

**NORTH CEDAR IMPROVEMENT DISTRICT**

**December 31, 2015**

**Consolidated Financial Statements**

# **NORTH CEDAR IMPROVEMENT DISTRICT**

**Consolidated Financial Statements  
For the Year Ended December 31, 2015**

---

<b>Management's Responsibility</b>	<b>3</b>
<b>Independent Auditors' Report</b>	<b>4</b>
<b>Consolidated Statement of Financial Position</b>	<b>6</b>
<b>Consolidated Statement of Operations</b>	<b>7</b>
<b>Consolidated Statement of Change in Net Financial Assets</b>	<b>8</b>
<b>Consolidated Statement of Cash Flows</b>	<b>9</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>10</b>
<b>Schedule 1 - Consolidated Schedule of Tangible Capital Assets</b>	<b>17</b>
<b>Schedule 2 - Consolidated Schedule of Accumulated Surplus</b>	<b>18</b>
<b>Schedule 3 - Statement of Waterworks Operating Fund</b>	<b>19</b>
<b>Schedule 4 - Statement of Fire Protection Operating Fund</b>	<b>20</b>
<b>Schedule 5 - Schedule of Change in Reserve Fund Balances</b>	<b>21</b>


## STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements are the responsibility of the management of the North Cedar Improvement District and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Professional Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Trustees of the District met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

Hayes Stewart Little & Company as the District's appointed external auditors, have audited the consolidated financial statements. The independent auditor's report is addressed to the Trustees of the District and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the District in accordance with Canadian public sector accounting standards.



---

Ms. Heather Sarchuk  
Administrator

## INDEPENDENT AUDITOR'S REPORT

To the Trustees of the  
**NORTH CEDAR IMPROVEMENT DISTRICT**

### *Report on Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of the North Cedar Improvement District, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 evaluation of the overall presentation of the consolidated 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, these consolidated financial statements present fairly, in all material respects, the financial position of the North Cedar Improvement District as at December 31, 2015 and its financial performance and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

*Other Matter*

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information, including Schedules 1 to 5, have been presented for purposes of additional analysis. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, this supplementary information is presented fairly, in all material respects, in relation to the consolidated financial statements taken as a whole.

Duncan, BC  
March 10, 2016

*Hayes Stewart Little + Co.*


Chartered Professional Accountants


**NORTH CEDAR IMPROVEMENT DISTRICT  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at December 31, 2015**

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash and short term deposits (Note 2, 4)	\$ 4,025,448	\$ 3,345,241
Accounts receivable (Note 5)	303,417	318,493
	<u>4,328,865</u>	<u>3,663,734</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	462,132	140,365
Long-term debt (Note 7)	949,168	1,022,054
Capital development statutory reserve (Note 9)	35,610	265,702
	<u>1,446,910</u>	<u>1,428,121</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,881,955</u>	<u>2,235,613</u>
<b>NON-FINANCIAL ASSETS (Note 12)</b>		
Net tangible capital assets (Schedule 1)	7,998,332	7,423,031
Inventories (Note 10)	205,186	205,186
Prepaid expenses	6,184	5,487
	<u>8,209,702</u>	<u>7,633,704</u>
<b>DISTRICT POSITION (Schedule 2)</b>	<u>\$ 11,091,656</u>	<u>\$ 9,869,318</u>

**COMITMENTS (Note 8)**

**APPROVED BY:**

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

See accompanying notes to the financial statements

**NORTH CEDAR IMPROVEMENT DISTRICT  
CONSOLIDATED STATEMENT OF OPERATIONS  
Year Ended December 31, 2015**

	<i>Unaudited</i> 2015 Budget (Note 14)	2015 Actual	2014 Actual
<b>REVENUE</b>			
Waterworks services (Schedule 3)	\$ 1,201,404	\$ 1,459,073	\$ 1,202,940
Fire protection services (Schedule 4)	1,050,555	1,054,624	1,041,804
Reserves (Schedule 5)	-	19,019	16,092
Total revenue	<u>2,251,959</u>	<u>2,532,715</u>	<u>2,260,835</u>
<b>EXPENSES</b>			
Waterworks services (Schedule 3)	868,818	752,524	826,385
Fire protection services (Schedule 4)	580,533	557,853	517,799
Total expenses (Note 13)	<u>1,449,351</u>	<u>1,310,377</u>	<u>1,344,184</u>
<b>ANNUAL SURPLUS</b>	<u>802,608</u>	<u>1,222,338</u>	<u>916,651</u>
<b>DISTRICT POSITION, BEGINNING OF YEAR</b>	<u>9,869,318</u>	<u>9,869,318</u>	<u>8,952,667</u>
<b>DISTRICT POSITION, END OF YEAR</b>	<u>\$ 10,671,926</u>	<u>\$ 11,091,656</u>	<u>\$ 9,869,318</u>

