

**Deep Bay Improvement District**  
**Consolidated Financial Statements**  
*December 31, 2016*

# Deep Bay Improvement District

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For the year ended December 31, 2016

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## Management's Responsibility

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To the Board of Trustees of Deep Bay Improvement District:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Public Sector Accounting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Trustees is composed entirely of Trustees who are neither management nor employees of the District. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Board and management to discuss their audit findings.

March 15, 2017



A handwritten signature in black ink, consisting of stylized initials and a surname, is written over a horizontal line.

Administrator

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## Independent Auditors' Report

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To the Board of Trustees of Deep Bay Improvement District:

We have audited the accompanying consolidated financial statements of Deep Bay Improvement District, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, related schedules 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.

### *Auditors' 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. Those 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 from 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 auditors' 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 evaluating 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*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Deep Bay Improvement District as at December 31, 2016 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Nanaimo, British Columbia

March 15, 2017

*MNP* LLP

Chartered Professional Accountants

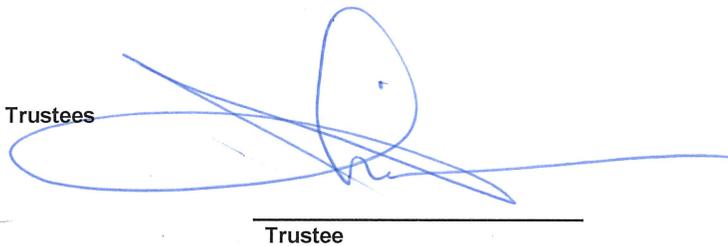
## Deep Bay Improvement District Consolidated Statement of Financial Position

As at December 31, 2016

	2016	2015
<b>Financial Assets</b>		
Cash	139,129	61,761
Short-term investments	1,558,594	1,338,806
Accounts receivable (Note 3)	37,714	48,245
	1,735,437	1,448,812
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	24,708	24,359
Deferred revenue (Note 4)	38,786	7,742
Long-term debt (Note 5)	85,610	97,870
	149,104	129,971
<b>Net Financial Assets</b>	<b>1,586,333</b>	<b>1,318,841</b>
Commitments (Note 12)		
<b>Non-Financial Assets</b>		
Prepaid expenses	15,493	14,820
Inventory	7,473	8,786
Tangible capital assets (Note 6) (Schedule 1) (Schedule 2)	1,744,159	1,808,290
	1,767,125	1,831,896
<b>Accumulated Surplus (Note 7)</b>	<b>3,353,458</b>	<b>3,150,737</b>

Approved on behalf of the Board of Trustees

  
Trustee

  
Trustee

The accompanying notes are an integral part of these consolidated financial statements

## Deep Bay Improvement District Consolidated Statement of Operations and Accumulated Surplus

*For the year ended December 31, 2016*

	2016 <i>Budget</i> <i>(Note 13)</i>	2016	2015
<b>Revenues</b>			
Parcel taxes and fire protection taxes <i>(Note 8)</i>	322,485	<b>322,703</b>	317,857
Sale of services	163,628	<b>161,119</b>	151,278
Investment income	500	<b>20,968</b>	19,776
Fire service revenue	6,300	<b>28,379</b>	21,500
Capital expenditure charges	-	-	5,400
Other income	500	<b>21,189</b>	7,454
	493,413	<b>554,358</b>	523,265
<b>Expenses</b>			
Amortization	-	<b>104,796</b>	99,793
Equipment - firefighting	7,800	<b>16,504</b>	14,820
Insurance	16,000	<b>15,272</b>	15,874
Interest on long-term debt	-	<b>4,043</b>	4,555
Office expenses	12,465	<b>9,822</b>	12,048
Professional fees	12,950	<b>21,042</b>	18,826
Repairs and maintenance	38,100	<b>34,083</b>	36,917
Travel and training	13,570	<b>12,503</b>	7,478
Utilities	18,350	<b>18,904</b>	17,007
Vehicle expense	29,620	<b>11,261</b>	17,269
Wages and benefits	116,012	<b>103,407</b>	99,435
	264,867	<b>351,637</b>	344,022
<b>Annual surplus</b>	228,546	<b>202,721</b>	179,243
<b>Accumulated surplus, beginning of year</b>	3,150,737	<b>3,150,737</b>	2,971,494
<b>Accumulated surplus, end of year</b>	3,379,283	<b>3,353,458</b>	3,150,737

