

DEWDNEY AREA IMPROVEMENT DISTRICT

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2016 ANNUAL GENERAL MEETING

Wednesday April 13, 2016 – 7:15 PM

Clarke Theatre, 33700 Prentise Avenue, Mission. B.C.

MINUTES

In Attendance

Doug McNeill (Chair)
Deb McKay (Vice- Chair)
David Scott
Doug Stinitin
Ernest Lowen
Brett Vander Wyk
Gus Derewenko

Gwen Zayonce-administrator/finance officer
Larry Weins-project manager
Bruce Edwards – projects
Dorothy Phillips – electoral officer
Jennifer McAeown- polling clerk
Paula Tonge-polling clerk

Absent-

Christian Leuzinger – trustee (resigned)
Peter Schalkx – trustee (resigned)
Ron Beck- dike maintenance manager
Darell McDonald- assistant dike manager

Public Attendance

Approximately 80 persons

Call to Order

Chair 7:20

Motion:

To adopt April 13, 2016 annual general meeting agenda.
Deb McKay/Doug Sinitin.
Opposed: None Abstentions: None Passed: Unanimously.

Motion:

To amend the agenda to include information on funding for evasive plant control.
Deb McKay/David Scott
Opposed: None Abstentions: None Passed: Unanimously.

ELECTIONS

Elections were conducted for 6 trustees for:

Dewdney Zone:	Gus Derewenko (resigned) -	1 year term
Dewdney Zone:	Brett Vander Wyk (term expired)	3 year term
Hatzic Lake Zone:	Ernest Lowen (retired)	3 year term
Hatzic Prairie Zone:	Douglas Sinitsin (term expired)	3 year term
Hatzic Prairie Zone:	Christian Leuzinger (resigned)	2 year term
Hatzic Prairie Zone:	Peter Schalkx (resigned)	1 year term

Electoral officer Dorothy Phillips began the process with a call for nominees followed by verbal confirmation of acceptance of their respective nominations. After the electoral officer made 3 calls for each of the 6 trustee vacancies, the names of the nominees were recorded on a white board.

For Dewdney Zone - 3 year term and Hatzic Lake Zone -3 year term, there were 3 nominees named in each zone and each nominee accepted. For all other zones there were only one nominee. A ballot vote was conducted by all registered land owners and the results were tabulated by the Polling Clerks Jennifer McAeown and Paula Tonge. These results were verified by Electoral Officer Dorothy Phillips and the supporting documents confirm the below results. Electoral Officer Dorothy Phillips announced the result

Dewdney Zone:	3 year term	-Bret Vander Wyk- elected
		-Heather Thompson
		-Rick Dekker
Dewdney Zone:	1 year term	-Roy Chaplin -acclamation
Hatzic Lake Zone:	3 year term	-Jim Loewen – elected
		-Donna Dulewich
		-Doug Sinitsin
Hatzic Prairie Zone:	3 year term	-Rod Shead - acclamation
Hatzic Prairie Zone:	2 year term	-Steve Anderson - acclamation
Hatzic Prairie Zone:	1 year term	-Paul Anderson – acclamation

Snow Pack Report:

The Chair referenced the B.C. River Forecast Centre April 1, 2016 “Snow Survey and Water Supply Bulletin” which reported as follows:

- Snow basin indices are near normal (80-120%) across the province, with a provincial average of 91%
- Warm weather at the end of March and early April has led to an onset of the melt season across the province with a result of snow melt two to three weeks earlier than usual this season.
- Seasonal volume runoff forecasts are near normal for most basins across the province. Near normal snow pack elsewhere in the province is an indication of normal seasonal flooding.
- With a basin-wide index of 96% for the Fraser River, seasonal risk to lower Fraser River from Hope downstream is normal. The expected peak flow for the Fraser River at Hope is 8000-9000 m3

Auditor's Report:

Chartered Accountant Ann Harper, representing Ann Harper Inc. present her report on the

DAID 2015 audited financial statements. Mrs. Harper referenced in some detail the:

- Statement of financial position
- Statement of revenue and expenditures
- Notes on the financial statements.

She offered to answer questions from the ratepayers. None were forthcoming.

Motion: To accept auditor's report on 2015 financial statements.

Deb McKay/ Doug Sinitsin

Opposed: None Abstentions: None Passed: Unanimously.

Motion: To appoint the the firm of Ann Harper Inc., as DAID's auditor for 2016

Deb McKay/ Dave Scott

Opposed: None Abstentions: None Passed: Unanimously.

Dike Maintenance Manager Report: - Presented by Larry Wiens for Ron Beck.

Appendix 1

Administration and Finance Officer Report: - Presented by Gwen Zayonce for Peter Hanslo

Appendix 2

Project Manager Report: - Presented by Larry Wiens

Appendix 3

Voting/Elections/Representation Update: - Presented by Deb McKay

Appendix 4

Motion: The chair advised the ratepayers they were required to set trustee meeting honorarium for 2016. Ratepayer Marge Glasson moved to keep the rate of \$50.00 that was held in 2015 for year of 2016. 2nd by Ratepayer Wayne Robertson and passed by all ratepayers present.

