

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 the related parties and approved by the board.

SHAWNIGAN IMPROVEMENT DISTRICT
Segmented Information
Year Ended December 31, 2014

	Operations	Renewal Reserve	Tangible Capital Assets	2014
REVENUE				
Taxes	\$ 627,231	\$ -	\$ -	\$ 627,231
Other income	13,865	-	-	13,865
Fire tolls	10,201	-	-	10,201
Interest income	2,295	4,114	-	6,409
	<u>653,592</u>	<u>4,114</u>	<u>-</u>	<u>657,706</u>
EXPENSES				
Admin gratuity	8,652	-	-	8,652
Advertising	476	-	-	476
Amortization	-	-	199,315	199,315
Audit and legal	9,402	-	-	9,402
Bank charges	522	-	-	522
Clothing, repairs and supplies	42,725	-	-	42,725
Deputy chief's gratuity	2,200	-	-	2,200
Fire chief's gratuity	10,000	-	-	10,000
Firemen's gratuity	71,776	-	-	71,776
Firemen's insurance	4,088	-	-	4,088
Firemen's training	23,116	-	-	23,116
Honoraria	10,000	-	-	10,000
Insurance and licenses	24,900	-	-	24,900
Interest on long term debt	43,151	-	-	43,151
Memberships, conventions and travel	1,636	-	-	1,636
Radio license	772	-	-	772
Repairs and maintenance	17,689	-	-	17,689
Snow removal	525	-	-	525
Street lighting	6,848	-	-	6,848
Utilities	26,157	-	-	26,157
Vehicle and boat operations	31,487	-	-	31,487
Wage benefits	1,534	-	-	1,534
Workers' compensation	1,356	-	-	1,356
	<u>339,012</u>	<u>-</u>	<u>199,315</u>	<u>538,327</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>314,580</u>	<u>4,114</u>	<u>(199,315)</u>	<u>119,379</u>
SURPLUS (DEFICIT) BEGINNING OF YEAR	163,937	305,029	2,057,503	2,526,469
Transfers	(50,000)	50,000	-	-
Transfer to fund capital asset acquisitions	(130,443)	-	130,443	-
Transfer of principal payments	(102,080)	-	102,080	-
	<u>(118,586)</u>	<u>355,029</u>	<u>2,290,026</u>	<u>2,526,469</u>
SURPLUS (DEFICIT) END OF YEAR	<u>\$ 195,994</u>	<u>\$ 359,143</u>	<u>\$ 2,090,711</u>	<u>\$ 2,645,848</u>

SHAWNIGAN IMPROVEMENT DISTRICT

Operations

(Schedule 1)

Year Ended December 31, 2014

	2014	2013
REVENUE		
Taxes	\$ 627,231	\$ 615,231
Fire tolls	10,201	9,095
Other income	13,865	9,760
Interest income	2,295	1,167
	<u>653,592</u>	<u>635,253</u>
EXPENSES		
Admin gratuity	8,652	8,400
Advertising	476	438
Audit and legal	9,402	8,318
Bank charges	522	647
Clothing, repairs and supplies	42,725	39,608
Deputy chief's gratuity	2,200	1,100
Fire chief's gratuity	10,000	5,000
Firemen's gratuity	71,776	64,574
Firemen's insurance	4,088	4,088
Firemen's training	23,116	21,902
Honoraria	10,000	10,000
Insurance and licenses	24,900	25,287
Interest on long term debt	43,151	47,824
Memberships, conventions and travel	1,636	1,849
Radio license	772	772
Repairs and maintenance	17,689	23,389
Snow removal	525	191
Street lighting	6,848	6,289
Utilities	26,157	24,040
Vehicle and boat operations	31,487	32,701
Wage benefits	1,534	1,133
Workers' compensation	1,356	1,040
	<u>339,012</u>	<u>328,590</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>314,580</u>	<u>306,663</u>
SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>163,937</u>	<u>147,557</u>
TRANSFERS	<u>(282,523)</u>	<u>(290,283)</u>
SURPLUS (DEFICIT), END OF YEAR	<u>\$ 195,994</u>	<u>\$ 163,937</u>

SHAWNIGAN IMPROVEMENT DISTRICT
Renewal Reserve Fund
Year Ended December 31, 2014

(Schedule 2)

	<u>2014</u>	<u>2013</u>
REVENUE		
Interest income	\$ 4,114	\$ 1,985
EXPENSES	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>4,114</u>	<u>1,985</u>
SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>305,029</u>	<u>253,044</u>
TRANSFERS	<u>50,000</u>	<u>50,000</u>
SURPLUS (DEFICIT), END OF YEAR	<u>\$ 359,143</u>	<u>\$ 305,029</u>

SHAWNIGAN IMPROVEMENT DISTRICT**Equity in Capital Assets****(Schedule 3)****Year Ended December 31, 2014**

	<u>2014</u>	<u>2013</u>
REVENUE	<u>\$ -</u>	<u>\$ -</u>
EXPENSES		
Amortization	<u>199,315</u>	<u>194,614</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(199,315)</u>	<u>(194,614)</u>
SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>2,057,503</u>	<u>2,011,834</u>
TRANSFERS	<u>232,523</u>	<u>240,283</u>
SURPLUS (DEFICIT), END OF YEAR	<u>\$ 2,090,711</u>	<u>\$ 2,057,503</u>