



**Mayne Island
Improvement District
53rd Annual General Meeting**



Agenda

1:00pm, Saturday April 8, 2017

Mayne Island Fire Hall

1. Meeting called to order
2. Approval of agenda
3. Approve minutes of past Annual General Meeting
4. Annual report from the Board of Trustees
5. Annual report from the Fire Chief
6. Annual report from the Corporate Administrative Officer
7. Motion to approve Remuneration for Trustees
8. Presentation of the Audited Financial Statements
9. Motion to Approve the Audited Financial Statements
10. Motion to Appoint the Auditor for 2017
11. Committee Reports
12. Other Business: Questions and comments
13. Election of Trustees – Election Officer , call for Volunteers
 - Two Trustees for a three (3) year term
 - One Trustee for a one (1) year term
14. Adjournment

Qualified Voters: must be a Canadian Citizen, 18 years or older, have been a resident of BC for the past 6 months, and be a registered owner or the designated agent of a registered company or society which is registered owner of real property on Mayne Island for more than 30 days.

Trustee Requirements: To run as a Trustee you must be a Canadian Citizen, 18 years or older, have been a resident of BC for the past 6 months, and be a registered owner, or their spouse, of real property on Mayne Island for more than 30 days.

MAYNE ISLAND IMPROVEMENT DISTRICT
DRAFT MINUTES of the 52nd ANNUAL GENERAL MEETING
Held on SATURDAY, APRIL 23th, 2016

The 52nd Annual General Meeting of the Mayne Island Improvement District (MIID) was held at the Fire Hall, Mayne Island, on Saturday, April 23rd 2016 commencing at 1:00 PM. Trustee Bob McKinnon chaired the meeting.

Present:

Trustees: Bob McKinnon; Cilla Brooke, Sharon Hinton, Brian Dearden, Doug Walker,
Staff: Corporate Administrative Officer: Katherine Somerville;
Administrative Assistant: Gerrie Wise; Fire Chief Steve DeRousie
Auditor: Sheila Henn
Approx 70 Mayne Island property owners and/or residents

1) MEETING CALLED TO ORDER:

The meeting was called to order at 1:03 PM and introductions of the Trustees, Fire Chief, Auditor, and Staff were made by the Chair, Bob McKinnon.

2) ADDITIONS TO/APPROVAL OF THE AGENDA

MOTION: Moved by Millie Leathers and seconded by Kyle Stobart that the Agenda for the 52nd Annual General Meeting of Saturday, April 23rd 2016 be adopted.

Motion was carried unanimously by show of hands.

3) APPROVAL OF MINUTES OF PAST ANNUAL GENERAL MEETING HELD ON APRIL 25th, 2015:

MOTION: Moved by Carl Bunnin and seconded by Jim Deverill that the Minutes of the 51st Annual General Meeting held on Saturday, April 25th, 2015 be adopted.

Motion was carried unanimously by show of hands.

4) ANNUAL REPORT OF THE BOARD OF TRUSTEES:

The Chair, Bob McKinnon presented the report¹, a copy of which is attached. He added several remarks regarding the improvements to the Health Centre and the building of the new Fire Hall. There are some considerations with the fire hall which the engineers and architect still need to sign off, following which the final occupancy permit will be obtained. The Chair briefly reviewed the costs and funding of the new fire hall. The Board and staff are pleased with the new hall and look forward to serving the community.

Q: Sid Mister Do you think the people who voted No are happy? He noted that he was denied a vote because there was no mail in vote.

The Chair stated his concerns would be noted in the Minutes.

The Chair continued his remarks, reviewing the staffing changes and stating that his resignation from the Board is effective at the end of this AGM. He then thanked the Trustees he has served with. He then asked for questions.

¹ Report from the Board of Trustees

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Q. Bill Warning: Where did the overages occur in the building of the fire hall?

A. Chair: There were approximately 1000 of truckloads of excavated material taken off the site for the foundation. There were a number of electrical engineering corrections and the fire sprinkler system was more costly than originally planned. Finally, time delays caused overages in supervisory wages and temporary accommodations.

Q. Sid Mister: Who approved the building design without a sprinkler system?

A Chair: It was not approved without a sprinkler system, the sprinkler system was only roughed in on the original plans, which was not allowable, hence a functional sprinkler system had to be installed.

A short discussion on the sprinkler system ensued.

MOTION: Moved by Jon Hoff and seconded Mary Cooper by that the Annual Report of the Board of Trustees be accepted as circulated.

Motion was carried unanimously by show of hands.

5) ANNUAL REPORT OF THE FIRE CHIEF:

The Fire Chief's Report, a copy² of which is attached to these minutes, was reviewed by Fire Chief DeRousie. He mentioned the highlights of the busy year, and reported we were able to operate out of temporary facilities. Unfortunately, some of our firefighters have moved away or resigned, however we have an active recruiting program to keep up our roster, and have been able to recruit some new firefighters. The Fire Chief mentioned one incident in particular: the August windstorm which caused multiple outages over the whole province, although the outages on Mayne were short with no damage reported.

He recognized all the long time service medals awarded to firefighters, highlighting Ron Willick as the longest serving active firefighter with 38 years and Harry Lane with 45 years including his service as an Auxiliary. A round of applause followed.

The Fire Chief reported on the number of emergency calls by our neighbouring Gulf Islands which are closely comparable to ours.

He reminded all that the Trustees are also volunteers, and thanked all the Trustees for their service.

MOTION: "Moved by Mary Cooper and seconded by Marion Worrall to accept the Fire Chief's Report."

Motion was carried unanimously by show of hands.

6) ANNUAL REPORT OF THE CORPORATE ADMINISTRATIVE OFFICER:

The Report³, a copy of which is attached to these minutes, was reviewed by Katherine Somerville and she asked for questions

MOTION: "Moved by Millie Leathers and seconded by Tracey DeRousie to accept the Corporate Administrative Officer's Report".

