

Consolidated Financial Statements of

**SHAWNIGAN  
IMPROVEMENT DISTRICT**

Year ended December 31, 2012

# SHAWNIGAN IMPROVEMENT DISTRICT

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Year ended December 31, 2012

Independent Auditors' Report

## Financial Statements

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# **Independent Auditors' 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, 2012, 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 generally accepted accounting principles, 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 is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of SHAWNIGAN IMPROVEMENT DISTRICT, December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

White Rock, Canada  
April 22, 2013

# SHAWNIGAN IMPROVEMENT DISTRICT

Consolidated Statement of Financial Position

Exhibit A

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial Assets</b>		
Cash	\$ 64,590	\$ 464,397
Investments and marketable securities	346,048	96,706
Accounts receivable	34,893	55,790
<b>Total Financial Assets</b>	<b>\$ 445,531</b>	<b>\$ 616,893</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 44,927	\$ 25,986
Deferred revenue	-	225,000
Long-term debt (note 3)	1,118,153	1,211,113
<b>Total Liabilities</b>	<b>\$ 1,163,080</b>	<b>\$ 1,462,099</b>
<b>Net Debt</b>	<b>\$ (717,549)</b>	<b>\$ (845,206)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets	3,129,987	3,189,076
<b>Total Non-Financial Assets</b>	<b>3,129,987</b>	<b>3,189,076</b>
<b>Accumulated Surplus - exhibit B</b>	<b>\$ 2,412,438</b>	<b>\$ 2,343,870</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, 2012, with comparative figures for 2011

	2012	2011
<b>Revenue:</b>		
Taxes - operations	\$ 450,000	\$ 460,000
Taxes - long-term debt and interest	145,231	145,231
Fire tolls	9,127	10,226
Interest income	2,043	1,391
Miscellaneous	1,394	4,110
Foreign exchange gain (loss)	(477)	1,591
	<u>607,318</u>	<u>622,549</u>
<b>Expenses:</b>		
Workers' compensation	974	980
Insurance	24,184	24,650
Amortization	221,511	254,319
Vehicle and boat operation	32,007	30,026
Street lighting	5,822	5,356
Firemen's gratuity	69,757	55,313
Interest and bank charges	449	571
Repairs and maintenance	16,574	26,013
Admin gratuity	8,000	7,500
Firemen's training	18,976	16,652
Utilities	22,413	23,467
Interest	52,271	43,038
Fire chief's gratuity	5,000	5,000
Clothing, repairs and supplies	30,416	40,208
Honoraria	10,000	10,000
Membership, convention and travel	2,523	1,510
Advertising	505	212
Snow removal	525	825
Fire chief's vehicle allowance	1,400	1,400
Firemen's insurance	3,938	3,938
Wage benefits	1,604	1,271
Radio licences	830	734
Deputy chief's gratuity	917	733
Audit and legal	8,154	8,724
Loss on disposal of capital assets	-	3,521
	<u>538,750</u>	<u>565,961</u>
Annual Surplus	68,568	56,588
Accumulated Surplus, Beginning of year	2,343,870	2,287,282
Accumulated Surplus, End of year	<u>\$ 2,412,438</u>	<u>\$ 2,343,870</u>

See accompanying notes to consolidated financial statements.

# SHAWNIGAN IMPROVEMENT DISTRICT

Consolidated Statement of Changes in Net Debt

Exhibit C

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Annual Surplus	\$ 68,568	\$ 56,588
Amortization	221,511	254,319
Disposal of capital assets - net	-	31,234
Purchase of capital assets	(162,422)	(415,500)
Deposits on capital property	-	5,000
(Increase) decrease in net debt	127,657	(68,359)
Net debt, Beginning of year	(845,206)	(776,847)
Net debt, End of year	\$ (717,549)	\$ (845,206)

See accompanying notes to consolidated financial statements.