See accompanying notes to the financial statements

**NORTH CEDAR IMPROVEMENT DISTRICT  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
Year Ended December 31, 2015**

	<i>Unaudited</i> 2015 Budget (Note 14)	2015 Actual	2014 Actual
<b>ANNUAL SURPLUS</b>	<b>\$ 802,608</b>	<b>\$ 1,222,338</b>	<b>\$ 916,651</b>
Acquisition of tangible capital assets	(1,935,589)	(798,164)	(70,619)
Amortization of tangible capital assets	211,000	213,171	206,104
Loss on sale of tangible capital assets	-	9,692	-
Decrease (increase) in prepaid expense	-	(696)	641
	<u>(1,724,589)</u>	<u>(575,997)</u>	<u>136,126</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>(921,981)</b>	<b>646,341</b>	<b>1,052,777</b>
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<b><u>2,235,613</u></b>	<b><u>2,235,613</u></b>	<b><u>1,182,836</u></b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b><u>\$ 1,313,632</u></b>	<b><u>\$ 2,881,955</u></b>	<b><u>\$ 2,235,613</u></b>

See accompanying notes to the financial statements



**NORTH CEDAR IMPROVEMENT DISTRICT  
CONSOLIDATED STATEMENT OF CASH FLOWS  
Year Ended December 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 1,222,338	\$ 916,651
Items not affecting cash:		
Amortization	213,171	206,104
Loss on sale of tangible capital asset	9,692	-
	<u>1,445,201</u>	<u>1,122,755</u>
Changes in non-cash items:		
Accounts receivable	15,076	(15,422)
Prepaid expenses	(696)	642
Accounts payable and accrued liabilities	321,767	(30,768)
Deferred Revenue	-	(22,313)
Capital development reserve	(230,092)	20,868
	<u>1,551,256</u>	<u>1,075,762</u>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	<u>(798,164)</u>	<u>(70,619)</u>
Cash applied to capital transactions	<u>(798,164)</u>	<u>(70,619)</u>
<b>FINANCING TRANSACTIONS</b>		
Debt repayment	<u>(72,886)</u>	<u>(69,581)</u>
Cash applied to financing transactions	<u>(72,886)</u>	<u>(69,581)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>680,206</b>	<b>935,562</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>3,345,241</b></u>	<u><b>2,409,679</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u><b>\$ 4,025,448</b></u></u>	<u><u><b>\$ 3,345,241</b></u></u>

See accompanying notes to the financial statements

**NORTH CEDAR IMPROVEMENT DISTRICT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
As at December 31, 2015**

---

**1. General**

The District is an improvement district that was created on November 27, 1959. The District provides services such as fire protection, public works, and water distribution.

**2. Significant Accounting Policies**

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

**a) Basis of accounting**

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures and changes in fund balances and financial position of the District. These consolidated financial statements consolidate the following operations:

Operating Funds

These funds include the water and fire operating funds. They are used to record the operating costs of the services provided by the District. The operating funds also record the net acquisition costs of tangible capital assets and any related long term debt outstanding.

Reserve Funds

Under the Local Government Act of British Columbia, the District may by by-law establish reserve funds for specific purposes. Money in a reserve fund, and interest earned thereon, must be expended by by-law only for the purpose for which the fund was established. If the amount in a reserve fund is greater than required, the District may, by by-law, transfer all or part of the amount to another reserve fund.

The District has no other reporting entities that meet the criteria for inclusion within these financial statements.

**b) Cash and short term deposits**

Cash and cash equivalents include cash on hand and balances with banks as described in Note 4.

*(continues)*

**NORTH CEDAR IMPROVEMENT DISTRICT  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 As at December 31, 2015**

---

**2. Significant Accounting Policies (continued)**

**c) Reserves**

Reserve funds and accounts represent amounts set aside from past and current operations for future operating and capital expenditures.