Motion carried unanimously by show of hands

² Fire Chief's Report for 2015

³ Administrator & Finance Officers' Report

MAYNE ISLAND IMPROVEMENT DISTRICT
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7) MOTION TO APPROVE REMUNERATION FOR TRUSTEES

The Chair explained that the MIID Trustees do not receive remuneration; but serve as volunteers.

MOTION: Moved by Kyle Stobart and seconded by Ken Chubb that Trustees receive no remuneration in 2016.

Motion was carried unanimously by show of hands.

8) PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS:

The Financial Statements⁴, copy of which is attached to these minutes, were presented by Sheila Henn, the Auditor for the Improvement District. The Auditor presented her “unqualified” Audit Report and gave an explanation of the Financial Statements including the Statement of Financial Position at December 31, 2015 and the Expenses for the year, as stated for Government Accounting Standards. The Notes were then briefly explained. The Revenues and Expenses for the Fire Protection Governance and Health Centre Operation were reviewed as well as the Statements of Reserves and Surpluses. The effects of the fire hall build on the balance sheet and expenses to Dec 31st were reviewed. The one exception for Audit adjustments was to adjust the operating statements to allow for temporary accommodations; however those were included in the fire hall construction budget.

The Auditor then asked for questions.

Q. Sid Mister How much was the rental for the temporary accommodation?

A. The Auditor replied that information is covered in Schedules: 1, 2, and 3 on page 13 and also on page 2 of CAO report shown as \$145,000

Q. Millie Leathers On schedule 3, what is the cause of the budget overage in the Health Centre Water system?

A. There were significant upgrades needed to the Health Centre water system

Q Sean Skiffington What does an unqualified audit mean?

A. It is the terminology used to denote that the audit process was not limited in any way and included all areas of the District’s finances. It means there were no exemptions or areas which could not be included in the audit.

Q. Jon Hoff regarding the Fire Hall Costs on page 2 of the CAO report, what amount was originally budgeted for the site work and septic system?

A. The Auditor referred the question to the CAO who replied that she does not have the complete construction records here but can supply that information later.

The Auditor explained that her role does not include auditing budgets and identifying overruns – but to ensure that all transactions are done properly according to Government standards.

The Chair stated he believed the overage in that area was \$140,000

Q. Sid Mister asked if all the extra excavation and trucking off the site was included in that figure?

A. The Chair replied that those costs were included and acknowledged the saving of funds since the district did not have to pay “dumping fees” for any of the material removed.

⁴ Audited Financial Statements

MAYNE ISLAND IMPROVEMENT DISTRICT
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9) MOTION TO APPROVE THE AUDITED FINANCIAL STATEMENTS:

MOTION: “Moved by Sean Skiffington and seconded by Jon Hoff that the Auditor’s Financial Report be adopted as presented”.

Motion was carried unanimously by show of hands.

10) MOTION TO APPOINT THE AUDITOR:

MOTION: Moved by Katherine Somerville and seconded by Tracy DeRousie that Patterson Henn be appointed as Auditor for the year 2016

Motion was carried unanimously by show of hands.

11) COMMITTEE REPORTS:

Fire Hall Committee The report was presented by Chair Bob McKinnon earlier under the Report from the Board.

12) OTHER BUSINESS: Questions and comments:

Q Sid Mister how many square feet in this part of the building?

A. Fire Chief replied approximately 3400 square feet.

Q. Sid Mister then asked for the number of firefighters.

A. The Fire Chief replied 23.

Q. Sid Mister commented that it seemed like a lot of space for such a few people

Q. Mary Cooper thanked the Board and Firefighters for their service, particularly during this past difficult year.

A round of Applause followed her comments

13) ELECTION OF TRUSTEES

Chair Bob McKinnon turned the meeting over to Trustee Walker, acting as Returning Officer, for the election of one Trustee for a 2-year term and two Trustees for a 3 year term. Trustee Walker thanked Bob McKinnon for his service. He then thanked the Staff for their dedication during the difficult construction time.

The Returning Officer then provided a summary of the election process and asked for two volunteer Ballot Counters. Mary Cooper and Carl Bunnin volunteered.

He then asked if any candidates wished to appoint a scrutineer to observe the ballot counting. Nominations were then presented by Trustee Walker:

For the 2-year position

Dereck Atha

Jim Deverill – Jim Deverill withdrew his candidacy

For the 3-year position:

Millie Leathers

Sean Skiffington

Bob Soper

(Bill) William Maylone

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A call was made for nominations from the floor.

David Maude was nominated by Wayne Ming and seconded by Marion Worrall for a 3year term.

David Maude accepted the nomination.

A second call was made for further nominations from the floor.

A third call was made for further nominations from the floor.

There being none further, nominations were closed and Trustee Walker declared Dereck Atha as elected by acclamation as the two-year term Trustee.

Trustee Walker asked new Trustee Atha and then each candidate to speak. Trustee Atha and each candidate spoke for approximately 3 minutes.

The Returning Officer thanked all the candidates and asked if there were any questions regarding the voting procedure. He then indicated the ballot box. Voting commenced and ballots were collected and counted by Doug Walker, Jon Hoff and Mary Cooper

Results were announced by the Trustee Walker as Elections Officer that Bob Soper and Sean Skiffington are elected as Trustees and offered his congratulations. He then thanked all the Candidates who put their name forward, and asked if any candidates would request a re-count and then for a motion to destroy the ballots.

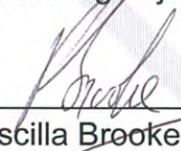
MOTION: Jon Hoff moved and Brian Haller seconded the motion to destroy the ballots.
The Motion was carried by a majority show of hands

The outgoing Chair Bob McKinnon thanked Doug Walker for acting as Elections Officer and asked for a motion to adjourn.