*The accompanying notes are an integral part of these consolidated financial statements*

## Deep Bay Improvement District Consolidated Statement of Change in Net Financial Assets

*For the year ended December 31, 2016*

	2016 <i>Budget</i> <i>(Note 13)</i>	2016	2015
<b>Annual surplus</b>	228,546	<b>202,721</b>	179,243
Acquisition of tangible capital assets	(51,546)	<b>(40,666)</b>	(123,578)
Amortization	-	<b>104,796</b>	99,793
	177,000	<b>266,851</b>	155,458
Decrease (increase) in prepaid expenses	-	<b>(673)</b>	692
Decrease in inventory	-	<b>1,314</b>	2,194
	-	<b>641</b>	2,886
<b>Change in net financial assets</b>	177,000	<b>267,492</b>	158,344
<b>Net financial assets, beginning of year</b>	1,318,841	<b>1,318,841</b>	1,160,497
<b>Net financial assets, end of year</b>	1,495,841	<b>1,586,333</b>	1,318,841

*The accompanying notes are an integral part of these consolidated financial statements*

## Deep Bay Improvement District Consolidated Statement of Cash Flows

*For the year ended December 31, 2016*

	2016	2015
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	202,721	179,243
Amortization	104,796	99,793
	307,517	279,036
<b>Changes in non-cash operating balance</b>		
Accounts receivable	10,531	(17,997)
Prepaid expenses	(673)	692
Inventory	1,314	2,194
Accounts payable and accrued liabilities	349	2,960
Deferred revenue	31,044	2,853
	42,565	(9,298)
<b>Net cash provided by operating activities</b>	<b>350,082</b>	<b>269,738</b>
<b>Capital activities</b>		
Cash used to acquire tangible capital assets	(40,666)	(123,578)
<b>Investing activities</b>		
Purchase of short-term investments	(219,788)	(227,366)
<b>Financing activities</b>		
Repayment of long-term debt	(12,260)	(11,749)
<b>Increase (decrease) in cash resources</b>	<b>77,368</b>	<b>(92,955)</b>
<b>Cash resources, beginning of year</b>	<b>61,761</b>	<b>154,716</b>
<b>Cash resources, end of year</b>	<b>139,129</b>	<b>61,761</b>

*The accompanying notes are an integral part of these consolidated financial statements*

# Deep Bay Improvement District

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

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### 1. Incorporation and operations

The Deep Bay Improvement District ("the District") was incorporated on March 10, 1972 and is subject to the provisions contained in the Local Government Act, a statute of the British Columbia provincial government. The principal activities of the District are to provide water service and fire protection to the residents of the Deep Bay Improvement District and to maintain and repair all wells, water lines, and fire protection equipment associated with those services.

### 2. Significant accounting policies

#### ***Basis of presentation***

It is the policy of the District to follow accounting principles accepted for British Columbia improvement districts and to apply such principles consistently. The consolidated financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board of the CPA Canada. In accordance with these recommendations, the District has implemented the consolidation of all funds. The consolidated financial statements reflect the removal of internal transactions and balances.

#### ***Revenue recognition***

Parcel taxes and fire protection taxes are recognized upon issuance of tax notices for the fiscal year. Sale of services revenue for water services are recognized on a quarterly basis as service is provided. Fire service revenue consists of funds received from the Provincial Emergency Program and are recognized upon completion of fire rescue services. Capital expenditure charges are recognized when levied. Interest and other income is recognized as revenue as earned on an accrual basis.

#### ***Deferred revenue***

Deferred revenue consists of water revenues received in advance of billings and contributions received that are externally restricted for specific purposes.

#### ***Inventory***

Inventory of supplies are recorded at the lower of cost and replacement cost. Cost is determined using the specific identification method.

