

**HAGENSBORG WATERWORKS DISTRICT**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

HAGENSBORG WATERWORKS DISTRICT

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DECEMBER 31, 2013

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS**

**Report on the Financial Statements**

We have audited the accompanying statement of financial position of Hagensborg Waterworks District as at December 31, 2013 and the statements of changes in District position, financial activities and cash flows for the year then ended and a summary of significant accounting policies.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

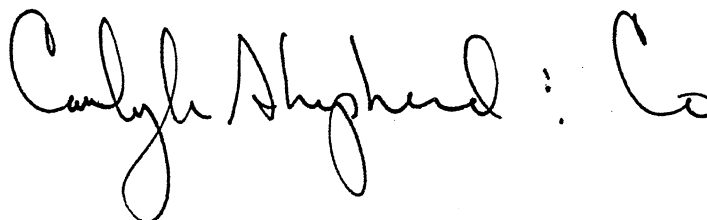
**Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2013 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Supplementary Information**

Prior year comparative data is from financial statements prepared by another firm of chartered accountants.

Terrace, BC  
April 13, 2014



HAGENSBORG WATERWORKS DISTRICT

STATEMENT OF FINANCIAL POSITION

DECEMBER 31

ASSETS

	2013	2012
	\$	\$
<b>CURRENT</b>		
Cash	701,046	619,486
Accounts receivable	18,803	27,696
Prepaid expenditure	<u>15,450</u>	<u>8,306</u>
	<u>735,299</u>	<u>655,488</u>
<b>PROPERTY AND EQUIPMENT (note 2 and 3)</b>	<u>469,653</u>	<u>411,878</u>
	<u>1,204,952</u>	<u>1,067,366</u>

LIABILITIES AND DISTRICT POSITION


CURRENT

Accounts payable and accruals	11,885	14,701
Deferred revenue (note 4)	<u>11,980</u>	<u>9,702</u>
	<u>23,865</u>	<u>24,403</u>

DISTRICT POSITION

	<u>1,181,087</u>	<u>1,042,963</u>
	<u>1,204,952</u>	<u>1,067,366</u>

APPROVED BY THE DIRECTORS

 Director

 Director

CARLYLE SHEPHERD & CO.

CHARTERED ACCOUNTANTS



HAGENSBORG WATERWORKS DISTRICT

STATEMENT OF CHANGES IN DISTRICT POSITION

YEAR ENDED DECEMBER 31

	Waterworks Operating Surplus	Fire Protection Operating Surplus	Waterworks Development Reserve	Waterworks Capital Reserve	Renewal Reserve	Equity in Property and Equipment	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	64,770	-	261,754	-	304,563	411,876	1,042,963	971,163
Revenue over expenditure	26,807	53,541	-	-	-	-	80,348	62,989
Property and equipment additions	-	-	-	-	-	71,010	71,010	31,401
Amortization	-	-	-	-	-	-13,234	-13,234	-22,590
Inter-fund transfer	-19,940	-26,000	19,940	26,000	-	-	-	-
Closing balance	71,637	27,541	281,694	330,563	469,652	1,181,087	1,042,963	

HAGENSBORG WATERWORKS DISTRICT

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

WATERWORKS OPERATIONS

	Unaudited Budget 2013 \$	Audited Actual 2013 \$	Audited Actual 2012 \$
<b>REVENUE</b>			
Watertoll	34,000	33,375	32,875
Parcel tax			
Operations	20,000	18,750	20,750
Capital development	91,000	90,950	90,375
Interest and other	6,100	8,562	8,768
	<u>151,100</u>	<u>151,637</u>	<u>152,768</u>
<b>EXPENDITURE</b>			
Administration	30,000	24,042	28,658
Bad debts	3,000	-	4,263
Honoraria	2,500	2,500	2,500
Insurance, licences and permits	12,400	9,703	9,218
Office and sundry	4,100	1,304	4,200
Professional services	12,000	9,130	14,228
Repairs and maintenance	9,000	4,582	14,810
Telephone	1,000	1,859	1,929
Training	500	-	1,500
Travel and meetings	1,500	700	1,278
Upgrades and expansion	29,000	71,010	31,401
	<u>105,000</u>	<u>124,830</u>	<u>113,985</u>
<b>REVENUE OVER EXPENDITURE</b>	<u>46,100</u>	<u>26,807</u>	<u>38,783</u>