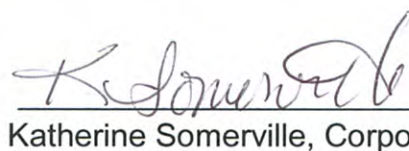
10)ADJOURNMENT:

MOTION: Doug Walker moved to adjourn the meeting. **Carried.**

Meeting adjourned at 2:15 PM



Priscilla Brooke, Chair



Katherine Somerville, Corporate Officer

cc: Ministry, Trustees, Staff, Website, Library, file

Mayne Island Improvement District

REPORT FROM THE BOARD OF TRUSTEES

53rd Annual General Meeting

Fire Hall

This new fire hall is a testament to the hard work of prior trustees and staff. It is a welcome addition to the assets owned by this community and provides our fire fighters, first responders and emergency services people with the space required to continue to excel in the services they provide.

Since the last AGM, I have been working on clearing minor deficiencies with Liberty and other contractors. We expect that we will be able to say the "Fire Hall is finished!" within the next month.

From my past experience with major projects, the final deficiency cleanup is always a challenge as most of the stakeholders have moved their focus onto the next projects and struggle to find time for the "almost finished projects." That said Liberty and others have stepped up and we are almost there. *Trustee, Sean Skiffington*

Health Centre

With the awarding of the 2016-17 maintenance contract to Anthony Mitchell the backlog of maintenance issues of the Health Centre building have been resolved. The communication coordination between the users of the Health Centre facilities and MIID has enabled the speedy resolution of any new ongoing problems that have arisen. The resolutions of any maintenance issues are now running smoothly. *Trustee, Bob Soper*

Garbage Disposal

Garbage collection continues to be provided by independent contractors. *Trustee, Brian Dearden*

Human Resources

From a Human Resources perspective, this past Summer and Fall was far from being uneventful. However, at the end of the year, we are pleased to announce that Kyle Stobart is Mayne Island's new Fire Chief, chosen from thirty-nine other applications for the position. And we also welcome Eric Walker as the Deputy Chief. Congratulations to both men. As Human Resources is an evolving process of monitoring and change, I strongly believe that Mayne Island is well served by our current staff wishing everyone continuing success for the upcoming year. *Trustee, Dereck Atha*

Communication

A communication committee was formed this year to facilitate the exchange of information between the fire department members and the elected trustees. This committee will allow us to make more informed decisions regarding the department in the future. *Trustee, Brian Dearden*

Board of Trustees,
Mayne Island Improvement District



Mayne Island Fire Rescue

2016 Annual Report

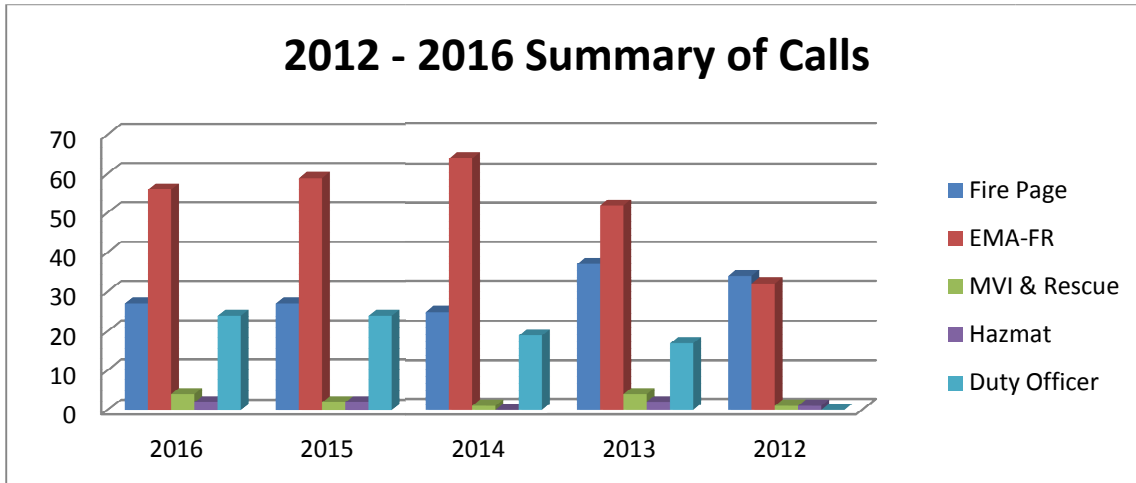


Serving Our Community With Pride

Response Analysis

Mayne Island Fire Rescue responded to 113 calls in 2016, including: Duty Officer pages, hazmat calls, motor vehicle incidents, fires and medical aid. The total number of pager responses is consistent with 2015, down only 1 response. Average response time to scene was 13 minutes and the average call duration was 60 minutes.

The following chart details an analysis of call comparisons for the past five years:



The majority of calls responded to by MIFR in 2016 as in the previous 5 years were medical calls, which is consistent within the fire service across North America. Second after first responder calls were fire pages, which range from actual structure fires to trees on hydro lines. Duty Officers responded to 22 pages including beach fires, smoke complaints, public assists and equipment restriction complaints. MIFR also responded to 2 hazmat incidents and 4 motor vehicle incidents in 2016. MIFR responded in 15 minutes or less for 73% of calls in 2016. Call duration varied in length from a few minutes to over 7 hours.

Service Level

The Office of the Fire Commissioner has defined 3 service levels for fire departments in British Columbia: Exterior, Interior and Full Service. Mayne Island Fire Rescue's service level as established by bylaw is defined as Full Service. This means that we have the training and equipment to perform a full spectrum of fire services, such as performing an offensive (interior) attack on a fire in a more complex structure than a single family dwelling (think school/hardware), hazmat, MVI etc.