#### ***Short-term investments***

Short-term investments consist of various term deposits with maturities between 3 months and 1 year and are valued at cost.

#### ***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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the District is responsible for.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in surplus in the periods in which they become known.

# Deep Bay Improvement District

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

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### 2. Significant accounting policies (continued from previous page)

#### **Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<b>Rate</b>
Buildings	20 to 50 years
Vehicles	10 to 20 years
Computer equipment	5 years
Maintenance equipment	10 years
Furniture and fixtures	10 years
Waterworks system	5 to 80 years
Communication equipment	10 years
Fire protection equipment	10 to 20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. Amortization is not taken until the asset is in use, and is taken at one-half of the normal rate in that first year. Land is not amortized.

#### **Fund accounting**

In order to ensure observance of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Trustees.

Nine funds are maintained:

- 1) The Operating Fund - Water accounts for all the revenues and expenses related to the general and ancillary water services provided by the District.
- 2) The Operating Fund – Fire protection accounts for all revenues and expenses related to the general and ancillary fire protection services provided by the District.
- 3) The Capital Fund - Water accounts for all the tangible capital assets of the District used in the provision of water services by the District and presents the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.
- 4) The Capital Fund – Fire protection accounts for all tangible capital assets of the District used in the provision of fire protection services by the District and presents the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.
- 5) The Restricted Reserve Fund – Water Capital consists of funds established by the Board of the District, under bylaw 222, to be used for expenditures related to the capital cost of providing, constructing, altering or expanding water facilities in order to service directly or indirectly, the development in respect to which the charges are fixed. These funds, and interest earned thereon, must only be invested and disbursed by bylaw passed by the Board of Trustees.
- 6) The Restricted Reserve Fund – Water Renewal consists of funds established by the Board of the District under bylaw 205, to be used for expenditures related to the upgrading, replacement or renewal of existing tangible capital assets used in the provision of water services by the District. These funds, and interest earned thereon, must only be invested and disbursed by bylaw passed by the Board of the District.

# Deep Bay Improvement District

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

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### 2. Significant accounting policies (continued from previous page)

#### **Fund accounting** (continued from previous page)

- 7) The Internally Restricted Reserve Fund - Water Renewal consists of funds established by the Board of the District to be used for expenditures related to the upgrading, replacement or renewal of existing tangible capital assets used in the provision of water services by the District. These funds, and interest earned thereon, must only be invested and disbursed when approved by the Trustees.
- 8) The Internally Restricted Reserve Fund - Fire Protection Capital consists of funds established by the Board of the District to be used for expenditures related to the upgrading, replacement or renewal of existing tangible capital assets used in the fire protection services by the District. These funds, and interest earned thereon, must only be invested and disbursed when approved by the Trustees.
- 9) The Internally Restricted Reserve Fund - Fire Hall Building Fund consists of funds established by the Board of the District to be used for expenditures related to the upgrading, or potential replacement of the existing Fire Hall used in the fire protection services by the District. These funds, and interest earned thereon, must only be invested and disbursed when approved by the Trustees.

#### **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, 2016.

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. At December 31, 2016, the District has not recorded any liability for contaminated sites as no sites were identified.

#### **Recent accounting pronouncements**

##### **PS 2200 Related Party Disclosures**

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

The District does not expect application of the new Standard to have a material effect on the financial statements.

##### **PS 3210 Assets**

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

# Deep Bay Improvement District

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

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### 2. Significant accounting policies (continued from previous page)

#### **PS 3210 Assets** (continued from previous page)

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The District does not expect application of the new Standard to have a material effect on the financial statements.

#### **PS 3320 Contingent Assets**

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The District does not expect application of the new Standard to have a material effect on the financial statements.

#### **PS 3380 Contractual Rights**

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

# Deep Bay Improvement District

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

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### 2. Significant accounting policies (continued from previous page)

#### **PS 3380 Contractual Rights** (continued from previous page)

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The District does not expect application of the new Standard to have a material effect on the financial statements.