## Consolidated Statement of Cash Flow

Exhibit D

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash flows from operating activities:		
Annual surplus	\$ 68,568	\$ 56,588
Items not involving cash		
Amortization, an item not involving cash	221,511	254,319
Loss on disposal of capital assets	-	3,521
Change in non-cash items on statement of financial position		
Accounts receivable	20,897	(28,443)
Accounts payable and accrued liabilities	18,940	67
Deferred revenue	(225,000)	225,000
	104,916	511,052
Cash flows from financing activities:		
Increase (decrease) in long-term debt	(92,960)	160,183
Cash flow from investing activities:		
Purchase of capital assets	(162,421)	(415,500)
Proceeds on disposal of property, plant and equipment	-	27,686
Investments and marketable securities	(249,342)	148,525
Deposit on capital assets purchase	-	5,023
	(411,763)	(234,266)
Increase (decrease) in cash	(399,807)	436,969
Cash, Beginning of year	464,397	27,428
Cash, End of year	\$ 64,590	\$ 464,397

See accompanying notes to consolidated financial statements.

# SHAWNIGAN IMPROVEMENT DISTRICT

## Statement of Operations by Program (Deficit) Exhibit E

Year ended December 31, 2012, with comparative figures for 2011

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Schedule	Program	Revenue	Expenses	Annual surplus
1	Operations	\$ 606,128	\$ 317,239	\$ 288,889
2	Renewal reserve	1,190	-	1,190
3	Capital	-	221,511	(221,511)
Total		\$ 607,318	\$ 538,750	\$ 68,568

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See accompanying notes to consolidated financial statements.



# SHAWNIGAN IMPROVEMENT DISTRICT

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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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 and street lighting.

## 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, 2012

### 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:

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 3,638,606	\$ 1,438,639	\$ 2,199,967	\$ 2,259,848
Buildings	1,746,234	816,214	930,020	929,228
	\$ 5,384,840	\$ 2,254,853	\$ 3,129,987	\$ 3,189,076

### 3. Long-term debt:

	2012	2011
By-law #102 issued 2002, maturing 2017, bearing interest at 6% per annum	\$ 254,742	\$ 297,374
By-law #116 issued 2009, maturing 2023, bearing interest at 4% per annum.	307,200	329,103
By-law #117 issued 2009, maturing 2028, bearing interest at 4% per annum.	334,285	349,013
By-law #124 issued 2011, maturing 2025, bearing interest at 3.1% per annum.	221,926	235,623
	\$ 1,118,153	\$ 1,211,113

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

# SHAWNIGAN IMPROVEMENT DISTRICT

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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### 3. Long-term debt:

2013	\$	92,959
2014		97,407
2015		102,080
2016		105,991
2017		112,150

# SHAWNIGAN IMPROVEMENT DISTRICT

Schedule of Operations  
Operations

Schedule 1

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Revenue:		
Taxes - operations	\$ 450,000	\$ 460,000
Taxes - long-term debt and interest	145,231	145,231
Fire tolls	9,127	10,226
Interest income	853	1,334
Miscellaneous	1,394	4,110
Foreign exchange gain (loss)	(477)	1,591
	606,128	622,492
Expenses:		
Vehicle and boat operation	32,007	30,026
Workers' compensation	974	980
Bank charges	449	571
Firemen's gratuity	69,757	55,313
Insurance - liability	24,184	24,650
Advertising	505	212
Street lighting	5,822	5,356
Wage benefits	1,604	1,271
Secretary - Treasurer's gratuity	8,000	7,500
Firemen's training	18,976	16,652
Utilities	22,413	23,467
Interest and collection charges	52,271	43,038
Fire chief's gratuity	5,000	5,000
Audit and legal	8,154	8,724
Clothing, repairs and supplies	30,416	40,208
Trustees' gratuity	10,000	10,000
Membership, convention and travel	2,523	1,510
Fire chief's vehicle allowance	1,400	1,400
Snow removal	525	825
Firemen's insurance	3,938	3,938
Repairs and maintenance	16,574	26,013
Radio licences	830	734
Deputy chief's gratuity	917	733
Loss on disposal of capital assets	-	3,521
	317,239	311,642
Annual surplus	\$ 288,889	\$ 310,850

# SHAWNIGAN IMPROVEMENT DISTRICT

Schedule of Operations  
Renewal reserve

Schedule 2

Year ended December 31, 2012, with comparative figures for 2011  
(in thousands of dollars)

	2012	2011
Revenue:		
Interest income	\$ 1,190	\$ 57
	1,190	57
Annual surplus	\$ 1,190	\$ 57

# SHAWNIGAN IMPROVEMENT DISTRICT

Schedule of Operations  
Capital

Schedule 3

Year ended December 31, 2012, with comparative figures for 2011

	2012		2011	
Amortization expense	\$	221,511	\$	254,319
Annual deficit	\$	(221,511)	\$	(254,319)