**d) Revenue recognition**

The District collects parcel taxes, water tolls and other fees. The District records these revenues on an accrual basis. The provincial government distributes the taxes collected for fire protection as an annual statutory advance in June.

Government transfers are recognized in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

**e) Sick leave benefits**

The District provides sick leave to employees based on their banked sick time and to a maximum of 45 days. Accumulated sick leave benefits are available to be paid out upon retirement. The estimated sick leave liability has been calculated by management based on the following assumptions:

- annual inflation rate is 2.8%;
- discount rate is 3.75%;
- probability of compensated sick leave being used is 100% for the District staff.

The total liability for the accumulated sick leave benefits is included in accounts payable (Note 6). The liability for 2015 is \$14,913 (2014 - \$11,944).

**f) Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The District does not capitalize interest charges as part of the cost of its tangible capital assets. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives.

**General tangible capital assets**

Land	Indefinite
Land Improvements	20 to 25 years
Buildings	25 to 50 years
Machinery and equipment	4 to 30 years

*(continues)*

**NORTH CEDAR IMPROVEMENT DISTRICT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
As at December 31, 2015**

---

**2. Significant Accounting Policies (continued)**

**Infrastructure assets**

Engineering structures	25 to 100 years
Assets under construction	Life determined when complete

Land and subdivision owners are required to install, at their own expense, all assets deemed necessary by the District to provide an adequate supply of water for domestic and commercial use and for fire protection. These assets become the property of the District within one year after approval of completion of the development. These contributed assets are recorded at fair market value, based on engineer estimates, at the time the District acquires ownership. Contributed assets recorded by the District for 2015 is nil (2014 - nil). These contributions are included as revenue in the appropriate operating fund in the year of contribution.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the District, forests, water, and other natural resources are not recognized as tangible capital assets.

**g) Leases**

Rental payments under operating leases are expensed as incurred.

**h) Use of estimates**

The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from these estimates.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Significant areas requiring the use of management estimates relate to the determination of accrued sick benefits, the valuation of receivables, the useful lives of assets for amortization, deferred charges, provisions for contingencies, and the amounts recorded as accrued liabilities.

**NORTH CEDAR IMPROVEMENT DISTRICT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2015**

**3. Financial Instruments**

The District's financial instruments consist of cash and short term deposits, accounts receivable, accounts payable, deferred revenue and long term debt. The carrying amounts of these financial instruments approximates their fair value because they are short-term in nature or because they bear interest at market rates.

Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest, liquidity or credit risk arising from these financial instruments.

**4. Cash and Short Term Deposits**

Cash and cash equivalents are comprised of the following:

	<u>2015</u>	<u>2014</u>
Waterworks	\$ 387,940	\$ 327,729
Funds held in trust (Note 15)	1,010,000	-
Fire protection	722,383	410,574
Maintenance bond reserve account	-	425
	<u>2,120,323</u>	<u>738,728</u>
Reserve Funds (Schedule 5)		
Renewal reserve fund (Note 11)	1,232,064	1,383,360
Fire equipment replacement fund	350,820	711,239
Debt repayment reserve fund	286,631	246,212
	<u>1,869,515</u>	<u>2,340,811</u>
Capital development statutory reserve fund (Note 9)	<u>35,610</u>	<u>265,702</u>
	<u>\$ 4,025,448</u>	<u>\$ 3,345,241</u>

Cash balances held on deposit in a single Chartered Bank up to \$100,000 are insured by the Canadian Deposit Insurance Corporation.

**5. Accounts Receivable**

Accounts receivable are valued at their net realizable value.

	<u>2015</u>	<u>2014</u>
Tolls	\$ 212,602	\$ 194,878
Taxes	53,603	107,101
Goods and service taxes	37,213	16,514
	<u>\$ 303,417</u>	<u>\$ 318,493</u>

**NORTH CEDAR IMPROVEMENT DISTRICT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
As at December 31, 2015**

**6. Accounts Payable and Accrued Liabilities**

	<u>2015</u>	<u>2014</u>
Waterworks (Note 2(e))	\$ 98,362	\$ 70,586
Fire protection	363,770	69,355
Maintenance bond reserve account	-	424
	<u>\$ 462,132</u>	<u>\$ 140,365</u>

**7. Long Term Debt**

**Bylaw 342 - Capital Tax Advance** issued, for the purpose of financing the construction of the new firehall, in the amount of \$1,600,000, requiring annual payments of \$121,434 and bearing interest at 4.75% per annum, maturing July 1, 2025.

