

SHAWNIGAN IMPROVEMENT DISTRICT
Financial Statements
Year Ended December 31, 2015

SHAWNIGAN IMPROVEMENT DISTRICT
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Year Ended December 31, 2015

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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, 2015, 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.

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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, 2015 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 25, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

SHAWNIGAN IMPROVEMENT DISTRICT
Statement of Financial Position
December 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash	\$ 237,072	\$ 323,775
Marketable securities	541,743	467,533
Accounts receivable	9,387	10,201
Goods and services tax recoverable	28,624	27,533
	<u>816,826</u>	<u>829,042</u>
LIABILITIES		
Accounts payable and accrued liabilities	21,844	36,550
Wages payable	1,438	1,356
Deferred income	-	236,000
Long term debt (Note 3)	1,311,676	918,665
	<u>1,334,958</u>	<u>1,192,571</u>
NET FINANCIAL ASSETS	(518,132)	(363,529)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 2)	3,229,869	3,009,377
ACCUMULATED SURPLUS	\$ 2,711,737	\$ 2,645,848

SHAWNIGAN IMPROVEMENT DISTRICT
Statement of Operations
Year Ended December 31, 2015

	2015	2014
REVENUE		
Taxes	\$ 617,231	\$ 627,231
Other income	22,256	13,865
Fire tolls	9,387	10,201
Interest income	4,691	6,409
	<u>653,565</u>	<u>657,706</u>
EXPENSES		
Admin gratuity	9,500	8,652
Advertising	406	476
Amortization	205,944	199,315
Audit and legal	23,766	9,402
Bank charges	527	523
Clothing, repairs and supplies	33,810	42,725
Deputy chief's gratuity	2,200	2,200
Fire chief's gratuity	15,000	10,000
Firemen's gratuity	93,431	71,776
Firemen's insurance	4,212	4,088
Firemen's training	23,396	23,116
Honoraria (Note 5)	11,000	10,000
Insurance	19,974	24,900
Interest on long term debt	45,602	43,151
Memberships, conventions and travel	989	1,636
Radio license	772	772
Repairs and maintenance	17,071	17,689
Snow removal	-	525
Street lighting	6,434	6,848
Utilities	26,853	26,157
Vehicle and boat operations	41,888	31,487
Wage benefits	3,462	1,534
Workers' compensation	1,438	1,356
	<u>587,675</u>	<u>538,328</u>
ANNUAL SURPLUS	<u>\$ 65,890</u>	<u>\$ 119,378</u>

SHAWNIGAN IMPROVEMENT DISTRICT
Statement of Changes in Net Financial Assets
Year Ended December 31, 2015

	2015	2014
ANNUAL SURPLUS	\$ 65,890	\$ 119,378
Amortization	205,944	199,315
Prepaid expenses	-	8,463
Purchase of Tangible Capital Assets	<u>(426,436)</u>	<u>(130,443)</u>
	<u>(220,492)</u>	<u>77,335</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(154,603)	196,714
Net financial assets, beginning of year	<u>(363,529)</u>	<u>(560,243)</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ (518,132)	\$ (363,529)

SHAWNIGAN IMPROVEMENT DISTRICT
Statement of Cash Flows
Year Ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 65,890	\$ 119,378
Item not affecting cash:		
Amortization of Tangible Capital Assets	205,944	199,315
	<u>271,834</u>	<u>318,693</u>
Changes in non-cash working capital:		
Accounts receivable	814	(1,106)
Other receivables	(1,091)	(12,520)
Accounts payable and accrued liabilities	(14,706)	(50,090)
Deferred income	(236,000)	236,000
Prepaid expenses	-	8,463
Wages payable	82	316
	<u>(250,901)</u>	<u>181,063</u>
Cash flow from operating activities	<u>20,933</u>	<u>499,756</u>
INVESTING ACTIVITY		
Purchase of Tangible Capital Assets	<u>(426,436)</u>	<u>(130,443)</u>
FINANCING ACTIVITIES		
Proceeds from long term borrowing	500,000	-
Repayment of long term debt	(106,990)	(102,080)
Cash flow from (used by) financing activities	<u>393,010</u>	<u>(102,080)</u>
INCREASE (DECREASE) IN CASH FLOW	(12,493)	267,233
Cash - beginning of year	<u>791,308</u>	<u>524,075</u>
CASH - END OF YEAR	\$ 778,815	\$ 791,308
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	<u>\$ 46,130</u>	<u>\$ 43,674</u>
CASH CONSISTS OF:		
Cash	\$ 237,072	\$ 323,775
Marketable securities	<u>541,743</u>	<u>467,533</u>
	<u>\$ 778,815</u>	<u>\$ 791,308</u>

SHAWNIGAN IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2015

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.

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SHAWNIGAN IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2015

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	2015 Net book value	2014 Net book value
Buildings	\$ 1,675,815	\$ 793,905	\$ 881,910	\$ 894,727
Equipment	3,948,784	1,913,101	2,035,683	2,114,650
Construction in progress	312,276	-	312,276	-
	\$ 5,936,875	\$ 2,707,006	\$ 3,229,869	\$ 3,009,377

3. LONG TERM DEBT

	2015	2014
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.	\$ 110,875	\$ 161,649
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.	236,095	260,732
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.	286,472	303,039
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.	178,234	193,245
RBC loan bearing interest at prime plus .25% per annum. The loan matures on September 30, 2016 and is issued under Bylaw 126.	500,000	-
	\$ 1,311,676	\$ 918,665

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SHAWNIGAN IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2015

3. LONG TERM DEBT *(continued)*

Principal repayment terms are approximately:

2016	\$	117,574
2017		62,799
2018		65,163
2019		67,617
2020		70,165

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, 2015.