Invasive Plant Species Update:

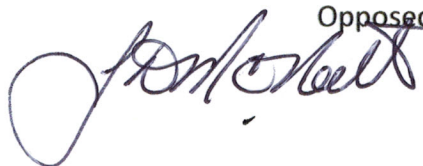
Chair Doug McNeill reported on invasive plant species and condition of the lake. A Tour of the lake by DAID trustees, local ratepayers, District of Mission representatives with Simon Gibson local Abbotsford/Mission MLA , resulted in conversations in regards to government funding possibilities, with no cost to DAID to control invasive plant species located in the lake.

On March 23, 2016 DAID Chair Doug McNeill submitted a letter requesting full funding and shared the below details of the letter with the ratepayers

- The estimated cost of comprehensive invasive aquatic species management program, including harvesting and disposal, for one season is approximately \$260,784.00 including 8% for management and reporting by DAID. All monies will be allocated to local, qualified contractors and businesses.
- Although we cannot participate financially in the invasive plant management projects we have many volunteers at the Trustee and ratepayer levels made up of farmers, residents and recreational users who will assist in the completion of the project while reducing costs.

Motion for Adjournment: Doug Sinitsin/Deb McKay

Opposed: None Abstentions: None Passed: Unanimously.



Appendix 1

Dike Manager's Report

Manager – Ron Beck

Assist. Manager – Darrell McDonald

The work of the Dike Manager and Assistant Dike Manager consisted mainly of daily checks of the dike, pump stations, intake gates, outflow gates and pump the station grounds. Ron also arranged and supervised the mowing and maintenance of the dike and removal of many trees that fall each year. Ron also records Fraser River & Hatzic Lake water levels daily as well as the water temperature during the summer months.

The Freshet of 2015 was a very short period and pumps were only run for about 5 days in May. In a normal Freshet when the river reaches its high level Ron and Darrell also have the responsibility of daily checks of the dike as well as checking for water boils.

Appendix 2

Administration and Finance Report 2015

Officer- Peter Hanslo

Review of 2015 Financial Statements supplied to all ratepayer:

It should be mentioned that the utilities/power (Hydro) billings for 2015 came in at \$62,417. Being under the \$112,749. expended for the year of 2014 and was due to favourable weather conditions using limited pumping systems.

The statement of financial position shows receivable taxes as \$46,411 and since has been reduced to \$34,587 which translates to over 90% of the previous years taxes being paid.

2016 budget showed a \$29,400 reduction over previous year due principally to utilities being reduced from the 2015 amount of \$100,000 to \$65,000.

The diking tax mill rate is calculated by dividing the current years annual budget by the total of the current year district property assessment values and shows a 3.62% increase over the previous year. The districts diking tax mill rate for 2016 is 1.58 or \$1.58 for every \$1,000 of assessed property value. The current mill rate shows a decrease of 11.23% over the 2015 mill rate of 1.78. Any increase in diking taxes will only be due to an increase in the assessment value determined by BC Assessment Authority.

In terms of local government act part 23 section 758(1) tax notices must only be sent out after the tax bylaw has been registered with the Ministry. DAID's 2016 Bylaw #73 was sent to the Ministry on March 24, 2016 by registered mail.

Appendix 3

Dewdney Area Improvement District April 13,
2016 Annual Meeting

PROJECT MANAGER'S REPORT

BRIEF OVERVIEW OF THE PAST, PRESENT AND FUTURE

THE PAST

1949 - After the 1948 flood, which destroyed the flood-control pumps, they were replaced by two 350 HP Cascade line-shaft pumps. Geotechnical limitations prevented the floor of the sump from being built below sea level, so the pumps could not be operated below 2.4 metres Above Sea Level (mASL). This resulted in 8 major freshet floods and 8 major winter floods by 2005.

2007 - The Provincial Emergency Program spent 1.7 million dollars to raise the Dike by about 4 feet to 9.6 mASL to withstand lessen the 2007 freshet which was predicted to crest at 9 mASL. This project was funded 100% by the Provincial Government which paid DAID 5% to administer the project.

2008 - The DAID Trustees approved a plan that was presented by the then Chair and myself to develop a long range plan to prevent future floods in the lands protected by our Dike, and applied for government funding. This was also the year that Governments indicated that all funding in the future would be shared equally by the Province, Federal Government and Local Government (DAID).

2013 - In September, a trial excavation of sand south of Dale Road West Bridge demonstrated the feasibility of increasing the conveyance of Lagace/Hatzic Slough by annual removal of aggraded sand. This led to the design of the Sand Removal Stations (SRS) that were constructed in 2015.

