

HAGENSBORG WATERWORKS DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2014

HAGENSBORG WATERWORKS DISTRICT

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DECEMBER 31, 2014

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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, 2014 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.

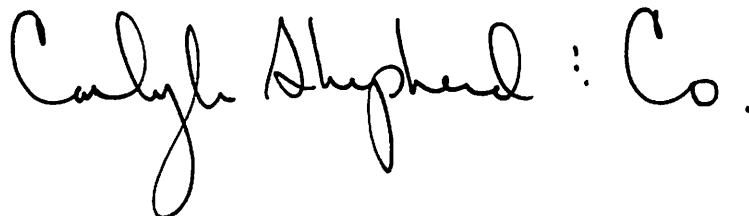
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, 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, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, BC
April 20, 2015



HAGENSBORG WATERWORKS DISTRICT

STATEMENT OF FINANCIAL POSITION

DECEMBER 31

ASSETS

	2014	2013
	\$	\$
CURRENT		
Cash	775,227	701,046
Accounts receivable	33,715	18,803
Prepaid expenditures	<u>10,986</u>	<u>15,450</u>
	<u>819,928</u>	<u>735,299</u>
PROPERTY AND EQUIPMENT (note 2 and 3)	<u>479,360</u>	<u>469,653</u>
	<u>1,299,288</u>	<u>1,204,952</u>

LIABILITIES AND DISTRICT POSITION

CURRENT

Accounts payable and accruals	12,313	11,885
Deferred revenue (note 4)	<u>9,631</u>	<u>11,980</u>
	<u>21,944</u>	<u>23,865</u>

DISTRICT POSITION

	<u>1,277,344</u>	<u>1,181,087</u>
	<u>1,299,288</u>	<u>1,204,952</u>

APPROVED BY THE DIRECTORS

_____ Director

_____ Director

HAGENSBORG WATERWORKS DISTRICT
STATEMENT OF CHANGES IN DISTRICT POSITION
YEAR ENDED DECEMBER 31

	Waterworks Operating Surplus	Fire Protection Operating Surplus	Waterworks Capital Development Reserve	Fire Protection Capital Reserve	Equity in Property and Equipment	2014	2013
	\$	\$	\$	\$	\$	\$	\$
Opening balance	71,637	27,541	281,694	330,563	469,652	1,181,087	1,042,963
Revenue over expenditure	49,801	36,748	-	-	-	86,549	80,348
Property and equipment additions	-	-	-	-	35,902	35,902	71,010
Amortization	-	-	-	-	-26,194	-26,194	-13,234
Inter-fund transfer	<u>-56,473</u>	<u>-30,950</u>	<u>56,473</u>	<u>30,950</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	<u>64,965</u>	<u>33,339</u>	<u>338,167</u>	<u>361,513</u>	<u>479,360</u>	<u>1,277,344</u>	<u>1,181,087</u>

HAGENSBORG WATERWORKS DISTRICT

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED DECEMBER 31

WATERWORKS OPERATIONS

	Unaudited Budget 2014 \$	Audited Actual 2014 \$	Audited Actual 2013 \$
REVENUE			
Watertoll	31,000	32,949	33,375
Parcel tax			
Operations	20,000	19,829	18,750
Capital development	89,000	88,325	90,950
Interest	3,000	14,124	6,653
Miscellaneous	1,000	1,353	1,909
	<u>144,000</u>	<u>156,580</u>	<u>151,637</u>
EXPENDITURE			
Administration	28,000	24,982	18,460
Advertising	1,000	1,610	269
Bad debts	3,000	3,063	-
Bank charges and interest	500	451	303
Bookkeeping	1,000	5,742	5,580
Honoraria	2,500	2,500	2,500
Insurance, licences and permits	12,000	11,746	9,703
Membership	400	570	-
Office and sundry	1,500	1,976	826
Point of entry maintenance	5,000	898	-
Professional services	10,500	7,038	9,130
Repairs and maintenance	9,000	8,112	4,491
Telephone	1,000	2,163	1,858
Training	2,500	700	-
Travel and meetings	1,500	3,376	700
Upgrades and expansion	21,000	31,852	71,010
	<u>100,400</u>	<u>106,779</u>	<u>124,830</u>
REVENUE OVER EXPENDITURE	<u>43,600</u>	<u>49,801</u>	<u>26,807</u>

HAGENSBORG WATERWORKS DISTRICT

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED DECEMBER 31

FIRE PROTECTION

	Unaudited Budget 2014 \$	Audited Actual 2014 \$	Audited Actual 2013 \$
REVENUE			
Provincial assessment	55,235	51,416	41,897
Tax exempt properties	9,665	9,901	9,702
Firefighting	-	-	24,200
Donations and other	-	50	146
	<u>64,900</u>	<u>61,367</u>	<u>75,945</u>
EXPENDITURE			
Administration	4,000	3,984	3,630
Equipment purchases	1,500	246	1,986
Fuel and oil	1,000	317	-
Honoraria	2,000	1,330	4,560
Inspection fees	2,400	1,564	1,892
Insurance, licences and permits	5,000	3,637	2,840
Repairs and maintenance	500	5,955	683
Telephone	4,500	4,298	4,083
Training	500	-	-
Utilities	2,000	3,288	2,730
	<u>23,400</u>	<u>24,619</u>	<u>22,404</u>
REVENUE OVER EXPENDITURE	<u>41,500</u>	<u>36,748</u>	<u>53,541</u>

HAGENSBORG WATERWORKS DISTRICT

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	86,549	80,348
Accounts receivable	-14,912	8,894
Prepaid expenditures	4,464	-7,144
Accounts payable and accruals	429	-2,816
Deferred revenue	-2,349	2,278
Capital transactions included in operations	<u>35,902</u>	<u>71,010</u>
	<u>110,083</u>	<u>152,570</u>
INVESTING ACTIVITIES		
Property and equipment additions	<u>-35,902</u>	<u>-71,010</u>
CHANGE IN CASH	74,181	81,560
OPENING CASH BALANCE	<u>701,046</u>	<u>619,486</u>
CLOSING CASH BALANCE	<u>775,227</u>	<u>701,046</u>

HAGENSBORG WATERWORKS DISTRICT

NOTES

DECEMBER 31, 2014

1. PURPOSE OF ORGANIZATION

The Hagensborg Waterworks District (the "District") operates 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%
Water purification and 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 public sector accounting standards 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 liabilities at market value at the date of acquisition.

HAGENSBORG WATERWORKS DISTRICT

NOTES

DECEMBER 31, 2014

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2014	2013
	\$	\$	\$	\$
Land	3,684	-	3,684	3,684
Buildings	99,891	35,982	63,909	61,395
Pipeline System	630,248	314,011	316,237	296,756
Equipment				
Automotive	83,462	82,099	1,363	1,604
Other	38,327	32,698	5,629	5,142
Snootli Creek Dam	27,419	12,239	15,180	15,488
Water Purification System	<u>98,672</u>	<u>25,314</u>	<u>73,358</u>	<u>85,584</u>
	<u>981,703</u>	<u>502,343</u>	<u>479,360</u>	<u>469,653</u>

4. DEFERRED REVENUE

Deferred revenue is 2015 fire protection assessments levied in the 2014 fiscal year.

5. COMPARATIVES

Comparatives have been restated to conform to current year presentation.