

DEEP BAY WATERWORKS DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008

DEEP BAY WATERWORKS DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2008

CONTENTS	Page
Auditor's Report	
Statement of Operations and Changes in Fund Balances	1
Statement of Financial Position	2 - 3
Notes to the Financial Statements	4 - 6
Schedule of Expenses	7

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, 2008 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 Deep Bay Waterworks District as at December 31, 2008 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
March 3, 2009

DEEP BAY WATERWORKS DISTRICT

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2008

	Waterworks Operating	Fire Protection Operating	Water Capital	Fire Capital Fund	Total 2008	Total 2007
REVENUE						
Parcel taxes	\$ 54,480	\$ -	\$ -	\$ -	\$ 54,480	\$ 55,986
Water tolls	108,706	-	-	-	108,706	106,235
Connection fees	6,610	-	-	-	6,610	8,342
Fire protection levies	-	131,825	-	-	131,825	108,493
Forestry revenue	-	800	-	-	800	-
Provincial emergency program	-	14,261	-	-	14,261	23,318
Interest	-	519	24,557	-	25,076	24,518
Other income	2,259	2,050	-	-	4,309	1,395
Shared overhead costs	13,000	(13,000)	-	-	-	-
Penalties and interest	3,816	-	-	-	3,816	-
Capital expenditure charge	<u>-</u>	<u>-</u>	<u>18,102</u>	<u>-</u>	<u>18,102</u>	<u>4,595</u>
	188,871	136,455	42,659	-	367,985	332,882
EXPENSES - Page 7	<u>171,198</u>	<u>97,343</u>	<u>58,972</u>	<u>37,764</u>	<u>365,277</u>	<u>329,081</u>
Excess Revenue over Expenses	17,673	39,112	(16,313)	(37,764)	2,708	3,801
Fund Balance						
Balance beginning	114,800	38,184	978,176	319,034	1,450,194	2,241,388
Fund transfers	(2,191)	(26,498)	2,191	26,498	-	-
Disposal of property and equipment	-	-	-	(245)	(245)	(54,792)
Amortization adjustment increment (Note 2(h))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(740,203)</u>
Ending balance - Page 3	<u>\$ 130,282</u>	<u>\$ 50,798</u>	<u>\$ 964,054</u>	<u>\$ 307,523</u>	<u>\$1,452,657</u>	<u>\$1,450,194</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, 2008

ASSETS

	Waterworks Operating	Fire Protection Operating	Water Capital	Fire Capital Fund	Total 2008	Total 2007
CURRENT						
Cash	\$ 61,181	\$ 29,350	\$ -	\$ -	\$ 90,531	\$ 51,891
Term deposits	38,600	16,804	-	-	55,404	54,132
Accounts receivable	13,574	5,927	1,263	-	20,764	42,311
Prepaid expense	15,811	3,522	-	-	19,333	17,815
Inventory	<u>16,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,882</u>	<u>15,573</u>
	146,048	55,603	1,263	-	202,914	181,722
Restricted cash and term deposits (Note 3)	-	-	264,798	-	264,798	248,933
Property and equipment (Note 2(b), 4 and 5)	<u>-</u>	<u>-</u>	<u>700,146</u>	<u>478,037</u>	<u>1,178,183</u>	<u>1,257,961</u>
	<u>\$ 146,048</u>	<u>\$ 55,603</u>	<u>\$ 966,207</u>	<u>\$ 478,037</u>	<u>\$ 1,645,895</u>	<u>\$ 1,688,616</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, 2008

LIABILITIES

	Waterworks Operating	Fire Protection Operating	Water Capital	Fire Capital Fund	Total 2008	Total 2007
CURRENT						
Accounts payable	\$ 9,363	\$ 4,805	\$ -	\$ -	\$ 14,168	\$ 28,274
Funds due to (from) Capital Fund	(2,153)	-	2,153	-	-	-
Deferred revenue	8,556	-	-	-	8,556	7,706
Current portion of long term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,100</u>	<u>9,100</u>	<u>36,960</u>
	15,766	4,805	2,153	9,100	31,824	72,940
Long term debt (Note 6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,414</u>	<u>161,414</u>	<u>165,482</u>
	<u>15,766</u>	<u>4,805</u>	<u>2,153</u>	<u>170,514</u>	<u>193,238</u>	<u>238,422</u>