Serving Our Community With Pride

Membership

2016 saw the loss of the 7 Fire Auxiliary members, a new hire, and an additional 2 resignations taking responder numbers to 15 members (5 new recruits as of March 6 bring our potential numbers to 20 members in the 1st half of 2017).

The following chart details current experience and training levels on the department:

Time Serving	Members	Training Level	Members
1 to 5 years	8	Exterior	3, + 5 in progress
5 to 10 years	4	FF1	1
10 to 20 years	2	FF2	10, + 1 in progress
20-30 years	0	Fire Officer 1	1, + 4 in progress
30 years +	1	Fire Officer 2	1 in progress

A firefighter 2 can lead a fire attack team into a burning building. Mayne Island is fortunate to have 10 members certified to firefighter 2. Many rural fire departments face challenges related to the availability of accredited training for their members.

Apparatus

Mayne Island Fire Rescue's fleet consists of 5 apparatus. A primary attack engine, a secondary engine/tender (tanker) 2 dedicated tenders and a standard pick-up truck equipped with emergency lights and siren.

Engine 2 is our primary pumper. It is a 2012 Spartan Legend series with 6 seats and a 1,500 GPM. pump. The addition of Engine 2 in 2013 provided the capacity to action a fire with a complete attack crew out of one truck.

Engine 1 is our secondary pumper truck/tender. It is a 1996 Freightliner with 3 seats and a 1,250 GPM. pump. Engine 1 is used for relay pumping to Engine 2 and as a Rapid Intervention Team water supply. Engine 1 will also respond as a primary pumper to a second alarm.

Tender 3 is a 2009 Freightliner with a 1,400 gal. water tank. Complete with a portable 2000 gal. drop tank, Tender 3 is our first due water supply apparatus.

Tender 1 is a 2000 Freightliner carrying 1,700 gal. and a 500 GPM pump. It is usually last truck out the door on a fire call.

Utility 1 is a 2012 Ford F250 standard pickup truck. Equipped with first responder gear it is first to respond on medical aid calls.

Serving Our Community With Pride

Prior to 2017 the fire department management structure included a full time Fire Chief and 2 part time Captains. This year, we have a more conventional management structure at the fire hall, consisting of a full time Fire Chief and Deputy Fire Chief. This has already resulted in a number of positive developments, including the implementation of a volunteer program, new fire recruit training curriculum and increased firefighter morale. Additionally, the Fire Chief/Deputy Fire Chief allows for a more thorough distribution of administrative tasks and creates a clear avenue for succession planning.

Both Deputy Chief Walker and I look forward to continuing to serve the community of Mayne Island in our new capacities in the fire department. We would also like to thank the firefighters for their hard work and dedication.

Kyle Stobart,
Fire Chief.

Serving Our Community With Pride

Mayne Island Improvement District

53RD ANNUAL GENERAL MEETING

April 8, 2017

The AGM offers the opportunity to summarize the operations of the District for the past year and look to 2017. This past year, 2016, marked my first year as Chief Administrative Officer for MIID. The Finance Officer and Administrator's positions were combined in January of 2016 to create the position of CAO. Prior to this, I served as the Finance Officer for the District since 2011. This first full year in the new fire hall has been challenging and rewarding.

Improvement Districts must comply with the *Local Government Act*, the Ministry of Community, Sport and Cultural Development and of course, all Federal and Provincial legislation. Board motions and bylaws are passed to govern the operation of the Improvement District. All active Bylaws are posted on the MIID website as are all meeting minutes and Policies adopted by the Board. Minutes and Bylaws and Policies are available at the MIID office during business hours.

The mission of the Mayne Island Improvement District is to provide responsible stewardship for fire protection, health services facilities, and garbage service to the community of Mayne Island. Trustees and staff work together to achieve the goals of the District. District Trustees and staff have worked diligently, and through careful management and strategic planning, the District has been able to provide a consistent taxation level for the operating budgets of the Health Centre and Fire Department, which have remained stable for several years.

The District and the Mayne Island Health Centre Association (MIHCA) maintain a strong working relationship to provide health care for the residents and visitors of Mayne Island. Under our Letters Patent and a memorandum of understanding with MIHCA, it is the responsibility of the District to provide and maintain the building, water system, emergency power, grounds and heliport for our island health care services.

One element of my duties as CAO is the management of the Health Centre facility and grounds. The original Health Centre building was built in 1975 and expanded in 1995 and recently the emergency treatment room was added to the building in 2013. Some maintenance highlights from 2016 included, thermostat upgrades to increase the heating efficiency, many aged sinks and taps were replaced and the emergency power transfer switch was repaired. The District also hired a new maintenance person.

The **MIID Website** at www.miidonline.com is maintained and updated by the staff and contains a great deal of information. Please visit the website for notices of meetings, monthly minutes and other relevant taxpayer information.

According to the District's Letters Patent, the Board must consist of 5 Trustees. The elections procedures are outlined on the following page. There are 3 Trustee positions up for election this year: two 3-year positions and one 1-year position. I look forward to the challenges ahead and welcoming 3 Board members.

Respectfully Submitted,

Katherine Somerville,
Corporate Administrative Officer,
Mayne Island Improvement District

MIID AGM Election and Voting Procedure 2017

Under Provincial Legislation the Mayne Island Improvement District was granted "Letters Patent" in 1964.

The Letters Patent mandates that there will be 5 Trustees and each Trustee should serve a term of 3 Years. At the end of their 3 year term the Trustee must resign although he/she may be nominated for a further term of 3 years. Normally Trustees will be elected at an AGM.