HAGENSBORG WATERWORKS DISTRICT

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

FIRE PROTECTION

	Unaudited Budget 2013 \$	Audited Actual 2013 \$	Audited Actual 2012 \$
<b>REVENUE</b>			
Provincial assessment	41,898	41,897	41,254
Tax exempt properties	9,702	9,702	10,691
Fire fighting	-	24,200	-
Donations and other	-	146	50
	<u>51,600</u>	<u>75,945</u>	<u>51,995</u>
<b>EXPENDITURE</b>			
Aministration	-	3,630	-
Donations	-	-	1,000
Honoraria	1,700	4,560	1,680
Insurance, licences and permits	6,400	4,732	7,137
Repairs and maintenance	6,500	2,669	10,369
Telephone	4,500	4,083	4,016
Utilities	4,000	2,730	3,587
	<u>23,100</u>	<u>22,404</u>	<u>27,789</u>
<b>REVENUE OVER EXPENDITURE</b>	<u>28,500</u>	<u>53,541</u>	<u>24,206</u>

HAGENSBORG WATERWORKS DISTRICT

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

	2013	2012
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	80,348	62,989
Accounts receivable	8,894	105,061
Prepaid expenditure	-7,144	-18
Accounts payable and accruals	-2,816	-12,147
Deferred revenue	2,278	-935
Capital transactions included in operations	<u>71,010</u>	<u>31,401</u>
	<u>152,570</u>	<u>186,351</u>
<b>INVESTING ACTIVITIES</b>		
Property and equipment additions	<u>-71,010</u>	<u>-31,401</u>
<b>CHANGE IN CASH</b>	81,560	154,950
<b>OPENING CASH BALANCE</b>	<u>619,486</u>	<u>464,536</u>
<b>CLOSING CASH BALANCE</b>	<u>701,046</u>	<u>619,486</u>



# HAGENSBORG WATERWORKS DISTRICT

## NOTES

DECEMBER 31, 2013

### 1. PURPOSE OF ORGANIZATION

The Hagensborg Waterworks District (the "District") operated under the provisions of the Local Government Act and the Community Charter of British Columbia. It is responsible for maintaining and running the water system and the fire protection system in the Hagensborg area.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District are prepared by management in accordance with the Canadian public sector accounting standards.

Property and equipment are reported at cost and are amortized using the declining balance method at the following annual rates:

Buildings	2.5%
Equipment	
Automotive	15%
Other	20% & 50%
Pipeline system and Snootli	
Creek Dam	2%

Property and equipment additions are recorded as expenditures in the appropriate fund in the year of acquisition with a corresponding increase in equity in property and equipment. Amortization is recorded on the statement of changes in District Position.

Revenue is recorded in the period in which the transactions or events that give rise to the revenue occur. Funding from external parties restricted by agreement or legislation is reported as deferred revenue until used for the purposes specified. Investment revenue is recognized when earned.

Expenditures are recorded in the period when the goods and services are acquired and the liability is incurred.

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

It is management's opinion that the District's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks. The District measures financial assets and financial liabilities at market value at the date of acquisition.

# HAGENSBORG WATERWORKS DISTRICT

## NOTES

DECEMBER 31, 2013

### 3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value	
			2013	2012
	\$	\$	\$	\$
Land	3,684	-	3,684	3,684
Buildings	95,841	34,446	61,395	62,969
Pipeline System Equipment	675,842	308,075	367,767	302,813
Automotive	83,462	81,858	1,604	1,887
Other	58,582	38,867	19,715	24,720
Snootli Creek Dam	27,419	11,931	15,488	15,805
	<u>944,830</u>	<u>475,177</u>	<u>469,653</u>	<u>411,878</u>

### 4. DEFERED REVENUE

Deferred revenue is 2014 fire protection assessments levied in the 2013 fiscal year.