

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Index to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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The consolidated financial statements of Shawnigan Improvement District have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Shawnigan Improvement District's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Trustees is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally by meeting periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Board of Trustees approves the financial statements and considers, for review and approval by the members, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Morine & Schindler CPAs LLP, in accordance with Canadian public sector accounting standards (PSAS).

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Ms. Karen Berezcki, Administrator

Shawnigan Lake, BC  
April 15, 2024

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Shawnigan Improvement District

*Report on the Consolidated Financial Statements*

*Opinion*

We have audited the consolidated financial statements of Shawnigan Improvement District (the district), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in accumulated surplus, changes in net financial debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the district as at December 31, 2023, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

*Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the district in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the district's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the district or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the district's financial reporting process.

*(continues)*



CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Independent Auditor's Report to the Members of Shawnigan Improvement District (*continued*)

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 district's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the district's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the district to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink, appearing to read 'Morrine &amp; Schindler'.

Nanaimo, British Columbia  
April 15, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Consolidated Statement of Financial Position**  
**December 31, 2023**

	2023	2022
<b>ASSETS</b>		
Cash	\$ 650,327	\$ 1,130,498
Term deposits	1,309,284	-
Marketable securities	1,840	1,752
Accounts receivable	22,519	26,039
Interest receivable	17,531	-
Goods and services tax recoverable	31,179	20,930
	<b>2,032,680</b>	<b>1,179,219</b>
<b>LIABILITIES</b>		
Accounts payable	42,223	133,191
Deferred income	520,000	-
Long term debt (Note 4)	1,907,179	2,096,828
	<b>2,469,402</b>	<b>2,230,019</b>
NET FINANCIAL DEBT	<b>(436,722)</b>	<b>(1,050,800)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 3)	4,558,899	4,784,694
<b>ACCUMULATED SURPLUS</b>	<b>\$ 4,122,177</b>	<b>\$ 3,733,894</b>

**ON BEHALF OF THE BOARD**

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

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

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2023**

	Budget 2023	Total 2023	Total 2022
<b>REVENUES</b>			
Property taxes	\$ 1,234,496	\$ 1,234,496	\$ 1,134,496
Fire tolls	25,120	22,519	26,039
Investment income	2,000	53,726	8,810
Other income	1,000	-	-
	<u>1,262,616</u>	<u>1,310,741</u>	<u>1,169,345</u>
<b>EXPENSES</b>			
Advertising and promotion	1,000	386	722
Amortization	-	326,696	331,098
Admin gratuity	22,000	22,000	20,000
Admin assistant wages	21,763	7,620	7,277
Radio license	850	887	830
Deputy chief's gratuity	-	6,500	6,000
Fire chief's gratuity	85,000	85,000	75,000
Insurance	69,640	69,582	63,309
Interest and bank charges	1,060	1,379	975
Interest on long term debt	61,845	61,845	67,754
Firemen's insurance	5,827	5,297	5,297
Honoraria	14,000	16,000	14,000
Memberships and conventions	3,552	1,708	1,402
Firemen's training	49,000	26,039	18,396
Office and miscellaneous	2,500	2,258	2,358
Firemen's gratuity	218,394	203,777	193,767
WCB	9,857	9,957	8,863
Professional fees	10,500	5,702	6,911
Repairs, supplies and miscellaneous	77,975	62,110	63,346
Employee benefits	-	13,067	12,239
Street lighting	8,640	8,545	8,369
Utilities	39,333	34,522	34,852
Vehicle/fireboat, fuel, insurance and maintenance	57,230	52,781	47,419
	<u>759,966</u>	<u>1,023,658</u>	<u>990,184</u>
<b>SURPLUS FROM OPERATIONS</b>	502,650	287,083	179,161
<b>OTHER INCOME</b>			
Gain on disposal of tangible capital assets	-	101,200	-
<b>ANNUAL SURPLUS</b>	<u>\$ 502,650</u>	<u>\$ 388,283</u>	<u>\$ 179,161</u>

See notes to financial statements

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Consolidated Statement of Changes in Accumulated Surplus**  
**Year Ended December 31, 2023**

	<b>2023</b>	2022
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>\$ 3,733,894</b>	\$ 3,554,733
ANNUAL SURPLUS	<u>388,283</u>	179,161
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b><u>\$ 4,122,177</u></b>	<b><u>\$ 3,733,894</u></b>



**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Consolidated Statement of Changes in Net Financial Debt**  
**Year Ended December 31, 2023**