List of positions and Trustees to be determined:

- 1 Trustee is to serve a further 1 Year, namely Dereck Atha, who has resigned
- 2 Trustee is to serve a further 2 Years, namely Sean Skiffington and Bob Soper
- 1 Trustee has resigned prior to the end of this term, which is Cilla Brooke
- 1 Trustee must resign at this meeting and this is: Brian Dearden

Therefore we will be electing 2 Trustees to serve 3 years, and one Trustee to serve 1 year. All eligible voters should have two ballots.

Before proceeding to the Election, the following should be noted:

1. There are usually at least 12 Board meetings annually and each Trustee is encouraged to attend them all. Members of the public are welcome to attend.
2. A Quorum at any Board Meeting is comprised of at least 3 Trustees. If there are not 3 Trustees present, the meeting has to be postponed; no business may be conducted.
3. If for any reason a Trustee resigns during his/her term, under the Provincial Legislation the Improvement District must hold a Special General Meeting to elect a new Trustee for the remainder of his/her term or elect a Trustee at the AGM if it is scheduled within 60 days of the resignation.

ELECTION OFFICIAL, BALLOT COUNTER/S and SCRUTINEER(S):

Before any Voting takes place, it is required to have an Election Official and a Ballot Counter; Scrutineers may also be named. The Board or Staff usually request volunteers from those present or make arrangements prior to the AGM.

NOMINATIONS

The Chairman of the Nominating Committee will present names of Nominees received prior to the meeting. Nominations from the floor will be requested formally three times, at which time, if there are none further, Nominations will be declared closed.

Anyone making a nomination from the floor must state his/her name and the Nominee should state his/her willingness to run. A Nomination form then must be completed

Names of those nominated will be written on a flip chart or board visible to all.

If only sufficient candidates have been nominated for each position to be filled: the new Trustees will be declared as elected by acclamation.

OR - VOTING PROCEEDS:

The Election Official will oversee the election process and instruct Staff to distribute Ballots to eligible Voters (if they have not been received with package at the door). All ballots should be marked clearly and placed into the sealed Ballot Box.

All Ballot Slips will be counted by the Election Official and Ballot Counter, with a Scrutineer if one is present, after which the Results will be announced.

The newly elected Trustees will be given a Trustee Manual and arrange the date and time for the "Re-organization" meeting to elect the Chair, establish the Signing Officers and assign the Committee chairs.

MAYNE ISLAND IMPROVEMENT DISTRICT
Financial Statements
Year Ended December 31, 2016

MAYNE ISLAND IMPROVEMENT DISTRICT
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Year Ended December 31, 2016

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Mayne Island Improvement District are the responsibility of Mayne Island Improvement District and have been prepared in compliance with legislation, and in accordance with Canadian accounting standards for local governments. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

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

The Board of Trustees is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Paterson Henn CPA Chartered Professional Accountants. The independent auditor's report addressed to the Trustees appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the Improvement District in accordance with Canadian accounting standards for local governments.



Trustee



Trustee

Mayne Island, BC
March 13, 2017



PATERSON HENN CPA
 CHARTERED PROFESSIONAL ACCOUNTANTS

Caroline M. Paterson, CPA, CGA*

Sheila C. Henn, CPA, CA*

* denotes Incorporated Professionals

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Mayne Island Improvement District

We have audited the accompanying financial statements of Mayne Island Improvement District, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net surplus (debt) 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 accounting standards for local governments, 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

Our responsibility is to express an opinion on these 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 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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mayne Island Improvement District as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for local governments.


Sidney, British Columbia
 March 13, 2017

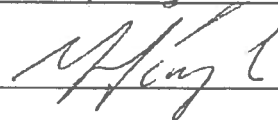
Chartered Professional Accountants

MAYNE ISLAND IMPROVEMENT DISTRICT
Statement of Financial Position
Year Ended December 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 299,391	\$ 312,267
Renewal reserve funds (Note 6)	168,544	386,269
Accounts receivable	9,247	58,622
	<u>477,182</u>	<u>757,158</u>
LIABILITIES		
Accounts payable and accrued liabilities	35,587	221,075
Long term debt (Note 4)	2,286,159	2,400,000
	<u>2,321,746</u>	<u>2,621,075</u>
NET FINANCIAL ASSETS	<u>(1,844,564)</u>	<u>(1,863,917)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	3,583,104	3,489,804
Prepaid expenses	18,380	18,778
Prepaid temporary occupancy costs	-	10,000
	<u>3,601,484</u>	<u>3,518,582</u>
ACCUMULATED SURPLUS (Notes 5, 6)	<u>\$ 1,756,920</u>	<u>\$ 1,654,665</u>

APPROVED BY THE TRUSTEES:





MAYNE ISLAND IMPROVEMENT DISTRICT

Statement of Operations

Year Ended December 31, 2016

	Budget 2016	Fire Protection 2016	Health Centre 2016	Total 2016	Total 2015
REVENUES					
Fire Protection Tax Levies	\$ 587,969	\$ 587,969	\$ -	\$ 587,969	\$ 587,969
Capital Tax Advance Levies	-	159,606	-	159,606	-
Health Centre Tax Levies	89,127	-	89,048	89,048	93,583
Penalties & Interest on Tax Levies	2,200	-	4,760	4,760	3,188
Rental Revenue	15,000	-	15,000	15,000	15,000
Burn Permit Sales	3,000	2,690	-	2,690	3,465
Contributions in Kind	-	-	-	-	4,728
Other Revenue	750	5,498	-	5,498	3,096
Interest Revenue on Reserve Funds	-	1,129	-	1,129	2,575
	<u>698,046</u>	<u>756,892</u>	<u>108,808</u>	<u>865,700</u>	<u>713,604</u>
EXPENSES					
Fire Protection expenditures (Schedule 1)	438,342	472,477	-	472,477	486,972
Governance expenditures (Schedule 2)	44,877	40,436	-	40,436	59,688
Health Centre expenditures (Schedule 3)	93,327	-	92,916	92,916	113,905
	<u>576,546</u>	<u>512,913</u>	<u>92,916</u>	<u>605,829</u>	<u>660,565</u>
Annual Surplus (Debt) from operations	<u>121,500</u>	<u>243,979</u>	<u>15,892</u>	<u>259,871</u>	<u>53,039</u>
OTHER REVENUE (EXPENSES)					
Amortization	-	(134,968)	(18,281)	(153,249)	(104,882)
Loss (gain) on disposal of tangible capital assets	-	(4,367)	-	(4,367)	-
Budgeted transfer to Fire Protection reserve	(86,000)	-	-	-	-
Capital purchases - Fire Protection	(22,500)	-	-	-	-
Budgeted transfer to Health Centre reserve	(13,000)	-	-	-	-
	<u>(121,500)</u>	<u>(139,335)</u>	<u>(18,281)</u>	<u>(157,616)</u>	<u>(104,882)</u>
ANNUAL SURPLUS (DEBT)	<u>\$ -</u>	<u>\$ 104,644</u>	<u>\$ (2,389)</u>	<u>\$ 102,255</u>	<u>\$ (51,843)</u>

MAYNE ISLAND IMPROVEMENT DISTRICT
Statement of Changes in Net Surplus (Debt)
Year Ended December 31, 2016

	Fire Protection 2016	Health Centre 2016	Tangible Capital Assets 2016	Renewal Reserves See Note 7 2016	Total 2016	Total 2015
NET SURPLUS (DEBT) - BEGINNING OF YEAR	\$ (2,233,403)	\$ 11,995	\$ 3,489,804	\$ 386,269	\$ 1,654,665	\$ 1,706,508
Annual surplus (debt)	104,644	(2,389)	-	-	102,255	(51,843)
Net tangible capital asset changes						
Amortization of tangible capital assets	134,968	18,281	(153,249)	-	-	-
Fire hall additions	(103,713)	-	103,713	-	-	-
Paving & apron	(66,500)	-	66,500	-	-	-
Fire fighting equipment	(80,703)	-	80,703	-	-	-
Disposal of paving & apron	4,367	-	(4,367)	-	-	-
	(2,240,340)	27,887	3,583,104	386,269	1,756,920	1,654,665
Renewal reserve transfers (per budget)	(86,000)	(13,000)	-	99,000	-	-
Transfer of prior year surplus	-	(4,829)	-	4,829	-	-
Reserve funds interest income	(1,119)	(4)	-	1,123	-	-
Fire protection - capital purchases per Bylaws	322,677	-	-	(322,677)	-	-
NET SURPLUS (DEBT) - END OF YEAR	\$ (2,004,782)	\$ 10,054	\$ 3,583,104	\$ 168,544	\$ 1,756,920	\$ 1,654,665

MAYNE ISLAND IMPROVEMENT DISTRICT
Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Annual surplus (debt)	\$ 102,255	\$ (51,843)
Items not affecting cash:		
Amortization of tangible capital assets	153,249	104,882
Loss on disposal of tangible capital assets	4,367	-
	<u>259,871</u>	<u>53,039</u>
Changes in non-cash working capital:		
Accounts receivable	49,375	(29,888)
Accounts payable and accrued liabilities	(185,488)	115,027
Prepaid expenses	398	1,643
Prepaid temporary occupancy costs	10,000	8,196
	<u>(125,715)</u>	<u>94,978</u>
Cash flow from operating activities	<u>134,156</u>	<u>148,017</u>
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(250,916)	(2,059,716)
	<u>-</u>	<u>-</u>
Cash flow used by capital transactions	<u>(250,916)</u>	<u>(2,059,716)</u>
INVESTING TRANSACTIONS		
(Increase) decrease in renewal reserve funds	<u>217,725</u>	<u>(103,336)</u>
FINANCING ACTIVITIES		
Repayment of bank debt	-	(301,080)
Proceeds from long term financing (Note 4)	-	2,400,000
Repayment of long term debt	(113,841)	-
	<u>(113,841)</u>	<u>2,098,920</u>
Cash flow from (used by) financing activities	<u>(113,841)</u>	<u>2,098,920</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(12,876)</u>	<u>83,885</u>
Cash - beginning of year	<u>312,267</u>	<u>228,382</u>
CASH - END OF YEAR	<u>\$ 299,391</u>	<u>\$ 312,267</u>

MAYNE ISLAND IMPROVEMENT DISTRICT

Notes to Financial Statements

Year Ended December 31, 2016

1. NATURE OF OPERATIONS

The Mayne Island Improvement District (the "Improvement District") is an Improvement District in British Columbia, Canada, governed by the Local Government Act, Letters Patent and its own bylaws. It is tax-exempt pursuant to the Canadian Income Tax Act.

The Improvement District is empowered to levy taxes to support the provisions of fire protection, the operation of the Mayne Island Health Centre and to ensure garbage disposal services are provided to the community. Fire protection consists of prevention services, fire control and public education. The Health Centre facility and heliport are maintained by the Improvement District while the operations are carried out in collaboration with the Mayne Island Health Centre Association (MIHCA). The Improvement District relegates the garbage collection operation to independent Mayne Island residents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for local governments (GAAP). This format conforms with the published model financial statements issued by the Local Government Division of the Ministry of Community, Sports, and Cultural Development of the Province of British Columbia.

Basis of accounting

Operating Funds - Fire Protection and Health Centre

Revenues and expenses related to fire protection, governance of the fire protection operations and the Health Centre are reported in the Operating Fund. The programs consist of fire protection and governance as well as the Health Care Centre and heliport. The operating fund also accounts for the net bank debt and long term debt and the associated costs for these, unless considered construction costs. Costs specific to one function only are charged to the specific cost centre. When costs relate to the entire Improvement District, the expenses are consistently allocated 35% to Fire Protection, 30% to Governance of the Fire Protection operations, and 35% to the Health Centre.