	<u>2015</u>	<u>2014</u>
<b>Fire Protection Fund:</b>	<u>\$ 949,168</u>	<u>\$ 1,022,054</u>

Principal payments required in each of the next five years are as follows:

	<u>Fire protection</u>
2016	\$ 76,348
2017	79,975
2018	83,774
2019	87,753
2020	91,921
	<u>\$ 419,771</u>

**8. Lease Commitments**

The District is committed under various operating leases for the rental of office and public works equipment. Minimum lease payments are as follows:

2016	<u>\$ 1,506</u>
------	-----------------

**NORTH CEDAR IMPROVEMENT DISTRICT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2015.**

**9. Capital Development Statutory Reserve**

A Development Cost Charge (DCC) is levied for each newly created lot and these funds, together with interest earned, are accounted for in a separate reserve account as required by the Local Government Act of BC. Disbursements can be made by a resolution of the Trustees and by written approval of the Inspector or Deputy Inspector of Municipalities. Payments for extended service agreements require Trustee approval. The DCC's are recognized as revenue when the related costs are incurred.

	<u>2015</u>	<u>2014</u>
Balance, beginning of the year	\$ 265,702	\$ 244,834
Add: Interest	2,108	2,628
Add: Contributions	-	18,240
Less: Appropriated for land (Schedule 3)	<u>(232,200)</u>	<u>-</u>
Balance, end of year	<u>\$ 35,610</u>	<u>\$ 265,702</u>
The balance consists of:		
Cash (Note 4)	<u>\$ 35,610</u>	<u>\$ 265,702</u>

**10. Inventories**

	<u>2015</u>	<u>2014</u>
Waterworks	<u>\$ 205,186</u>	<u>\$ 205,186</u>

Inventories held for consumption are recorded at the lower of cost or net realizable value. Cost is determined using specific identification for major equipment and average cost for all other inventory items.

**11. Renewal Reserve**

The Renewal Reserve was established under Subsection 751 of the BC Municipal and Local Government Act. Under the direction of the Trustees, surplus funds have been placed in this fund to be used to renew the waterworks system. Disbursements are made by way of resolution from the Trustees.

**NORTH CEDAR IMPROVEMENT DISTRICT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
As at December 31, 2015**

---

**12. Tangible Capital Assets and Other Non-Financial Assets**

Tangible capital and other non-financial assets are accounted for as assets by the District because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the District unless they are sold.

**13. Consolidated Current Expenditure by Object**

	<u>2015 Budget (Note 14)</u>	<u>2015 Actual</u>	<u>2014 Actual</u>
Operations and maintenance	\$ 857,645	\$ 868,625	\$ 887,957
Salaries and honoraria	543,158	394,935	406,028
Debt service - interest	48,548	46,817	50,200
<b>Total</b>	<u><u>\$ 1,449,351</u></u>	<u><u>\$ 1,310,377</u></u>	<u><u>\$ 1,344,184</u></u>

**14. Budget**

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the District has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The unaudited budget figures used in these financial statements have been approved by the trustees.

**15. Contingency**

As at December 31, 2015 the District is in the process of expropriating land for the expansion of certain services provided by the District to its residents. The completion of the expropriation process is subject to approval by the Provincial Government of British Columbia. As part of the process, the District has deposited funds into a lawyers trust account, the funds held in trust on behalf of the District total \$1,010,000 (2014 – nil).



