

Consolidated Financial Statements of

**SHAWNIGAN  
IMPROVEMENT DISTRICT**

Year ended December 31, 2010

# SHAWNIGAN IMPROVEMENT DISTRICT

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Year ended December 31, 2010

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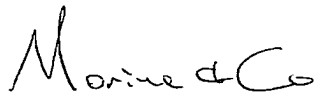
## AUDITORS' REPORT

To the Members of Shawnigan Improvement District

We have audited the consolidated statement of financial position of Shawnigan Improvement District as at December 31, 2010 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, 2010 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 19, 2011

# SHAWNIGAN IMPROVEMENT DISTRICT

Consolidated Statement of Financial Position

Exhibit A

December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Financial Assets</b>		
Cash	\$ 27,428	\$ 105,063
Investments and marketable securities	245,231	251,141
Accounts receivable	27,343	50,898
<b>Total Financial Assets</b>	<b>\$ 300,002</b>	<b>\$ 407,102</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 25,919	\$ 53,060
Long-term debt (note 3)	1,050,930	1,122,740
<b>Total Liabilities</b>	<b>\$ 1,076,849</b>	<b>\$ 1,175,800</b>
<b>Net Debt</b>	<b>\$ (776,847)</b>	<b>\$ (768,698)</b>
<b>Non-Financial Assets</b>		
Deposits on tangible capital assets	5,023	-
Tangible capital assets	3,059,106	3,021,369
<b>Total Non-Financial Assets</b>	<b>3,064,129</b>	<b>3,021,369</b>
<b>Accumulated Surplus - exhibit B</b>	<b>\$ 2,287,282</b>	<b>\$ 2,252,671</b>

See accompanying notes to consolidated financial statements.

On behalf of the District:

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# SHAWNIGAN IMPROVEMENT DISTRICT

Consolidated Statement of Operations

Exhibit B

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Revenue:</b>		
Taxes - operations	\$ 450,000	\$ 400,000
Taxes - long-term debt and interest	124,230	124,230
Fire tolls	10,240	15,070
Interest income	1,540	2,852
Miscellaneous	540	2,574
	<u>586,550</u>	<u>544,726</u>
<b>Expenses:</b>		
Workers' compensation	856	858
Insurance	25,322	24,916
Amortization	214,314	159,242
Vehicle and boat operation	23,693	25,522
Automotive	5,292	4,869
Firemen's gratuity	59,570	58,533
Interest and bank charges	9,114	459
Repairs and maintenance	11,844	20,045
Group supplies	7,500	7,200
Firemen's training	18,816	10,076
Utilities	22,315	22,076
Interest and collection charges	39,031	37,450
Fire chief's gratuity	5,000	5,000
Clothing, repairs and supplies	83,426	21,090
Program development	10,000	9,000
Membership, convention and travel	1,948	3,251
Advertising	586	496
Snow removal	525	550
Fire chief's vehicle allowance	1,400	1,400
Firemen's insurance	3,938	3,822
Wage benefits	1,482	1,616
Radio licences	734	734
Deputy chief's gratuity	733	1,100
Audit and legal	4,500	4,500
	<u>551,939</u>	<u>423,805</u>
Annual Surplus	34,611	120,921
Accumulated Surplus, Beginning of year	2,252,671	2,131,750
Accumulated Surplus, End of year	<u>\$ 2,287,282</u>	<u>\$ 2,252,671</u>

See accompanying notes to consolidated financial statements.

# SHAWNIGAN IMPROVEMENT DISTRICT

Consolidated Statement of Changes in Net Debt

Exhibit C

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Annual Surplus	\$ 34,611	\$ 120,921
Amortization	214,314	159,242
Purchase of capital assets	(252,051)	(784,561)
Deposits on capital property	(5,023)	125,000
Increase, (decrease) in net debt	(8,149)	(379,398)
Net debt, Beginning of year	(768,698)	(389,300)
Net debt, End of year	\$ (776,847)	\$ (768,698)

See accompanying notes to consolidated financial statements.

# SHAWNIGAN IMPROVEMENT DISTRICT

Consolidated Statement of Cash Flow

Exhibit D

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash flows from operating activities:		
Annual surplus	\$ 34,611	\$ 120,921
Items not involving cash		
Amortization, an item not involving cash	214,314	159,242
Change in non-cash items on statement of financial position		
Accounts receivable	23,555	(21,320)
Accounts payable and accrued liabilities	(27,141)	(71,933)
Deferred revenue	-	(200,000)
	<u>245,339</u>	<u>(13,090)</u>
Cash flows from financing activities:		
(Increase) decrease in long-term debt	(71,810)	461,410
Cash flow from investing activities:		
Purchase of capital assets	(252,051)	(659,561)
Investments and marketable securities	5,910	(2,718)
Deposit on capital assets purchase	(5,023)	-
	<u>(251,164)</u>	<u>(662,279)</u>
Decrease in cash	(77,635)	(213,959)
Cash, Beginning of year	105,063	319,022
Cash, End of year	<u>\$ 27,428</u>	<u>\$ 105,063</u>

See accompanying notes to consolidated financial statements.