#### **PS 3430 Restructuring Transactions**

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

The District does not expect application of the new Standard to have a material effect on the financial statements

## Deep Bay Improvement District Notes to the Consolidated Financial Statements

*For the year ended December 31, 2016*

### 3. Accounts receivable

	2016	2015
Trade accounts receivable	32,872	35,803
GST receivable	4,842	12,442
	37,714	48,245

### 4. Deferred revenue

	2016	2015
Prepaid water billings	5,696	5,207
Deferred contributions – fire hall building	33,090	2,535
	38,786	7,742

### 5. Long-term debt

	2016	2015
Province of British Columbia; repayable in annual instalments of \$16,518 including interest at 4.35%, matures July 2022 and is unsecured	85,610	97,870

Principal repayments on long-term debt are estimated as follows:

2017	12,794
2018	13,350
2019	13,931
2020	14,537
2021	15,169
2022	15,829
	85,610

### 6. Tangible capital assets

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	14,327	-	14,327	14,327
Buildings	87,770	55,711	32,059	34,196
Vehicles	462,360	280,790	181,570	202,423
Computer equipment	13,188	12,706	482	936
Maintenance equipment	44,659	18,273	26,386	30,735
Furniture and fixtures	13,936	13,087	848	1,258
Waterworks system	3,417,196	2,021,983	1,395,213	1,445,776
Communication equipment	28,216	18,317	9,899	8,329
Fire protection equipment	184,636	101,262	83,374	70,310
	4,266,288	2,522,129	1,744,159	1,808,290

See Schedules 1 and 2 for more information.

## Deep Bay Improvement District Notes to the Consolidated Financial Statements

*For the year ended December 31, 2016*

### 7. Accumulated surplus

The District segregates its accumulated surplus into the following categories:

	<b>2016</b>	2015
<b>Fund balances</b>		
Operating Fund - Water	214,856	193,818
Operating Fund - Fire Protection	238,669	183,803
<hr/>		
Total operating funds	453,525	377,621
<hr/>		
Restricted Reserve Fund - Water Capital	352,096	347,856
Restricted Reserve Fund - Water Renewal	437,245	304,754
Internally Restricted Reserve Fund - Water Renewal	93,573	93,695
Internally Restricted Reserve Fund - Fire Protection Capital	331,816	303,352
Internally Restricted Reserve Fund - Fire Hall Building Fund	26,653	13,039
<hr/>		
Total reserve funds	1,241,383	1,062,696
<hr/>		
Capital Fund - Water	1,445,906	1,502,507
Capital Fund - Fire Protection	212,644	207,913
<hr/>		
Equity in Tangible Capital Assets (Note 9)	1,658,550	1,710,420
<hr/>		
	<b>3,353,458</b>	3,150,737
<hr/>		

### 8. Parcel taxes and fire protection taxes

	<i>2016 Budget</i>	<b>2016</b>	2015
Parcel tax	140,242	140,460	140,242
Fire protection taxes	165,747	165,747	161,119
Fire hall building taxes	16,496	16,496	16,496
<hr/>			
	322,485	322,703	317,857
<hr/>			

# Deep Bay Improvement District

## Notes to the Consolidated Financial Statements

*For the year ended December 31, 2016*

### 9. Equity in tangible capital assets

Equity in tangible capital assets represents the net book value of the total tangible capital assets less long-term debt obligations assumed to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

	2016	2015
Beginning balance	1,710,420	1,674,886
Tangible capital asset acquisitions	40,666	123,578
Debt principal repayment	12,260	11,749
Amortization	(104,796)	(99,793)
	1,658,550	1,710,420

### 10. Financial instruments

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

### 11. Environmental liabilities

The District makes every reasonable effort to comply with all environmental regulations that apply to its operations. These regulations may require future expenditures to meet applicable standards. Amounts required to meet these obligations will be charged to operations or set aside as future reserves when they can be reasonably estimated.

### 12. Commitments

The District has one year remaining on a five-year contract with a contractor with an estimated annual payment of \$29,973.

### 13. Budget figures

Budget figures represent the budget adopted by the Board on October 25, 2015. The following schedule reconciles the consolidated surplus as presented in the budget as approved by the Board to the consolidated surplus for the year as shown on the Consolidated Statement of Operations and Accumulated Surplus.