2014 - DAID staff designed and completed North America's first fish-friendly major flood-control pumping station on time and well within the \$4,039,000 budget. The three new 350 HP submersible pumps can be operated down to 0.7 mASL. This permits the lake to be pumped down in advance of heavy rainfalls to prevent flooding, supplemented by the 1949 pumps in an emergency. The combined capacity of the 5 pumps is now 19 cubic-meters/second or 430 million US Gallons per day. All five pumps were run for three days in December to prevent flooding. This incurred a demand charge of \$11,000 for December.

Bruce Edwards, DAID's Engineering Consultant conducted extensive qualitative surveys by boat of the watercourse including Bouchier Creek all the way to Dale Road East bridge. This provided the design information for DAID's successful flood-reduction and flooded-land reclamation program. UBC sediment transport specialists - Drs Mike Church, Len Lavkulich and Hans Schreier toured the area and confirmed the validity of the innovative design.

It was found that vegetation in the slough between Lagace Canal and the Farms Road bridge north of the store impeded water flow to the point where, after a heavy rainfall, water in the fields east of Farms Road were flooded up to 2 feet higher than Lagace at Dale Road West Bridge. A channel was therefore opened with a long-reach excavator. This permitted several previously unusable fields to be planted with blueberries.

Whereas, in previous years, there was a heavy rainfall causing major flooding every four years or so, in 2014 November through 2015 February there were four such heavy rainfalls. This time, Dale and Farms roads didn't flood because of the reduced resistance to flow in the above channel.

To prevent lakeside properties from flooding, in December all five pumps were run for several days. This incurred

2015 - April 1, BC Hydro introduced an exorbitant monthly minimum charge of \$5,500 -half of the above demand charge - even though no pumps were run. This could cost DAID an additional \$100,000 per year - 30% of its annual tax receipts - which is prohibitive. DAID's Engineering Consultant, Bruce Edwards, therefore applied as an intervenor to the BC Utilities Commission (BCUC) during BC Hydro's 2015 Rate Design Application for further increased rates. He pointed out the unreasonableness of applying the Large General Service rate schedule to flood control pumping, and by organizing the other municipalities to present a common front, he expects that both the minimum charge and demand charge will be eliminated, which could reduce DAID's Hydro bills by up to \$130,000 per year and taxes by over 30%. This process is slow. It could take him another two years.

Sand from Pattison Bowl infills Lagace Creek, Hatzic Slough and Hatzic Lake, which causes flooding and impairs recreational use of the lake. Permitting for sand removal from water bodies is an ongoing nightmare, and is so time-consuming, and therefore expensive, that DAID couldn't afford to get permits every year, as is required to prevent further flooding and infilling of the lake. For annual removal of this sand and to obtain a 30 year permit for this, DAID applied for and received an infrastructure grant ("EMBC Intake 2013") of \$625,000; DAID's 33% share was \$208,333. With this, 11 Sand Removal Stations (SRS) were constructed and 30-year sand removal permitting was applied for. The cost of construction was ~\$200,000. The cost of permitting and environmental consulting, monitoring and revegetation was an incredible \$300,000. DAID completed this project as of April 30 at a cost saving of \$120,000, saving its beleaguered taxpayers \$40,000. A long-term Occupancy Permit has been received. The only work remaining is an addendum to the SRS Operating Manual to permit economical sand removal and the timely issuance of Water Permits.

DAID also removed approximately 200 loads of sand from 9 of the 11 new SR Stations before the winter flooding season. This, with previous channel clearing, prevented major flooding as again there were five heavy rainfalls between November and 2016 March. The clean out of other areas of Hatzic Slough as well as the faster movement of water to the Fraser River has resulted in a lower water table in Hatzic Valley, this winter even though February and March rain fall was substantially more than most years, no flooding was experienced.

The future cost of sand removal should be offset by sale of the valuable construction grade sand.

THE PRESENT

Other jobs completed this year include the repairs to the old pump-house outlet flap gates and cement work. We have also installed a lifting system for the old flood flap gates that will allow rapid lifting of the gates to maximize drainage of the lake without running the pumps. At low heads, this can increase the drainage rate by up to 30%.

This year's Project is the 1st phase of EMBC Intake 2010 Tier 3 that was put on hold until DAID could complete the above Intake 2013 project. The \$200,000 for this project is in a DAID bank account. This project's priority

is to create a giant sand trap at the mouth of the Hatzic Slough to separate the sediment from the water. This catch basin can be cleaned as needed to reduce infilling of Hatzic Lake. The EAD for this project is completed and project permitting is ready to start.