NORTH CEDAR IMPROVEMENT DISTRICT  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
Year Ended December 31, 2015

SCHEDULE 1

	2015						Totals	
	Land	Buildings	Engineering Structures	Machinery and Equipment	Land Improvements	Assets Under Construction	2015	2014
Cost								
Opening costs	\$ 592,579	\$ 2,315,397	\$ 6,458,135	\$ 1,144,606	\$ 63,194	\$ 317,998	\$ 10,891,909	\$ 10,821,290
Additions during the year	-	-	108,348	580,668	3,401	105,747	798,164	70,619
Disposals during the year	-	-	(11,965)	-	-	-	(11,965)	-
Closing costs	592,579	2,315,397	6,554,518	1,725,274	66,595	423,745	11,678,108	10,891,909
Accumulated Amortization								
Opening accum'd amortization	-	417,454	2,397,500	632,494	21,430	-	3,468,878	3,262,774
Disposals during the year	-	-	(2,273)	-	-	-	(2,273)	-
Amortization	-	46,505	99,898	63,837	2,931	-	213,171	206,104
Closing accum'd amortization	-	463,959	2,495,125	696,331	24,361	-	3,679,776	3,468,878
Net Book Value of Tangible Capital Assets	\$ 592,579	\$ 1,851,438	\$ 4,059,393	\$ 1,028,943	\$ 42,234	\$ 423,745	\$ 7,998,332	\$ 7,423,031

**NORTH CEDAR IMPROVEMENT DISTRICT**  
**Consolidated Schedule of Accumulated Surplus**  
**Year Ended December 31, 2015**

**SCHEDULE 2**

	<u>2015</u>	<u>2014</u>
<b>OPERATING FUNDS</b>		
<b>Unappropriated</b>		
Fire protection	\$ 384,896	\$ 350,789
Waterworks	778,080	776,739
<b>Total Unappropriated</b>	<u>1,162,976</u>	<u>1,127,528</u>
<b>Appropriated</b>		
Waterworks (Note 15)	<u>1,010,000</u>	-
<b>Total Appropriated</b>	<u>1,010,000</u>	-
<b>Total Operating Funds</b>	<u>\$ 2,172,976</u>	<u>\$ 1,127,528</u>
<b>Presented as:</b>		
Fire protection - operating (Schedule 4)	\$ 384,896	\$ 350,789
Waterworks - operating (Schedule 3)	<u>1,788,080</u>	<u>776,739</u>
<b>Total Operating Surplus</b>	<u>2,172,976</u>	<u>1,127,528</u>
<b>NET INVESTMENT IN TANGIBLE CAPITAL ASSETS</b>		
Net book value of tangible capital assets (Schedule 1)	7,998,332	7,423,031
Less: long term debt (Note 7)	<u>(949,168)</u>	<u>(1,022,054)</u>
	<u>7,049,164</u>	<u>6,400,977</u>
<b>RESERVE FUNDS (Schedule 5)</b>	<u>1,869,515</u>	<u>2,340,811</u>
<b>Total Accumulated Surplus</b>	<u>\$ 11,091,656</u>	<u>\$ 9,869,318</u>

NORTH CEDAR IMPROVEMENT DISTRICT  
 STATEMENT OF WATERWORKS OPERATING FUND  
 Year Ended December 31, 2015

SCHEDULE 3

	<i>Unaudited</i> 2015 Budget (Note 14)	2015 Actual	2014 Actual
<b>REVENUE</b>			
Water tolls	\$ 770,000	\$ 765,373	\$ 726,834
Water tolls - penalties	10,000	23,617	24,120
Water tolls - Nanaimo First Nations	30,246	26,263	25,776
District tax levy	389,858	399,268	391,166
Capital development fees (Note 9)	-	232,200	-
Subdivision and connection fees	-	3,440	9,365
Interest	1,300	4,261	5,871
Sundry	-	4,651	19,809
<b>Total revenue</b>	<b>1,201,404</b>	<b>1,459,073</b>	<b>1,202,940</b>
<b>EXPENSES</b>			
Amortization	107,000	113,421	109,328
Audit and financial services	20,000	14,000	18,900
Bank charges	3,200	2,558	2,580
Employer payroll expenses	86,596	39,008	36,295
Engineering	25,000	40,367	41,913
Insurance	17,500	17,237	17,332
Loss on disposal of tangible capital assets	-	9,692	-
Office and general	111,500	68,340	153,476
Salaries and wages	326,658	165,196	205,338
Telephone	2,150	1,761	1,486
Trustee's honoraria	17,000	13,048	16,256
Utilities	34,800	30,634	32,588
Vehicle	1,300	341	1,566
Waterworks operations	116,114	236,922	189,327
<b>Total expenses</b>	<b>868,818</b>	<b>752,524</b>	<b>826,385</b>
<b>NET REVENUES</b>	<b>332,586</b>	<b>706,549</b>	<b>376,554</b>
<b>TRANSFERS</b>			
Invested in tangible capital assets	(1,297,235)	(90,982)	67,946
From Fire Protection Operating Fund (Schedule 4)	232,349	232,349	246,000
From/(to) Reserve Funds (Schedule 5)	840,586	163,424	(640,065)
<b>CHANGE IN FUND BALANCE</b>	<b>108,286</b>	<b>1,011,340</b>	<b>50,435</b>
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	<b>776,739</b>	<b>776,739</b>	<b>726,304</b>
<b>FUND SURPLUS, END OF YEAR</b>	<b>\$ 885,025</b>	<b>\$ 1,788,080</b>	<b>\$ 776,739</b>