	Budget 2023	2023	2022
<b>ANNUAL SURPLUS</b>	\$ 502,650	\$ 388,283	\$ 179,161
Amortization of tangible capital assets	-	326,696	331,098
Purchase of tangible capital assets	-	(461,701)	(250,383)
Proceeds on disposal of tangible capital assets	-	462,000	-
Loss (gain) on disposal of assets	-	(101,200)	-
	-	225,795	80,715
<b>INCREASE IN NET FINANCIAL ASSETS</b>	502,650	614,078	259,876
<b>NET FINANCIAL DEBT - BEGINNING OF YEAR</b>	(1,050,800)	(1,050,799)	(1,310,675)
<b>NET FINANCIAL DEBT - END OF YEAR</b>	\$ (548,150)	\$ (436,721)	\$ (1,050,799)

See notes to financial statements

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 388,283	\$ 179,161
Items not affecting cash:		
Amortization of tangible capital assets	326,696	331,098
Gain on disposal of tangible capital assets	(101,200)	-
	<u>613,779</u>	<u>510,259</u>
Changes in non-cash working capital:		
Accounts receivable	3,520	18,313
Interest receivable	(17,531)	-
Marketable securities	(88)	(33)
Accounts payable	(90,966)	98,012
Deferred income	520,000	(441,500)
Goods and services tax payable	(10,249)	(8,440)
	<u>404,686</u>	<u>(333,648)</u>
Cash flow from operating activities	<u>1,018,465</u>	<u>176,611</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(461,701)	(250,383)
Proceeds on disposal of tangible capital assets	462,000	-
Cash flow from (used by) investing activities	<u>299</u>	<u>(250,383)</u>
<b>FINANCING ACTIVITY</b>		
Repayment of long term debt	(189,651)	(183,742)
Cash flow used by financing activity	<u>(189,651)</u>	<u>(183,742)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>829,113</b>	<b>(257,514)</b>
Cash - beginning of year	<u>1,130,498</u>	<u>1,388,012</u>
<b>CASH - END OF YEAR</b>	<b>\$ 1,959,611</b>	<b>\$ 1,130,498</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 650,327	\$ 1,130,498
Term deposits	<u>1,309,284</u>	<u>-</u>
	<b>\$ 1,959,611</b>	<b>\$ 1,130,498</b>

See notes to financial statements

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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1. PURPOSE OF THE DISTRICT

Shawnigan Improvement District (the "district") is incorporated under the Local Government Act (British Columbia) Part 17.

The district operates to provide fire protection and street lighting within its boundaries.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP).

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2023. At each financial reporting date, the District reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at December 31, 2023 the District has not recorded any liability for contaminated sites as no sites exist.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives (ranging from 15 to 50 years) on a straight-line basis.

The district regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The district recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.
- 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.

3. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	2022 Balance	Additions	Disposals	2023 Balance
Buildings	\$ 3,235,594	\$ -	\$ -	\$ 3,235,594
Equipment	5,955,877	461,701	451,000	5,966,578
	<u>\$ 9,191,471</u>	<u>\$ 461,701</u>	<u>\$ 451,000</u>	<u>\$ 9,202,172</u>
			Accumulated Amortization on Disposals	2023 Balance
<u>Accumulated Amortization</u>	2022 Balance	Amortization		
Buildings	\$ 1,291,006	\$ 80,890	\$ -	\$ 1,371,896
Equipment	3,115,771	245,806	90,200	3,271,377
	<u>\$ 4,406,777</u>	<u>\$ 326,696</u>	<u>\$ 90,200</u>	<u>\$ 4,643,273</u>
<u>Net book value</u>			2023	2022
Buildings			\$ 1,863,698	\$ 1,944,588
Equipment			<u>2,695,201</u>	<u>2,840,106</u>
			<u>\$ 4,558,899</u>	<u>\$ 4,784,694</u>

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

4. LONG TERM DEBT

	2023	2022
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 secured by Bylaw 116 (Pumper Truck).	\$ -	\$ 33,718
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 secured by Bylaw 117 (Fire Station 1 Expansion).	<b>127,716</b>	150,388
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 secured by Bylaw 124 (Tanker Truck).	<b>40,127</b>	59,290
Ministry of Provincial Revenue loan bearing interest at 2.75% per annum, repayable in annual blended payments of \$128,926. The loan matures on March 10, 2026 and is secured by Bylaw 136 (Fire Station 3 Development).	<b>1,393,306</b>	1,481,491
Ministry of Provincial Revenue loan bearing interest at 3.2% compounded monthly, repayable in annual blended payments of \$37,814. The loan matures on July 2, 2034 and is secured by Bylaw 145 (Tender 3).	<b>346,030</b>	371,941
	<b>\$ 1,907,179</b>	<b>\$ 2,096,828</b>

Principal repayment terms are approximately:

2024	\$ 160,688
2025	165,591
2026	149,645
2027	154,208
2028	158,912
Thereafter	1,118,135
	<b>\$ 1,907,179</b>

5. FINANCIAL INSTRUMENTS

The District, as part of its operations, carries a number of financial instruments. The District's financial instruments consist of cash and term deposits, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

**SHAWNIGAN IMPROVEMENT DISTRICT**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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6. BUDGET

The district does not differentiate capital from operating budgets. The following is a reconciliation of the budget appearing on the Consolidated Statement of Operations and the budget as approved by the Board of trustees during the year.