THE FUTURE

Other work still to be completed includes:

1. Construction of a catch basin at the north end of Hatzic Lake to reduce further infill of Hatzic Lake with sand.
2. Pumping station completed in 2014
 1. Draining and inspecting the sumps and correcting, at Westport Constructions expense, the outof-spec vortex control structures. This must be done when the lake is below 0.7 mASL
 2. Electrical installation for security lights etc
 3. Providing a means of cleaning the trash racks during pump operation.
3. Old pumping station
 1. Draining and inspecting the sumps of the new pumping station to
 1. Repair cracked and spalled concrete,
 2. Install adequate pump beams and replace corroded columns to support the pumps
 2. Electrical installation for security lights
 3. Repairing the pump that began to throw grease immediately after it was rebuilt at the contractor's expense
 4. Lining the failing 1949 concrete discharge pipes to prevent catastrophic dike failure.
4. Electrical generator (1000 KW) to provide emergency power if BCUC agrees to order a non-firm interruptible BCH rate schedule with no demand and minimum charges, which could save DAID up to \$130,000 per year.
5. Dike
 1. Relief wells: Quantitative assessment during the freshet crest, and repair
 2. Impermeable facing for the precarious Fraser-side portion at the pumping stations
6. A workable updatable website
7. Identifying and training qualified replacements for Bruce Edwards and me.

The "good old days" of cheap electricity and lack of permitting requirements when the pump operator could simply switch on the 1949 pumps if the lake rose above 2.4 mASL during a heavy rain when the Fraser River was higher than the lake are long past. Now, with increasingly intense and unpredictable weather due to global warming, preventing floods at minimal electrical cost requires mathematical modeling taking into account tides and flow throughout the Fraser basin.

Bruce and I have presented a 5 year expenditure plan to the DAID Trustees. This plan includes construction projects as well as yearly maintenance of existing infrastructure. This plan can be used to set annual budgets that will eliminate wild swings in the mil rate.

I encourage the new (and continuing) trustees to study and follow the Trustees Handbook and the Improvement District Manual, both available on line. Being a Trustee is a voluntary position that carries with it a tremendous responsibility to all the landowners.

My contract ends this April 30th. I have appreciated the chance to serve you for the past 10 years and will meet with the Trustees at their next full meeting to discuss my future involvement.

NOTE ON STAFFING

Throughout my work with DAID, Bruce Edwards has been my indispensable partner, working in the background to provide technical, engineering, business and government expertise and his vast experience in overcoming obstacles to get excellent results at minimal cost. He has saved DAID hundreds of thousands of dollars plus large cuts to Hydro bills. Without him, the new pumping station would have cost \$4,000,000 over the \$4,000,000 budget, and so could never have been built. Please see the attached spreadsheet DAID140128b... below showing his cost-saving measures. He served as my deputy when I have been unavailable.

Appendix 4

DAID 2015 Election/Voting Procedures Committee – update for 2016

AGM Mandate

The DAID 2015 Election/Voting Procedures Committee mandate was to review DAID election procedures, zone representation, alternative voting methods and provide recommendations to DAID trustees. DAID trustees will take action or make decisions on final report and present to district property owners at a future AGM.

Committee: consisted of:

- 3 Hatzic Lake Trustees and 2 Hatzic Lake ratepayers.
- 2 Dewdney Trustees and 3 Dewdney ratepayers.

No Hatzic Prairie Trustees or Hatzic Prairie ratepayers chose to represent this zone.

Meetings: were held in February, October and November of 2015. Final report presented to DAID Trustees in February 2016

Election Procedures Document:

The Committee reviewed a draft Election Voting procedure document that was based on the Improvement District guidelines with an addition to provide DAID trustees an option to call an election to fill a vacancy of more than 6 months

Nominations:

The committee requested recommendations from Ministry regarding nominations for each zone trustees be restricted to district owners within each zone. No response was received from the Ministry.

Committee discussed at length nominations being restricted to within each zone, zones needing to work as a team to strive for a better Improvement District. Improvement District Manual Administration Section B – Nominations: “There are no requirements that a nominator must be an eligible elector”.

Zone Representation: Committee members had hours of dialogue and exchange of views regarding:

- Number of properties (PIDs) in each zone
- Number of folios (taxation folios) in each zone
- Taxation dollars &, percentage of taxes paid by each zone □ Current representation:

- Representation by population
- Properties with multiple owners
- Properties owned by corporations with multiple taxation folios

RECOMMENDATIONS:

1. Election / Voting Procedure Documentation:

DAID Trustees adopt Election/Voting Procedure Document to be formalized as a By-Law.

2. Nominations:

Nominations can be made from any District Property Owner for any zone.

3. Representation:

Committee could not come to a unanimous agreement, so provided proposed representation options for DAID trustees to review and make choices to be presented to District Property Owners for input.

Committee proposed options:

A.) Representation by % of number of PIDs

3 Zones: Hatzic Lake - 4 Trustees Dewdney - 3 Trustees Hatzic Prairie - 2

Trustees B.) Retain current representation

3 Zones: 3 Trustees for each Zone

C.) 2012 Voting Eligibility Committee Recommendation

2 Zones: Hatzic Lake - 5 Trustees Dewdney/Hatzic Prairie - 4 Trustees

DAID Trustees met to review zone representation and decided to seek Ratepayer guidance via survey at a Special Meeting to be held in 2016. Meeting notification will be sent to all ratepayers via mail.