Budget, as approved by the Board	-
Contingency	14,208
Capital purchases	51,546
Transfer to reserves	162,792
Budgeted surplus for the year, per the Consolidated Statement of Operations and Accumulated Surplus	228,546

**Deep Bay Improvement District**  
**Schedule of Tangible Capital Assets - Waterworks**

*For the year ended December 31, 2016*

**Schedule 1**

	Land	Buildings	Vehicles	Computer equipment	Maintenance equipment	Furniture and fixtures	Waterworks system	Totals	
								2016	2015
<b>Cost</b>									
Balance, beginning of year	7,164	37,020	5,000	11,580	44,659	3,522	3,402,559	<b>3,511,504</b>	3,409,663
Add:									
Additions during the year	-	-	-	-	-	-	14,637	<b>14,637</b>	101,841
Transfers in	-	-	-	-	-	-	-	-	-
Less:									
Disposals during the year	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Write downs	-	-	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>7,164</b>	<b>37,020</b>	<b>5,000</b>	<b>11,580</b>	<b>44,659</b>	<b>3,522</b>	<b>3,417,196</b>	<b>3,526,141</b>	3,511,504
<b>Accumulated amortization</b>									
Balance, beginning of year	-	21,478	2,620	11,275	13,924	2,917	1,956,783	<b>2,008,997</b>	1,941,275
Add:									
Amortization	-	1,122	254	203	4,349	110	65,200	<b>71,238</b>	67,722
Less:									
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>-</b>	<b>22,600</b>	<b>2,874</b>	<b>11,478</b>	<b>18,273</b>	<b>3,027</b>	<b>2,021,983</b>	<b>2,080,235</b>	2,008,997
<b>Net book value of tangible capital assets</b>	<b>7,164</b>	<b>14,420</b>	<b>2,126</b>	<b>102</b>	<b>26,386</b>	<b>495</b>	<b>1,395,213</b>	<b>1,445,906</b>	1,502,507

**Deep Bay Improvement District**  
**Schedule of Tangible Capital Assets - Fire Protection**

*For the year ended December 31, 2016*

**Schedule 2**

								Totals				
	Land	Buildings	Vehicles	Computer equipment	Furniture and fixtures	Communication equipment	Fire protection equipment	2016	2015			
<b>Cost</b>												
Balance, beginning of year	7,163	50,750	457,360	1,608	10,414	41,323	161,867	<b>730,485</b>	708,748			
Add:												
Additions during the year	-	-	-	-	-	3,260	22,769	<b>26,029</b>	21,737			
Less:												
Disposals during the year	-	-	-	-	-	(16,367)	-	<b>(16,367)</b>	-			
<b>Balance, end of year</b>	<b>7,163</b>	<b>50,750</b>	<b>457,360</b>	<b>1,608</b>	<b>10,414</b>	<b>28,216</b>	<b>184,636</b>	<b>740,147</b>	730,485			
<b>Accumulated amortization</b>												
Balance, beginning of year	-	32,096	257,317	977	9,761	32,994	91,557	<b>424,702</b>	392,631			
Add:												
Amortization	-	1,015	20,599	251	299	1,689	9,705	<b>33,558</b>	32,071			
Less:												
Accumulated amortization on disposals	-	-	-	-	-	(16,366)	-	<b>(16,366)</b>	-			
<b>Balance, end of year</b>	<b>-</b>	<b>33,111</b>	<b>277,916</b>	<b>1,228</b>	<b>10,060</b>	<b>18,317</b>	<b>101,262</b>	<b>441,894</b>	424,702			
<b>Net book value of tangible capital assets</b>	<b>7,163</b>	<b>17,639</b>	<b>179,444</b>	<b>380</b>	<b>354</b>	<b>9,899</b>	<b>83,374</b>	<b>298,253</b>	305,783			
		<b>Maintenance equipment</b>	<b>Waterworks system</b>									
Net book value of tangible capital assets - schedule 1		26,386	1,395,213	7,164	14,420	2,126	102	495	-	-	<b>1,445,906</b>	1,502,507
<b>Total net book value of tangible capital assets</b>		<b>26,386</b>	<b>1,395,213</b>	<b>14,327</b>	<b>32,059</b>	<b>181,570</b>	<b>482</b>	<b>849</b>	<b>9,899</b>	<b>83,374</b>	<b>1,744,159</b>	1,808,290