Tangible Capital Assets Fund

The Tangible Capital Assets Fund reports the assets, liabilities, revenues, and expenses related to Mayne Island Improvement District's capital assets for fire protection and the Health Centre. Bank debt and long term debt relating to the fire hall building are considered part of the applicable operating fund.

Renewal Reserve Funds

The Renewal Reserve Funds are funds established through bylaw for the upgrading, replacement or renewal of existing works. The funds, as well as interest earned on the funds, are held in separate interest earning cash or cash equivalent accounts. Expenditures may only be made from these funds after a bylaw is approved by the trustees of the Improvement District and submitted for review to the Inspector of Municipalities. See Note 6

(continues)

MAYNE ISLAND IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Improvement District collects taxes for Fire Protection and the Mayne Island Health Centre. The provincial government distributes the taxes collected for fire protection as an annual statutory advance in June. In addition, the provincial government collects taxes for the capital advance tax levy which is distributed directly to offset the long term debt held with the provincial government. Other revenues, including tax revenues, are recorded in the period in which the transaction or events that gave rise to the revenues occurred. Expenditures are recorded in the period that the goods and services are acquired and a liability is incurred.

Restricted contributions (if any) are recognized as revenue in the year in which the related expenses are incurred. When the related expenses have not been incurred, the restricted contribution is recognized as deferred revenue on the statement of financial position.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for local governments 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 in which they become known. Actual results could differ from these estimates.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods, with one-half amortization charged in the year of acquisition:

Buildings - Health Centre	4%	declining balance method
Building - Fire hall	40 years	straight-line method
Computer equipment	2 years	straight-line method
Equipment and furniture	5 years	straight-line method
Fire fighting clothing	10 years	straight-line method
Fire fighting equipment	10 years	straight-line method
Generator	20 years	straight-line method
Heliport	20 years	straight-line method
Paving	20 years	straight-line method
Radios and pagers	5 years	straight-line method
Vehicles	10 years and 20 years	straight-line method
Water access and equipment	10 years	straight-line method
Water storage	20 years	straight-line method

The Improvement District regularly reviews its tangible capital assets to eliminate obsolete items. The tangible capital assets are considered for their fair value and any impairments are expensed. During the year the previous apron and paving were written-off.

(continues)

MAYNE ISLAND IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets acquired or constructed during the year but not placed into use are not amortized. There are currently no assets under construction as the fire hall construction was considered substantially complete in November 2015.

Costs incurred relating to the construction include costs for demolition of the previous fire hall, site expenses and referendum costs as these are considered costs of the construction. Interest costs, up to substantial completion, has also been capitalized. After substantial completion interest costs relating to the fire hall are expensed in the year paid and/or accrued.

Certain costs relating to the construction do not qualify as capital assets and are expensed. In the prior year temporary occupancy costs were expensed as these were rented on a monthly basis.

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
<u>Fire Protection</u>				
Land	\$ 3,650	\$ -	\$ 3,650	\$ 3,650
Building - fire hall	2,518,718	64,579	2,454,139	2,412,098
Computer equipment	42,893	42,893	-	-
Equipment and furniture	22,677	12,188	10,489	11,723
Fire fighting clothing	56,010	56,010	-	2,269
Fire fighting equipment	248,234	149,997	98,237	38,323
Generator	108,072	49,771	58,301	63,704
Paving	66,500	1,663	64,837	4,367
Radios and pagers	15,587	15,587	-	-
Vehicles	985,402	522,434	462,968	496,470
Water access and equipment	56,770	29,972	26,798	32,475
Water storage	55,198	44,480	10,718	13,477
	<u>4,179,711</u>	<u>989,574</u>	<u>3,190,137</u>	<u>3,078,556</u>
<u>Health Centre</u>				
Building	571,749	214,061	357,688	372,591
Computer equipment	14,627	14,627	-	-
Equipment	595	506	89	149
Heliport	55,673	29,002	26,671	29,454
Water system	10,682	2,163	8,519	9,054
	<u>653,343</u>	<u>260,359</u>	<u>392,967</u>	<u>411,248</u>
	<u>\$ 4,833,037</u>	<u>\$ 1,249,933</u>	<u>\$ 3,583,104</u>	<u>\$ 3,489,804</u>

(continues)

MAYNE ISLAND IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2016

3. TANGIBLE CAPITAL ASSETS *(continued)*

The following additions and disposals occurred during the year:

	2015 Cost	2016 Additions	2016 Disposals	2016 Cost
<u>Fire Protection</u>				
Land	\$ 3,650	\$ -	\$ -	\$ 3,650
Building - fire hall	2,415,006	103,713	-	2,518,718
Computer equipment	42,893	-	-	42,893
Equipment and furniture	22,677	-	-	22,677
Fire fighting clothing	56,010	-	-	56,010
Fire fighting equipment	167,532	80,703	-	248,234
Generator	108,072	-	-	108,072
Paving	43,667	66,500	(43,667)	66,500
Radios and pagers	15,587	-	-	15,587
Vehicles	985,402	-	-	985,402
Water access and equipment	56,770	-	-	56,770
Water storage	55,198	-	-	55,197
	<u>3,972,464</u>	<u>250,916</u>	<u>(43,667)</u>	<u>4,179,710</u>
<u>Health Centre</u>				
Building	571,749	-	-	571,749
Computer equipment	14,627	-	-	14,627
Equipment	595	-	-	595
Heliport	55,673	-	-	55,673
Water system	10,682	-	-	10,682
	<u>653,326</u>	<u>-</u>	<u>-</u>	<u>653,326</u>
	<u>\$ 4,625,790</u>	<u>\$ 250,916</u>	<u>\$ (43,667)</u>	<u>\$ 4,833,036</u>

Paving costs with costs of \$43,667 and accumulated amortization of \$39,300 were written-off during the year resulting in a loss of \$4,367.