April 12, 2016
Simon Gibson, MLA
Mission-Abbotsford

Dewdney Area Improvement District (DAID)
Dewdney BC

Further to our March 23, 2016 meeting and lake tour with you, the Hon. Mary Polak, the Hon. Steve Thomson with representatives from DAID, the Hatzic Lake Association, Mission City and FVRD.

Re: Funding request for Milfoil & Invasive Aquatic Plant Species Management

Hatzic Lake, which is approximately 325 hectares, is being choked by the invasive plant species which are abundant in the lake and its tributaries. The invasive plant species including Eurasian Milfoil, Flowering Rush, Floating Pond Weed and Canary Grass must be managed. In 2015, the lake had become impassable in several areas for recreational activities and the water flow restricted. These plant species must be brought under control.

The flow of water has also been impeded, particularly in Chilqua Creek, which is the 2nd largest tributary to the lake. Managing the invasive plants in the lake's tributaries, would increase water flow, thus making this aquatic environment less attractive to the invasive plants which tend to thrive in still, shallow and warm water.

Any previous control methods have been very localized and restricted to the shoreline; these being completed by property owners. The proposed method of management is to follow the Okanagan Basin Water Board (OBWB) model using mechanical harvesting during 3 summer months (June to August). We have studied the pros and cons of many viable methods and found the OBWB management method to be the best choice for the Hatzic Lake environment. 1

DEWDNEY AREA IMPROVEMENT DISTRICT
Financial Statements
Year Ended December 31, 2015

DEWDNEY AREA IMPROVEMENT DISTRICT
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Year Ended December 31, 2015

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Ann Harper Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Dewdney Area Improvement District

I have audited the accompanying financial statements of Dewdney Area Improvement District, which comprise the statement of financial position as at December 31, 2015 and the statements of revenues and expenditures, changes in net financial liabilities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

(continues)

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Dewdney Area Improvement District as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Standards.

Ann Harper Inc.

Mission, British Columbia
March 18, 2016

Ann Harper Inc.
Chartered Professional Accountant

DEWDNEY AREA IMPROVEMENT DISTRICT

Statement of Financial Position

December 31, 2015

	2015	2014
Financial assets		
Cash, unrestricted	\$ 60,039	\$ 24,665
Cash, restricted Tier 2	-	6,833
Cash, restricted Tier 3	5,823	14,190
Investments, unrestricted	74,337	21,770
Investments, restricted Tier 3 (Note 4)	135,524	283,671
Receivables, taxes	46,411	35,046
Receivables, other (Note 9)	29,475	30,563
Goods and services tax recoverable	29,775	43,598
Renewal reserve fund investments	-	3,440
	<u>381,384</u>	<u>463,776</u>
Liabilities		
Revolving line of credit (Note 5)	62,472	-
Accounts payable	21,371	85,330
Deferred revenue (Notes 6, 9)	135,524	183,671
Loan payable (Note 7)	637,500	675,000
	<u>856,867</u>	<u>944,001</u>
Net Financial Liabilities	<u>(475,484)</u>	<u>(480,225)</u>
Non-financial assets		
Security deposit	1,000	-
Prepaid expenses	20,269	25,098
Tangible capital assets (Note 8)	17,797,194	17,533,610
	<u>17,818,463</u>	<u>17,558,708</u>
Accumulated surplus	<u>\$ 17,342,979</u>	<u>\$ 17,078,483</u>

On behalf of the Board

Director

DEWDNEY AREA IMPROVEMENT DISTRICT

Statement of Changes in Net Financial Liabilities

December 31, 2015

	Budget 2015 (Note 3)	2015	2014
Operating surplus	\$ -	\$ 264,496	\$ 288,148
Acquisition of tangible capital assets	(366,343)	(366,343)	(638,047)
Amortization of tangible capital assets	102,759	102,759	111,594
	(263,584)	(263,584)	(526,453)
Acquisition of prepaid expenses	-	(20,269)	(25,098)
Use of prepaid expenses	-	25,098	12,971
Acquisition of security deposit		(1,000)	-
	-	3,829	(12,127)
Change in net financial (liabilities) assets	(263,584)	4,741	(250,432)
Net financial assets, beginning of year	(480,225)	(480,225)	(229,793)
Net financial (liabilities) assets at end of year	\$ (743,809)	\$ (475,484)	\$ (480,225)

DEWDNEY AREA IMPROVEMENT DISTRICT
Statement of Revenues and Expenditures
For the Year Ended December 31, 2015