**Deep Bay Improvement District**  
**Schedule of Operations and Changes in Fund Balances - Waterworks**

*For the year ended December 31, 2016*

**Schedule 3**

						Totals		
	Operating Fund - Water	Capital Fund - Water	Restricted Reserve Fund - Water	Restricted Reserve Fund - Water	Internally Restricted Reserve Fund - Water	2016	2016 Budget (Note 13)	2015
			Capital	Renewal	Renewal			
<b>Revenue</b>								
Parcel taxes	-	-	-	140,460	-	<b>140,460</b>	140,242	140,242
Water tolls	150,780	-	-	-	-	<b>150,780</b>	158,128	148,730
Connection fees	10,339	-	-	-	-	<b>10,339</b>	1,000	2,548
Interest	2,420	-	4,240	5,643	903	<b>13,206</b>	100	13,328
Other income	1,153	-	-	-	-	<b>1,153</b>	500	980
Penalties and interest	5,086	-	-	-	-	<b>5,086</b>	4,500	6,024
Capital expenditure charge	-	-	-	-	-	-	-	5,400
	<b>169,778</b>	-	<b>4,240</b>	<b>146,103</b>	<b>903</b>	<b>321,024</b>	304,470	317,252
<b>Expenses</b>								
Advertising	113	-	-	-	-	<b>113</b>	150	352
Amortization	-	71,238	-	-	-	<b>71,238</b>	-	67,722
Association dues	-	-	-	-	-	-	50	-
Audit	7,770	-	-	-	-	<b>7,770</b>	7,850	7,429
Building repairs	2,880	-	-	-	-	<b>2,880</b>	3,400	2,757
Insurance	14,090	-	-	-	-	<b>14,090</b>	15,000	14,906
Licences	1,037	-	-	-	-	<b>1,037</b>	3,500	2,494
Mileage	780	-	-	-	-	<b>780</b>	1,200	1,044
Office expense	5,614	-	-	-	-	<b>5,614</b>	6,790	6,622
Professional fees	9,230	-	-	-	-	<b>9,230</b>	1,000	7,538
Repairs and maintenance	26,536	-	-	-	-	<b>26,536</b>	25,200	29,849
Seminars and training	410	-	-	-	-	<b>410</b>	2,000	125
Telephone	539	-	-	-	-	<b>539</b>	550	520
Utilities	18,019	-	-	-	-	<b>18,019</b>	17,400	16,149
Trustee remuneration	6,200	-	-	-	-	<b>6,200</b>	6,200	6,200
Wages	76,207	-	-	-	-	<b>76,207</b>	85,812	72,235
	<b>169,425</b>	<b>71,238</b>	-	-	-	<b>240,663</b>	176,102	235,942
Annual surplus (deficit)	353	(71,238)	4,240	146,103	903	<b>80,361</b>	128,368	81,310
<b>Fund balance</b>								
Balance beginning	193,818	1,502,507	347,856	304,754	93,695	<b>2,442,630</b>	2,340,785	2,340,785
Purchase of tangible capital assets	-	14,637	-	(14,637)	-	-	-	-
Interfund transfers	20,685	-	-	1,025	(1,025)	<b>20,685</b>	20,535	20,535
<b>Ending balance</b>	<b>214,856</b>	<b>1,445,906</b>	<b>352,096</b>	<b>437,245</b>	<b>93,573</b>	<b>2,543,676</b>	2,489,688	2,442,630

