

DEEP BAY WATERWORKS DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

DEEP BAY WATERWORKS DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2007

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AUDITOR'S REPORT

To the Members of: Deep Bay Waterworks District

I have audited the statement of financial position of Deep Bay Waterworks District, as at December 31, 2007 and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Directors. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Water District as at December 31, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles for British Columbia Improvement Districts.

Brent Johnson, CGA Ltd.
Certified General Accountant

Qualicum Beach, British Columbia
February 14, 2008

DEEP BAY WATERWORKS DISTRICT

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2007

	Waterworks Operating	Fire Protection Operating	Capital Fund	Total 2007	Total 2006
REVENUE					
Parcel taxes	\$ 55,986	\$ -	\$ -	\$ 55,986	\$ 53,217
Water tolls	106,235	-	-	106,235	119,380
Connection fees	8,342	-	-	8,342	6,951
Fire protection levies	-	108,493	-	108,493	73,984
Provincial emergency program	-	23,318	-	23,318	5,058
Interest	1,321	1,239	21,957	24,517	6,839
Other income	1,394	2	-	1,396	14,421
Shared overhead costs	14,500	(14,500)	-	-	-
Transfers from capital fund	14,500	-	(14,500)	-	-
Capital expenditure charge	<u>-</u>	<u>-</u>	<u>4,595</u>	<u>4,595</u>	<u>113,829</u>
	202,278	118,552	12,052	332,882	393,679
EXPENSES - Page 8	<u>227,049</u>	<u>122,742</u>	<u>-</u>	<u>349,791</u>	<u>289,666</u>
Excess Revenue over Expenses	(24,771)	(4,190)	12,052	(16,909)	104,013
Fund Balance					
Balance beginning	139,570	42,371	2,059,442	2,241,383	2,087,447
Transfer to Capital Fund	-	-	111,485	111,485	58,483
Disposal of property and equipment	<u>-</u>	<u>-</u>	<u>(27,056)</u>	<u>(27,056)</u>	<u>(8,560)</u>
Ending balance - Page 3	<u>\$ 114,799</u>	<u>\$ 38,181</u>	<u>\$2,155,923</u>	<u>\$2,308,903</u>	<u>\$2,241,383</u>

The auditor's report and notes are an integral part of the financial statements.

DEEP BAY WATERWORKS DISTRICT

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2007

ASSETS

	Waterworks Operating	Fire Protection Operating	Capital Fund	Total 2007	Total 2006
CURRENT					
Cash	\$ 40,994	\$ 10,898	\$ -	\$ 51,892	\$ 17,031
Term deposits	37,846	16,287	-	54,133	106,360
Accounts receivable	17,473	22,569	2,268	42,310	126,991
Prepaid expense	14,727	3,088	-	17,815	24,111
Inventory	<u>15,573</u>	<u>-</u>	<u>-</u>	<u>15,573</u>	<u>\$ 9,007</u>
	126,613	52,842	2,268	181,723	283,500
Restricted cash and term deposits (Note 3)	-	-	248,931	248,931	162,667
Property and equipment (Note 4)	<u>-</u>	<u>-</u>	<u>2,116,675</u>	<u>2,116,675</u>	<u>1,848,265</u>
	<u>\$ 126,613</u>	<u>\$ 52,842</u>	<u>\$ 2,367,874</u>	<u>\$ 2,547,329</u>	<u>\$ 2,294,432</u>

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DEEP BAY WATERWORKS DISTRICT

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2007

LIABILITIES

	Waterworks Operating	Fire Protection Operating	Capital Fund	Total 2007	Total 2006
CURRENT					
Accounts payable	\$ 13,540	\$ 14,738	\$ -	\$ 28,278	\$ 15,088
Funds due to (from) Capital Fund	(9,509)	-	9,509	-	-
Funds due to the Waterworks operations	77	(77)	-	-	\$ -
Deferred revenue	7,706	-	-	7,706	\$ -
Current portion of long term debt	<u>-</u>	<u>-</u>	<u>36,960</u>	<u>36,960</u>	<u>6,903</u>
	11,814	14,661	46,469	72,944	21,991
Long term debt (Note 5)	<u>-</u>	<u>-</u>	<u>165,482</u>	<u>165,482</u>	<u>31,058</u>
	<u>11,814</u>	<u>14,661</u>	<u>211,951</u>	<u>238,426</u>	<u>53,049</u>

FUND BALANCES

Invested in property and equipment	-	-	1,914,233	1,914,233	1,810,304
Externally restricted net assets Water Works (Note 6)	-	-	241,690	241,690	249,138
Internally restricted net assets (Note 7)	99,158	38,070	-	137,228	171,844
Unrestricted	<u>15,641</u>	<u>111</u>	<u>-</u>	<u>15,752</u>	<u>10,097</u>
Ending balance - Page 1	<u>114,799</u>	<u>38,181</u>	<u>2,155,923</u>	<u>2,308,903</u>	<u>2,241,383</u>
	<u>\$ 126,613</u>	<u>\$ 52,842</u>	<u>\$2,367,874</u>	<u>\$2,547,329</u>	<u>\$2,294,432</u>

APPROVED BY THE DIRECTORS

_____ Director

_____ Director

The auditor's report and notes are an integral part of the financial statements.

DEEP BAY WATERWORKS DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

1. PURPOSE OF THE ORGANIZATION

Deep Bay Waterworks District was formed for the purpose of supplying water and fire protection to the local area.

2. SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Water District follows the restricted fund method of accounting for contributions.

The Waterworks Operating reports revenue and expenses related to the operations for water distribution.

The Fire Protection Operating reports revenue and expenses related to the operations for fire protection.

The Capital Fund reports special reserves for acquiring new assets and property and equipment.

Other Contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

As required by the Local Government Act the District prepares these financial statements in accordance with generally accepted accounting principles for local governments.

Inventory is valued at the lower of cost or net realizable value.

Statement of cash flow has not been included in these financial statements as the information is readily determinable from the statements provided.

Property and equipment are recorded at cost. No provision has been made for amortization.

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DEEP BAY WATERWORKS DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

3. RESTRICTED CASH AND TERM DEPOSITS

Cash designated for specific purposes is segregated as follows:

	2007	2006
Cash	\$ 31,303	\$ 18,597
Term deposits	<u>217,628</u>	<u>144,070</u>
	<u>\$ 248,931</u>	<u>\$ 162,667</u>

The restricted funds have been acquired through bylaws. These amounts are restricted in their use to the purpose stated within the bylaws that established the statutory reserve or capital development funds. The reserves and capital development funds are as follows:

Renewal reserve	\$ 26	\$ 26
Capital expenditure charge	<u>248,907</u>	<u>162,641</u>
	<u>\$ 248,933</u>	<u>\$ 162,667</u>

4. PROPERTY AND EQUIPMENT

	2007	2006
Building	\$ 86,115	\$ 86,115
Equipment	196,166	184,182
Water system	1,337,407	1,268,773
Vehicles	482,660	294,868
Land	<u>14,327</u>	<u>14,327</u>
	<u>\$2,116,675</u>	<u>\$1,848,265</u>

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DEEP BAY WATERWORKS DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

5. LONG TERM DEBT

	2007	2006
Province of British Columbia; repayable to a sinking fund at \$6,903 per year over ten years plus interest at 6%, due June 2008, shown net of sinking fund deposits and earnings.	\$ 20,443	\$ 37,961
Ministry of Small Business and Revenue; repayable in annual installments of 16,518 including interest at 4.35%, matures July 2022 and is secured by specific assets.	<u>182,000</u>	<u>-</u>
	202,443	37,961
Less current portion	<u>36,960</u>	<u>6,903</u>
	<u>\$ 165,483</u>	<u>\$ 31,058</u>
Principal repayments, based on the loan terms and conditions at year end, are as follows:		
2008	\$ 36,960	
2009	9,100	
2010	9,496	
2011	9,909	
2012	10,341	
2013 and subsequent	<u>126,637</u>	
	<u>\$ 202,443</u>	

6. EXTERNALLY RESTRICTED NET ASSETS

Major categories of externally imposed restrictions on net assets are as follows:

	2007	2006
Ministry of Community Services	<u>\$ 241,692</u>	<u>\$ 249,138</u>

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DEEP BAY WATERWORKS DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

7. INTERNALLY RESTRICTED FUNDS

These funds have been restricted in their use and purpose by the Board of Directors for future capital development and purchase of assets.

Waterworks (as identified in Engineers Report)

Improvements to Wells and Reservoir
Shoreline Main Replacement
Deep Bay Main Replacement
Longview Main Replacement
Crome Point/Burne Road Main Replacement

Fire Protection (as identified in 12-year plan)

Combination Tool For Jaws
Jaws of Life Upgrade
Air Compressor Replacement
Replacement of Truck 8-1

The auditor's report and notes are an integral part of the financial statements.

DEEP BAY WATERWORKS DISTRICT

SCHEDULE OF EXPENSES

DECEMBER 31, 2007

EXPENSES	Waterworks Operating	Fire Protection Operating	Capital Fund	Total 2007	Total 2006
Advertising	\$ 944	\$ 400	\$ -	\$ 1,344	\$ 761
Association dues	315	360	-	675	527
Audit	4,066	3,600	-	7,666	5,005
Building repairs	4,571	810	-	5,381	3,987
Capital asset additions	68,724	42,761	-	111,485	58,483
Delegation expense	28	-	-	28	1,037
Equipment - firefighting	-	16,598	-	16,598	13,734
Honorariums	-	13,715	-	13,715	11,994
Insurance	24,743	780	-	25,523	28,582
Interest on long term	-	6,766	-	6,766	6,000
Licences	2,185	-	-	2,185	991
Loan payment	-	6,903	-	6,903	6,903
Mileage	744	815	-	1,559	409
Office expense	10,703	1,961	-	12,664	10,070
Professional fees	9,367	-	-	9,367	13,524
Repairs and maintenance	17,682	1,754	-	19,436	33,222
Seminars and training	4,085	5,896	-	9,981	2,736
Service awards and clothing	-	4,355	-	4,355	5,001
Telephone	1,884	1,212	-	3,096	2,867
Truck Expense	-	14,056	-	14,056	12,830
Trustee remuneration	4,700	-	-	4,700	2,100
Utilities	11,867	-	-	11,867	11,600
Wages	60,441	-	-	60,441	57,303
	<u>60,441</u>	<u>-</u>	<u>-</u>	<u>60,441</u>	<u>57,303</u>
Total - Page 1	<u>\$ 227,049</u>	<u>\$ 122,742</u>	<u>\$ -</u>	<u>\$ 349,791</u>	<u>\$ 289,666</u>

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