	Budget (Note 3) 2015	Total 2015	Total 2014
Revenue			
Dyking tax levy, interest and penalties	\$ 380,000	\$ 395,508	\$ 300,853
Emergency Management BC, Tier 2 cost sharing agreement	-	-	338,338
Emergency Management BC, Flood Protection Program Transfer Under Agreement (Note 9)	-	231,814	58,791
Emergency Management BC, Tier 3 shared cost agreement (Notes 6, 9)	-	48,147	18,465
Interest	-	2,103	3,971
Other revenue	-	1,287	-
	380,000	678,859	720,418
Expenses			
Administrative			
Advertising	1,300	1,704	2,943
Amortization of tangible capital assets	50,000	102,759	111,594
Audit	6,300	7,500	7,140
Bank charges and interest	1,000	4,422	1,078
Insurance	25,000	26,333	29,336
Interest on long term debt	26,000	22,252	23,913
Legal	5,000	4,375	7,893
Management and accounting	31,200	31,200	30,000
Meetings	3,500	5,238	3,530
Office and postage	5,500	7,610	4,863
Storage	1,900	1,869	1,825
Workers' compensation	1,500	1,370	1,234
	158,200	216,632	225,349
Operating			
Maintenance and construction	109,000	52,793	54,385
Mowing	10,000	10,060	9,680
Power	100,000	62,417	112,749
Telephone	2,800	2,833	2,406
Tier 3 silt management program	-	69,628	27,701
	221,800	197,731	206,921
Operating surplus	\$ -	\$ 264,496	\$ 288,148

See notes to financial statements

DEWDNEY AREA IMPROVEMENT DISTRICT

Statement of Cash Flows

Year Ended December 31, 2015

	2015	2014
Operating activities		
Excess of revenue over expenses	\$ 264,496	\$ 288,148
Item not affecting cash:		
Amortization of tangible capital assets	102,759	111,594
	<u>367,255</u>	<u>399,742</u>
Changes in non-cash working capital:		
Goods and services tax payable	13,823	157,361
Prepaid expenses	4,829	(12,127)
Security deposit	(1,000)	-
Receivables, taxes	(11,363)	(731)
Receivables, other	1,088	257,276
Accounts payable	(63,959)	(490,956)
Deferred revenue	(48,147)	(18,465)
	<u>(104,729)</u>	<u>(107,642)</u>
Cash flow from operating activities	<u>262,526</u>	<u>292,100</u>
Investing activities		
Purchase of tangible capital assets	(366,343)	(1,215,257)
Proceeds on disposal of tangible capital assets	-	577,211
Investments, unrestricted	(52,567)	(21,770)
Investments, restricted Tier 3	148,147	(80,839)
Renewal reserve fund investments	3,440	1,672
Cash flow used by investing activities	<u>(267,323)</u>	<u>(738,983)</u>
Financing activities		
Proceeds from long term financing	-	225,000
Repayment of long term debt	(37,500)	(37,500)
Cash flow from (used by) financing activities	<u>(37,500)</u>	<u>187,500</u>
Decrease in cash flows	<u>(42,297)</u>	<u>(259,383)</u>
Cash - beginning of year	<u>45,688</u>	<u>305,071</u>
Cash - end of year	<u>3,391</u>	<u>45,688</u>
Cash consists of:		
Cash, unrestricted	\$ 60,039	\$ 24,665
Cash, restricted Tier 2	-	6,833
Cash, restricted Tier 3	5,823	14,190
Cheques issued in excess of funds on deposit, Tier 2	(62,472)	-
	<u>\$ 3,390</u>	<u>\$ 45,688</u>

See notes to financial statements

DEWDNEY AREA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2015

1. Purpose of the Improvement District

Dewdney Area Improvement District (the "Improvement District") was incorporated in 1972 by Letters Patent issued under Order in Council number 3164/72 with the objects of dyking and drainage of land and construction, acquisition, maintenance and operation of works for these purposes. Dewdney Area Improvement District is exempt from income taxes provided certain requirements of the Income Tax Act are met.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments using guidelines developed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Tier 2 Pump house	50 years
Pump house	80 years
Pumps	10 years
Pumps (Tier 2 Pumphouse)	30 years
Gates	10 years
Cattle guards	40 years
Outflow gates	20 years
Power lines	25 years
Fencing	40 years
Grating	20 years
Flow measurement system	5 years
Software	10 years
Flood box slide gates	20 years

The Improvement 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 constructed during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Revenue from taxes are accrued and recorded during the period that the related services are provided.

Transfers from Emergency Management BC under shared cost agreements are recognized as revenue in the period in which the eligible expenditures have been made.

(continues)

DEWDNEY AREA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2015

2. Summary of significant accounting policies (*continued*)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 which they become known. Actual results could differ from these estimates.

Investments

Investments are recorded at the lower of cost plus accrued interest, and market value.

3. Budget information

The budget information has been presented for information purposes only and has not been audited or reviewed.

4. Investments, restricted

Investments are held to maturity.