	<u>2023</u>
<u>Reconciliation</u>	
Net surplus per statement of operations	\$ 502,650
Capital purchases	(1,088,000)
Transfer to renewal reserve	(200,000)
Transfer from renewal reserve	950,000
Principal payments	(189,650)
Surplus transfer	<u>25,000</u>
Net surplus per approved Budget	<u>\$ -</u>

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**SHAWNIGAN IMPROVEMENT DISTRICT**

**Operations**

**(Schedule 1)**

**Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Property taxes	\$ 1,234,496	\$ 1,134,496
Fire tolls	22,519	26,039
Investment income	16,429	3,186
Gains (losses) on disposal of assets	101,200	-
	<u>1,374,644</u>	<u>1,163,721</u>
<b>EXPENSES</b>		
Advertising and promotion	386	722
Insurance	69,582	63,309
Firemen's insurance	5,297	5,297
Interest and bank charges	1,379	976
Interest on long term debt	61,845	67,754
Professional fees	5,702	6,911
Repairs, supplies and miscellaneous	62,110	63,346
Street lighting	8,545	8,369
Employee benefits	13,067	12,239
Admin assistant wages	7,620	7,277
Admin gratuity	22,000	20,000
Deputy chief's gratuity	6,500	6,000
Honoraria	16,000	14,000
Fire chief's gratuity	85,000	75,000
Memberships and conventions	1,708	1,402
Utilities	34,522	34,852
Firemen's gratuity	203,777	193,767
WCB	9,957	8,863
Radio license	887	830
Vehicle/fireboat, fuel, insurance and maintenance	52,781	47,419
Firemen's training	26,039	18,396
Office and miscellaneous	2,258	2,358
	<u>696,962</u>	<u>659,087</u>
<b>ANNUAL SURPLUS</b>	<u>677,682</u>	<u>504,634</u>
<b>ACUMULATED SURPLUS BEGINNING OF YEAR</b>	<u>105,573</u>	<u>235,063</u>
<b>TRANSFERS</b>		
Transfers between departments	(300,000)	(200,000)
Transfer to purchase tangible capital assets	(461,701)	(250,383)
Transfer repayment of long term debt	(189,651)	(183,742)
Transfer of disposal of tangible capital assets	360,800	-
	<u>(590,552)</u>	<u>(634,125)</u>
<b>ACCUMULATED SURPLUS END OF YEAR</b>	<u>\$ 192,703</u>	<u>\$ 105,572</u>

See notes to financial statements

**SHAWNIGAN IMPROVEMENT DISTRICT**

**Renewal Reserve Fund**

**(Schedule 2)**

**Year Ended December 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Investment income	\$ 37,297	\$ 5,624
<b>EXPENSES</b>	<u>-</u>	<u>-</u>
<b>ANNUAL SURPLUS</b>	<u>37,297</u>	<u>5,624</u>
<b>ACCUMULATED SURPLUS BEGINNING OF YEAR</b>	<u>940,457</u>	<u>734,833</u>
<b>TRANSFERS</b>		
Transfers between departments	<u>300,000</u>	<u>200,000</u>
<b>ACCUMULATED SURPLUS END OF YEAR</b>	<u>\$ 1,277,754</u>	<u>\$ 940,457</u>



**SHAWNIGAN IMPROVEMENT DISTRICT****Equity in Tangible Capital Assets****(Schedule 3)****Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENSES</b>		
Amortization	<u><b>326,696</b></u>	<u>331,098</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u><b>(326,696)</b></u>	<u><b>(331,098)</b></u>
<b>ACCUMULATED SURPLUS BEGINNING OF YEAR</b>	<u><b>2,687,865</b></u>	<u>2,584,837</u>
<b>TRANSFERS</b>		
Transfer to purchase tangible capital assets	<b>461,701</b>	250,383
Transfer repayment of long term debt	<b>189,651</b>	183,742
Transfer of disposal of tangible capital assets	<u><b>(360,800)</b></u>	<u>-</u>
	<u><b>290,552</b></u>	<u>434,125</u>
<b>ACCUMULATED SURPLUS END OF YEAR</b>	<u><b>\$ 2,651,721</b></u>	<u><b>\$ 2,687,864</b></u>