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, cash and long term debt.

5. RELATED PARTY TRANSACTIONS

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

	2015	2014
<i>Trustees</i>		
Honoraria	\$ 11,000	\$ 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, 2015

	Operations	Renewal Reserve	Tangible Capital Assets	2015
REVENUE				
Taxes	\$ 617,231	\$ -	\$ -	\$ 617,231
Other income	22,256	-	-	22,256
Fire tolls	9,387	-	-	9,387
Interest income	1,920	2,771	-	4,691
	<u>650,794</u>	<u>2,771</u>	<u>-</u>	<u>653,565</u>
EXPENSES				
Admin gratuity	9,500	-	-	9,500
Advertising	406	-	-	406
Amortization	-	-	205,944	205,944
Audit and legal	23,766	-	-	23,766
Bank charges	527	-	-	527
Clothing, repairs and supplies	33,810	-	-	33,810
Deputy chief's gratuity	2,200	-	-	2,200
Fire chief's gratuity	15,000	-	-	15,000
Firemen's gratuity	93,431	-	-	93,431
Firemen's insurance	4,212	-	-	4,212
Firemen's training	23,396	-	-	23,396
Honoraria	11,000	-	-	11,000
Insurance	19,974	-	-	19,974
Interest on long term debt	45,602	-	-	45,602
Memberships, conventions and travel	989	-	-	989
Radio license	772	-	-	772
Repairs and maintenance	17,071	-	-	17,071
Street lighting	6,434	-	-	6,434
Utilities	26,853	-	-	26,853
Vehicle and boat operations	41,888	-	-	41,888
Wage benefits	3,462	-	-	3,462
Workers' compensation	1,438	-	-	1,438
	<u>381,731</u>	<u>-</u>	<u>205,944</u>	<u>587,675</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>269,063</u>	<u>2,771</u>	<u>(205,944)</u>	<u>65,890</u>
SURPLUS (DEFICIT) BEGINNING OF YEAR				
Transfers	195,993	359,143	2,090,711	2,645,847
Transfer to fund capital asset acquisitions	(50,000)	50,000	-	-
Transfer of principal payments	(426,436)	-	426,436	-
Transfer of proceeds of long term debt	(106,990)	-	106,990	-
	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>
	<u>112,567</u>	<u>409,143</u>	<u>2,124,137</u>	<u>2,645,847</u>
SURPLUS (DEFICIT) END OF YEAR	<u>\$ 381,630</u>	<u>\$ 411,914</u>	<u>\$ 1,918,193</u>	<u>\$ 2,711,737</u>

SHAWNIGAN IMPROVEMENT DISTRICT

Operations

(Schedule 1)

Year Ended December 31, 2015

	2015	2014
REVENUE		
Taxes	\$ 617,231	\$ 627,231
Fire tolls	9,387	10,201
Other income	22,256	13,865
Interest income	1,920	2,295
	<u>650,794</u>	<u>653,592</u>
EXPENSES		
Admin gratuity	9,500	8,652
Advertising	406	476
Audit and legal	23,766	9,402
Bank charges	527	523
Clothing, repairs and supplies	33,810	42,725
Deputy chief's gratuity	2,200	2,200
Fire chief's gratuity	15,000	10,000
Firemen's gratuity	93,431	71,776
Firemen's insurance	4,212	4,088
Firemen's training	23,396	23,116
Honoraria	11,000	10,000
Insurance	19,974	24,900
Interest on long term debt	45,602	43,151
Memberships, conventions and travel	989	1,636
Radio license	772	772
Repairs and maintenance	17,071	17,689
Snow removal	-	525
Street lighting	6,434	6,848
Utilities	26,853	26,157
Vehicle and boat operations	41,888	31,487
Wage benefits	3,462	1,534
Workers' compensation	1,438	1,356
	<u>381,731</u>	<u>339,013</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>269,063</u>	<u>314,579</u>
SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>195,993</u>	<u>163,937</u>
TRANSFERS	<u>(83,426)</u>	<u>(282,523)</u>
SURPLUS (DEFICIT), END OF YEAR	<u>\$ 381,630</u>	<u>\$ 195,993</u>

SHAWNIGAN IMPROVEMENT DISTRICT

Renewal Reserve Fund

(Schedule 2)

Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Interest income	\$ 2,771	\$ 4,114
EXPENSES	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>2,771</u>	<u>4,114</u>
SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>359,143</u>	<u>305,029</u>
TRANSFERS	<u>50,000</u>	<u>50,000</u>
SURPLUS (DEFICIT), END OF YEAR	<u>\$ 411,914</u>	<u>\$ 359,143</u>

SHAWNIGAN IMPROVEMENT DISTRICT
Equity in Capital Assets
Year Ended December 31, 2015

(Schedule 3)

	2015	2014
REVENUE	<u>\$ -</u>	<u>\$ -</u>
EXPENSES		
Amortization	<u>205,944</u>	<u>199,315</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(205,944)</u>	<u>(199,315)</u>
SURPLUS (DEFICIT), BEGINNING OF YEAR	<u>2,090,711</u>	<u>2,057,503</u>
TRANSFERS	<u>33,426</u>	<u>232,523</u>
SURPLUS (DEFICIT), END OF YEAR	<u>\$ 1,918,193</u>	<u>\$ 2,090,711</u>