	2015	2014
Canadian Imperial Bank of Commerce, Guaranteed Income Certificate Maturing August 4, 2016 with interest @ 0.90%	\$ 135,524	\$ -
Canadian Imperial Bank of Commerce, Guaranteed Income Certificate Maturing May 6, 2015 with interest @ 1.6%	-	183,671
Canadian Imperial Bank of Commerce, Guaranteed Income Certificate Maturing May 6, 2015 with interest @ 1.6%	-	50,000
Canadian Imperial Bank of Commerce, Guaranteed Income Certificate Maturing May 6, 2015 with interest @ 1.6%	-	50,000
	\$ 135,524	\$ 283,671

DEWDNEY AREA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2015

5. Revolving line of credit

	2015	2014
Cheques issued in excess of funds on deposit, Tier 2	\$ 62,472	\$ -

The revolving line of credit provided with the Canadian Imperial Bank of Commerce is payable on demand and bears interest at prime plus 0.750% per annum. Maximum borrowing on the line of credit is \$200,000 and the line is secured by guaranteed investment certificates and a charge over the taxation authority and toll collection of the Improvement District.

Cheques issued in excess of funds on deposit are the result of the payment of expenses related to the Emergency Management BC (EMBC) Hatzic Valley Pumping Station project described in part 2 of (Note 9). Expenses must be paid in full prior to making application for reimbursement with EMBC. As at December 31, 2015, \$29,475 of reimburseable expenses are included in Receivables, other. The additional \$32,997 represents approximately \$17,000 in goods and services tax recoverable and a share of the management fees paid to the Administration and Financial Manager totalling \$18,000 per annum. These management fees are ineligible for reimbursement by EMBC.

6. Deferred Revenue

In 2011 the Improvement District contracted with the Emergency Management BC (EMBC), Flood Protection Program to implement the Tier 3 Lower Lagace Creek Sediment Management Program. EMBC advanced the full amount of \$320,000 under the shared cost agreement in 2011. EMBC's proportionate share of costs is recognized as revenue in the period to which the eligible expenditures relate.

	2015	2014
Province of British Columbia, Tier 3 grant		
Opening balance	\$ 183,671	\$ 202,136
Less: expenses paid	(48,147)	(18,465)
	135,524	183,671
	135,524	\$ 183,671

7. Long term debt

	2015	2014
CIBC loan bearing interest at prime plus .5% per annum, repayable in annual instalments of \$37,500, plus monthly payments of interest only. The loan matures on July 31, 2032 and is secured by charge over the taxation authority and toll collection of the Improvement District.	\$ 637,500	\$ 675,000
Amounts payable within one year	-	-
	\$ 637,500	\$ 675,000

Principal repayment terms are approximately:

(continues)

DEWDNEY AREA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2015

7. Long term debt (continued)

2016	\$ 37,500
2017	37,500
2018	37,500
2019	37,500
2020	37,500
Thereafter	487,500
	<u>\$ 675,000</u>

8. Tangible capital assets

	2015		2014	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Dykes	\$ 13,506,488	\$ -	\$ 13,506,488	\$ -
Land	47,910	-	47,910	-
Tier 2 Pump house	3,261,193	129,311	3,261,193	64,655
Pump house	20,000	16,500	20,000	16,250
Pumps	743,041	192,311	743,041	163,572
Gates	17,500	17,500	17,500	17,500
Cattle guards	10,000	4,250	10,000	4,000
Outflow gates	12,000	6,600	12,000	6,000
Power lines	100,000	74,000	100,000	70,000
Fencing	25,000	16,250	25,000	15,625
Grating	10,000	8,000	10,000	7,500
Flow measurement system	24,000	24,000	24,000	24,000
Software	10,000	5,500	10,000	4,500
Flood box slide gates	42,800	5,350	42,800	3,210
Sand recovery stations	466,834	-	100,490	-
	<u>\$ 18,296,766</u>	<u>\$ 499,572</u>	<u>\$ 17,930,422</u>	<u>\$ 396,812</u>
Net book value	<u>\$ 17,797,194</u>		<u>\$ 17,533,610</u>	

DEWDNEY AREA IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2015

9. Contractual obligations and subsequent events

1. Dewdney Area Improvement District (DAID) has contracted with Emergency Management BC (EMBC), Flood Protection Program to implement the Tier 3 Lower Lagace Creek Sediment Management Program. The original agreement being in effect from March 24, 2011 to February 28, 2014, with an extension to August 31, 2017 granted on March 27, 2015 as the performance of the various works under this project are limited to a very specific time frame under the jurisdiction of the Ministry of Fisheries.

Under the shared cost agreement the total budget was established at \$480,000. EMBC advanced its full share of \$320,000 (67% of the total) in 2011, with DAID financing the balance of \$160,000 (33%).

To date project expenses total \$276,710. Eligible expenses for 2015 total \$72,218, the EMBC share of \$48,147 has been recognized as revenue in the 2015 financial statements. The remaining balance of the project budget is \$203,290; the EMBC portion of \$135,524 is carried forward in deferred revenue with the remaining \$37,766 to be funded by DAID as the project continues.