NORTH CEDAR IMPROVEMENT DISTRICT  
 STATEMENT OF FIRE PROTECTION OPERATING FUND  
 Year Ended December 31, 2015

SCHEDULE 4

	<i>Unaudited</i> 2015 Budget (Note 14)	2015 Actual	2014 Actual
<b>REVENUE</b>			
Taxes collected	\$ 845,839	\$ 845,839	829,254
Taxes collected - debt service	167,216	166,550	167,216
Fire protection fees	36,000	37,697	38,444
Interest	1,500	4,538	6,890
<b>Total revenue</b>	<b>1,050,555</b>	<b>1,054,624</b>	<b>1,041,804</b>
<b>EXPENSES</b>			
Administration	7,450	3,219	4,881
Amortization	104,000	99,750	96,775
Equipment maintenance and supplies	53,200	47,255	39,402
Fire hall - utilities	25,989	13,157	18,433
Fire hall - insurance	17,500	16,487	17,010
Fire hall - repairs and maintenance	8,000	5,777	8,890
Fire truck - insurance	7,000	8,764	4,969
Fire truck - operations	14,000	16,192	13,897
Health protection	2,646	2,579	2,879
Interest on long term debt	48,548	46,817	50,200
Salaries and benefits	95,000	94,146	85,393
Street lighting	31,000	28,116	28,693
Telephone	4,100	3,916	3,268
Training	35,500	32,557	25,070
Uniforms and promotional	20,500	14,688	17,566
Volunteer firemen practices and honoraria	104,500	122,547	99,041
Worker's compensation	1,600	1,887	1,433
<b>Total expenses</b>	<b>580,533</b>	<b>557,853</b>	<b>517,799</b>
<b>NET REVENUES</b>	<b>470,022</b>	<b>496,770</b>	<b>524,005</b>
<b>TRANSFERS</b>			
Investment in tangible capital assets	(500,240)	(557,204)	(2,044)
Transfers to waterworks operating fund (Schedule 3)	(232,349)	(232,349)	(246,000)
Transfers from (to) reserve funds (Schedule 5)	366,567	326,890	(248,483)
<b>CHANGE IN FUND BALANCE</b>	<b>104,000</b>	<b>34,107</b>	<b>27,478</b>
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	<b>238,722</b>	<b>350,789</b>	<b>323,311</b>
<b>FUND SURPLUS, END OF YEAR</b>	<b>\$ 342,722</b>	<b>\$ 384,896</b>	<b>350,789</b>

**SCHEDULE 5**

**NORTH CEDAR IMPROVEMENT DISTRICT  
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES  
 Year Ended December 31, 2015**

	2015			2014	
	Renewal Reserve	Fire Equipment Replacement Reserve	Debt Repayment Reserve	Total	Total
<b>REVENUE</b>					
Interest	\$ 12,128	\$ 4,637	\$ 2,253	\$ 19,019	\$ 16,092
Total revenue	12,128	4,637	2,253	19,019	16,092
<b>TRANSFERS</b>					
Transfer from (to) waterworks operating fund	(163,424)			(163,424)	640,065
Transfer from (to) fire protection operating fund		(365,056)	38,166	(326,890)	248,482
<b>CHANGE IN RESERVE FUND BALANCES</b>	(151,296)	(360,419)	40,420	(471,295)	904,639
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	1,383,360	711,239	246,212	2,340,811	1,436,172
<b>FUND SURPLUS, END OF YEAR</b>	\$ 1,232,064	\$ 350,820	\$ 286,632	\$ 1,869,516	\$ 2,340,811