# SHAWNIGAN IMPROVEMENT DISTRICT

Statement of Operations by Program (Deficit)  
Exhibit E

Year ended December 31, 2010, with comparative figures for 2009

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Schedule	Program	Revenue	Expenses	Annual surplus
1	Operations	\$ 585,676	\$ 337,625	\$ 248,051
2	Renewal reserve	875	-	875
3	Capital	-	214,314	(214,314)
<b>Total</b>		<b>\$ 586,551</b>	<b>\$ 551,939</b>	<b>\$ 34,612</b>

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See accompanying notes to consolidated financial statements.



# SHAWNIGAN IMPROVEMENT DISTRICT

Notes to Consolidated Financial Statements

Year ended December 31, 2010

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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, 2010

## 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:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 3,341,066	\$ 1,246,965	\$ 2,094,101	\$ 2,265,372
Buildings	1,595,894	630,889	965,005	755,997
	\$ 4,936,960	\$ 1,877,854	\$ 3,059,106	\$ 3,021,369

## 3. Long-term debt:

	2010	2009
By-law #102 issued 2002, maturing 2017, bearing interest at 6% per annum	\$ 337,593	\$ 375,536
By-law #116 issued 2009, maturing 2024, bearing interest at 4% per annum.	350,163	370,413
By-law #117 issued 2009, maturing 2029, bearing interest at 4% per annum.	363,174	376,791
	\$ 1,050,930	\$ 1,122,740

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

# SHAWNIGAN IMPROVEMENT DISTRICT

Notes to Consolidated Financial Statements

Year ended December 31, 2010

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### 3. Long-term debt:

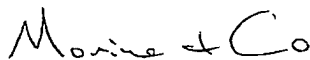
2011	\$	75,440
2012		79,262
2013		83,285
2014		87,521
2015		91,980

## **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, 2010.

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 19, 2011

# SHAWNIGAN IMPROVEMENT DISTRICT

Schedule of Operations  
Operations

Schedule 1

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Revenue:</b>		
Taxes - operations	\$ 450,000	\$ 400,000
Taxes - long-term debt and interest	124,230	124,230
Fire tolls	10,240	15,070
Interest income	666	809
Miscellaneous	540	2,574
	<b>585,676</b>	<b>542,683</b>
<b>Expenses:</b>		
Vehicle and boat operation	23,693	25,522
Workers' compensation	856	858
Bank charges	9,114	459
Firemen's gratuity	59,570	58,533
Insurance - liability	25,322	24,916
Advertising	586	496
Street lighting	5,292	4,869
Wage benefits	1,482	1,616
Secretary - Treasurer's gratuity	7,500	7,200
Firemen's training	18,816	10,076
Utilities	22,315	22,076
Interst and collection charges	39,031	37,450
Fire chief's gratuity	5,000	5,000
Audit and legal	4,500	4,500
Clothing, repairs and supplies	83,426	21,090
Trustees' gratuity	10,000	9,000
Membership, convention and travel	1,948	3,251
Fire chief's vehicle allowance	1,400	1,400
Snow removal	525	550
Firemen's insurance	3,938	3,822
Repairs and maintenance	11,844	20,045
Radio licences	734	734
Deputy chief's gratuity	733	1,100
	<b>337,625</b>	<b>264,563</b>
<b>Annual surplus</b>	<b>\$ 248,051</b>	<b>\$ 278,120</b>

# SHAWNIGAN IMPROVEMENT DISTRICT

Schedule of Operations  
Renewal reserve

Schedule 2

Year ended December 31, 2010, with comparative figures for 2009  
(in thousands of dollars)

	2010	2009
Revenue:		
Interest income	\$ 875	\$ 2,043
	875	2,043
Annual surplus	\$ 875	\$ 2,043

# SHAWNIGAN IMPROVEMENT DISTRICT

Schedule of Operations  
Capital

Schedule 3

Year ended December 31, 2010, with comparative figures for 2009

	2010		2009	
Amortization expense	\$	214,314	\$	159,242
Annual deficit	\$	(214,314)	\$	(159,242)