2. On May 5, 2014, Dewdney Area Improvement District (DAID), contracted with Emergency Management BC (EMBC), Flood Protection Program under a Transfer Under Agreement for the upgrade of the Mission - Hatzic Valley Pumping Station in the amount of \$416,668 (67% of total). The total budget was established at \$625,000, with the project completion due by January 31, 2016.

Under the shared agreement EMBC reimburses DAID for its proportionate share of eligible expenditures, and revenue is recognized in the period the related eligible expenditures incurred. At December 31, 2015, other receivables includes \$29,475 in outstanding reimbursements from EMBC.

Eligible project expenses for 2015 total \$347,721, the EMBC share of \$231,814 has been recognized as revenue in the 2015 financial statements. The remaining balance of the project budget is \$189,089; the share of \$126,060 to be funded by EMBC will be received as the eligible expenditure is incurred and claimed.

10. Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

Ann Harper Inc.

Suite A – 7311 James Street, Mission, BC V2V 3V5 | Office: 604.826.1631 | Fax: 604.814.2431

March 18, 2016

Dewdney Area Improvement District
Box 3305
Mission BC V2V 4J3

Attention: The Board of Directors.

Dear Board of:

During the course of my audit of Dewdney Area Improvement District for the year ended December 31, 2015, I identified matters that may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management. Accordingly, an audit would not usually identify all such matters.

The matters identified were as follows:

Excavated Sand

Weakness

Currently, there appears to be no formal processes or policies in place with respect to the sand excavated from the Hatzic Slough.

Implications

The sand is an asset which may have significant financial value. Its cost should be inventoried and access to it controlled. Without the appropriate controls and processes in place not only is the sand itself vulnerable, but also any proceeds collected from its sale or disposal are at risk of misappropriation.

Recommendations

The value of the sand should be determined by including such costs as excavation, transportation, storage and monitoring of access. This value can then form the basis to determine the selling price. Individuals to be responsible for physical access to the sand, invoicing, collection of fees, and recording the sales transactions in the accounting systems should be identified. As much as possible these tasks should be segregated and assigned to several individuals to mitigate the risk for misappropriation of sale proceeds.

A simple pre-numbered three part invoice book could be used as a delivery receipt with one part going to the customer, one copy to the "bookkeeper" for invoicing and entry into the accounting system. The third receipt would remain intact in the invoice book providing a sequential audit trail. As a loss preventative measure cash sales should be discouraged.

Retirement of the administrator, financial manager

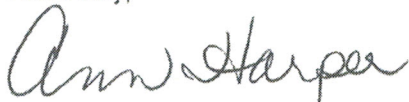
Working with Mr. Peter Hanslo has been a great pleasure. His in-depth knowledge and attention to the finer details of the operations have been of great assistance in the performance of this audit engagement.

I look forward to working with Peter's successor but must acknowledge that the individual's knowledge and experience may impact the performance of the audit and could result in additional audit time and therefore increased fees for the 2016 audit.

This communication is prepared solely for the information of management and is not intended for any other purpose. I accept no responsibility to a third party who uses this communication.

I trust you will implement my recommendations; however, should you require further clarification or information, please contact the undersigned.

Yours truly,

A handwritten signature in cursive script that reads "Ann Harper". The signature is written in dark ink and is positioned above the printed name.

Ann Harper, CPA, CA

ANN HARPER INC.

DEWDNEY AREA IMPROVEMENT DISTRICT

2016 OPERATING BUDGET

Revenue	2016	2015
Taxes		
Diking taxes, penalties and interest revenue	\$ 350,600	\$380,000
Total Revenue	\$ 350,600	\$380,000
Operating Expenditure		
Advertising/announcements	\$ 1,500	\$ 1,300
Amortization	100,000 ^(note 1)	50,000
Audit	6,500	6,300
Bank charges	2,500	1,000
Bank interest – longterm loan	20,000	26,000
Flood control	5,000	5,000
Flow measure gauges monitoring	5,000	2,000
Insurance	30,000	25,000
Legal	2,500	5,000
Maintenance - pump station	5,000	60,292
- dike mowing	10,000	10,000
- weed control	500	500
- dike security	500	500
- general	2,200	2,200
Meetings	5,500	3,500
Motor vehicle allowances	10,500	7,500
Office and general	4,000	3,500
Payroll CPP & EI contributions	1,000	-
Postage and courier	2,000	2,000
Contract salaries – administration	31,200	31,200
- project management	13,000	13,008
- dike maintenance	21,000	18,000
Storage	1,900	1,900
Telecommunications	2,800	2,800
Utilities	65,000 ^(note 2)	100,000
WorkSafe premiums	1,500	1,500
Total Expenditure	\$ 350,600	\$380,000
Year surplus/(deficit)	\$ Zero	\$ Zero