MAYNE ISLAND IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2016

4. LONG TERM DEBT

	2016	2015
Bylaw 167 - Capital Tax Advance issued, for the purpose of financing the construction of the new fire hall, in the amount of \$2,400,000, requiring annual payments of loan bearing interest at 3% per annum, repayable in annual blended payments of \$159,606, beginning in 2016 through 2035.	\$ 2,286,159	\$ 2,400,000

Principal repayment terms for the next five years are approximately:

2017	\$	91,021
2018		93,751
2019		96,564
2020		99,461
2021		102,445
	\$	483,242

Tax levies are collected by the BC provincial government and applied directly each July to the debt held with the provincial government.

5. ACCUMULATED SURPLUS (DEBT)

Accumulated surplus (debt) is represented by the following:

	2016	2015
Fire Department Operating Surplus (Debt)	\$ (2,004,782)	\$ (2,233,403)
Health Centre Operating Surplus	10,054	11,995
Tangible capital assets (Note 3)	3,583,104	3,489,804
Renewal reserve funds (Note 6)	168,544	386,269
	\$ 1,756,920	\$ 1,654,665

6. RENEWAL RESERVE FUNDS

Renewal reserve funds are comprised of the following:

	2016	2015
Fire Protection Renewal Reserve	\$ 137,226	\$ 372,784
Health Centre Renewal Reserve	31,318	13,485
	\$ 168,544	\$ 386,269

Renewal reserve funds are held in separate RBC interest earning cash or cash equivalent accounts in accordance to the Improvement District's policies.

Subsequent to the year end, Bylaw 175 allow for \$60,000 from the Capital Works Renewal Reserve Fund to be used for completion of the fire hall to obtain Final Occupancy Certification.

MAYNE ISLAND IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2016

7. OTHER COMMITMENTS

The Improvement District has entered into various agreements with other organizations regarding the construction, leases and rentals and other matters. These agreements are made in accordance to the Bylaws which have been approved by the trustees of the Improvement District and submitted for review to the Inspector of Municipalities.

The Improvement District entered into a lease as the lessor with the Mayne Island Volunteer Firefighters' Association in 2014, whereby the Improvement District donated a building, with a nominal fair value, and agreed to lease the lands for a nominal value under a Ground Lease agreement dated May 9, 2014.

MAYNE ISLAND IMPROVEMENT DISTRICT

Fire Protection Expenditures

(Schedule 1)

Year Ended December 31, 2016

	Budget 2016	Actual 2016	Actual 2015
FIRE PROTECTION EXPENDITURES			
Appreciation and awards	\$ 3,000	\$ 2,890	\$ 3,255
Audit fees	4,375	3,850	4,375
Building repairs and maintenance	8,155	21,870	15,413
Education and training	31,680	23,583	28,910
Equipment maintenance and supplies	43,235	26,852	47,652
Firefighter clothing	3,000	5,342	773
Fire prevention education	4,000	4,299	3,096
Insurance	10,400	11,014	5,663
Interest on long term debt	-	45,764	-
Office supplies and sundry	8,000	7,274	8,606
Subscriptions and dues	2,165	5,074	1,911
Telecommunications	5,555	10,362	10,204
Temporary occupancy costs	-	-	41,552
Travel	2,261	2,191	2,079
Utilities	9,000	3,241	13,482
Vehicle fuel and insurance	10,475	6,830	8,167
Vehicle repairs and maintenance	14,700	20,250	15,807
Wages and benefits - MIID office staff	20,578	21,413	27,428
Wages and benefits - firefighters	257,763	250,378	248,599
	<u>\$ 438,342</u>	<u>\$ 472,477</u>	<u>\$ 486,972</u>

MAYNE ISLAND IMPROVEMENT DISTRICT**Governance Expenditures***(Schedule 2)***Year Ended December 31, 2016**

	Budget 2016	Actual 2016	Actual 2015
GOVERNANCE EXPENDITURES			
Audit fees	\$ 3,750	\$ 3,300	\$ 3,750
Bank charges	1,100	1,456	1,169
Insurance	910	878	878
Legal	3,000	-	-
Newsletters and bulletins	600	1,250	599
Office supplies and equipment	5,500	4,594	5,766
Public meetings, freedom of information, misc	1,003	428	2,063
Telecommunications	3,640	3,323	3,599
Temporary occupancy costs	-	-	14,540
Training and continuing education	2,000	1,764	947
Travel	500	76	434
Wages and benefits of MIID office staff	22,724	23,208	25,098
Water operations	150	159	845
	<u>\$ 44,877</u>	<u>\$ 40,436</u>	<u>\$ 59,688</u>

MAYNE ISLAND IMPROVEMENT DISTRICT**Health Centre Expenditures****(Schedule 3)****Year Ended December 31, 2016**

	Budget 2016	Actual 2016	Total 2015
HEALTH CENTRE EXPENDITURES			
Audit fees	\$ 4,375	\$ 3,850	\$ 4,375
Billing costs	5,600	8,874	6,526
Building repairs and maintenance	28,448	28,363	30,735
Heliport operations and insurance	3,200	2,166	2,748
Insurance	9,290	5,181	7,497
Legal	2,000	3,686	1,740
Operations manager	6,000	5,450	1,769
Telephone, internet and utilities	6,380	6,563	5,830
Temporary occupancy costs	-	-	16,963
Wages and benefits - MIID office staff	26,434	26,951	29,286
Water system	1,600	1,832	6,436
	<u>\$ 93,327</u>	<u>\$ 92,916</u>	<u>\$ 113,905</u>