**Deep Bay Improvement District**  
**Schedule of Operations and Changes in Fund Balances - Fire Protection**

*For the year ended December 31, 2016*

**Schedule 4**

					Totals		
	Operating Fund - Fire Protection	Capital Fund - Fire Protection	Internally Restricted Reserve Fund - Fire Protection Capital	Internally Restricted Reserve Fund - Fire Hall Building Fund	2016	2016 Budget (Note 13)	2015
<b>Revenue</b>							
Fire protection taxes	165,747	-	-	16,496	<b>182,243</b>	165,747	177,615
Fire service revenue	28,379	-	-	-	<b>28,379</b>	6,300	21,500
Interest	3,635	-	3,891	236	<b>7,762</b>	400	6,448
Donations	14,950	-	-	-	<b>14,950</b>	-	450
	<b>212,711</b>	<b>-</b>	<b>3,891</b>	<b>16,732</b>	<b>233,334</b>	172,447	206,013
<b>Expenses</b>							
Amortization	-	33,558	-	-	<b>33,558</b>	-	32,071
Association dues	403	-	-	-	<b>403</b>	325	-
Audit	4,042	-	-	-	<b>4,042</b>	4,100	3,859
Building repairs	2,665	-	-	-	<b>2,665</b>	1,300	1,507
Equipment - firefighting	6,388	-	6,998	-	<b>13,386</b>	7,800	11,312
Honorariums	21,000	-	-	-	<b>21,000</b>	21,000	21,000
Insurance	1,181	-	-	-	<b>1,181</b>	1,000	968
Interest on long-term debt	4,043	-	-	-	<b>4,043</b>	-	4,555
Mileage	551	-	-	-	<b>551</b>	600	138
Office expense	1,653	-	-	-	<b>1,653</b>	1,650	1,360
Repairs and maintenance	2,002	-	-	3,118	<b>5,120</b>	8,200	6,312
Seminars and training	11,542	-	-	-	<b>11,542</b>	11,570	7,215
Service awards and clothing	1,004	-	-	-	<b>1,004</b>	3,000	1,221
Telephone	346	-	-	-	<b>346</b>	400	337
Vehicle expense	10,480	-	-	-	<b>10,480</b>	27,820	16,225
	<b>67,300</b>	<b>33,558</b>	<b>6,998</b>	<b>3,118</b>	<b>110,974</b>	88,765	108,080
Annual surplus (deficit)	145,411	(33,558)	(3,107)	13,614	<b>122,360</b>	83,682	97,933
<b>Fund balance</b>							
Balance beginning	183,803	207,913	303,352	13,039	<b>708,107</b>	708,107	630,709
Purchase of tangible capital assets	-	26,029	(26,029)	-	-	21,026	-
Transfer of long-term debt payment	(12,260)	12,260	-	-	-	-	-
Interfund transfers	(78,285)	-	57,600	-	<b>(20,685)</b>	(20,685)	(20,535)
<b>Ending balance</b>	<b>238,669</b>	<b>212,644</b>	<b>331,816</b>	<b>26,653</b>	<b>809,782</b>	792,130	610,174

**Deep Bay Improvement District**  
**Schedule of Reserve Funds**

*For the year ended December 31, 2016*

Schedule 5

						Totals	
	Restricted Reserve Fund - Water Capital	Restricted Reserve Fund - Water Renewal	Internally Restricted Reserve Fund - Water Renewal	Internally Restricted Reserve Fund - Fire Protection Capital	Internally Restricted Reserve Fund - Firehall Building Fund	<b>2016</b>	<b>2015</b>
<b>Beginning balance</b>	347,856	304,754	93,695	303,352	13,039	<b>1,062,696</b>	943,398
Transfer in (out)	-	1,025	(1,025)	57,600	16,496	<b>74,096</b>	64,639
Parcel taxes	-	140,460	-	-	-	<b>140,460</b>	140,242
Purchases	-	(14,637)	-	(33,027)	(3,118)	<b>(50,782)</b>	(104,940)
Capital expenditure charge	-	-	-	-	-	-	5,400
Interest income	4,240	5,643	903	3,891	236	<b>14,913</b>	13,957
<b>Ending balance</b>	<b>352,096</b>	<b>437,245</b>	<b>93,573</b>	<b>331,816</b>	<b>26,653</b>	<b>1,241,383</b>	1,062,696