FUND BALANCES

Invested in property and equipment			700,146	307,523	1,007,669	1,055,519
Externally restricted net assets (Note 7)			263,908	-	263,908	241,692
Internally restricted net assets (Note 8)	108,958	44,428	-	-	153,386	137,228
Unrestricted	<u>21,324</u>	<u>6,370</u>	<u>-</u>	<u>-</u>	<u>27,694</u>	<u>15,755</u>
Ending balance - Page 1	<u>130,282</u>	<u>50,798</u>	<u>964,054</u>	<u>307,523</u>	<u>1,452,657</u>	<u>1,450,194</u>
	<u>\$ 146,048</u>	<u>\$ 55,603</u>	<u>\$ 966,207</u>	<u>\$ 478,037</u>	<u>\$ 1,645,895</u>	<u>\$ 1,688,616</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, 2008

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

(a) 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.

(b) **Property and equipment** are recorded at cost. Amortization is determined at rates which will reduce original cost to estimated residual value over the estimated useful life of each asset. Annual rates used to compute amortization are as follows:

Buildings	20 - 50	year straight line basis
Motor vehicles	10 - 20	year straight line basis
Communication equipment	10	year straight line basis
Furniture and fixtures	10	year straight line basis
Computer equipment	5	year straight line basis
Water works system	5 - 60	year straight line basis
Maintenance equipment	10	year straight line basis
Fire protection equipment	12 - 20	year straight line basis

(c) **Comparative figures** have been reclassified, where applicable, to conform to the current presentation.

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

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

(f) **Inventory** is valued at the lower of cost or net realizable value.

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

(h) **Change in accounting guidelines** - In the current year the accounting guidelines for Deep Bay Waterworks District changed, and it recognized amortization on the property and equipment. The prior years figures were restated to record the best estimate of accumulated amortization of these assets.

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

DEEP BAY WATERWORKS DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

3. RESTRICTED CASH AND TERM DEPOSITS

Cash designated for specific purposes is segregated as follows:

	2008	2007
Cash	\$ 31,535	\$ 31,305
Term deposits	<u>233,263</u>	<u>217,628</u>
	<u>\$ 264,798</u>	<u>\$ 248,933</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>264,772</u>	<u>248,907</u>
	<u>\$ 264,798</u>	<u>\$ 248,933</u>

4. PROPERTY AND EQUIPMENT WATER CAPITAL

	<u>Cost</u>	<u>Amortization</u>	Net 2008	Net 2007
Motor vehicles	\$ 5,000	\$ 774	\$ 4,226	\$ 4,450
Furniture and fixtures	5,547	2,954	2,593	3,148
Computer equipment	9,732	7,102	2,630	4,005
Water works system	1,337,407	698,666	638,741	691,131
Maintenance equipment	25,799	4,979	20,820	23,400
Buildings	37,020	13,048	23,972	23,629
Land	<u>7,164</u>	<u>-</u>	<u>7,164</u>	<u>7,164</u>
	<u>\$1,427,669</u>	<u>\$ 727,523</u>	<u>\$ 700,146</u>	<u>\$ 756,927</u>

5. PROPERTY AND EQUIPMENT FIRE PROTECTION CAPITAL

	<u>Cost</u>	<u>Amortization</u>	Net 2008	Net 2007
Fire rescue vehicles	\$ 450,681	\$ 113,995	\$ 336,686	\$ 357,248
Communication equipment	28,414	15,730	12,684	13,070
Furniture and fixtures	7,420	7,420	-	742
Computer equipment	1,257	373	884	1,121
Fire protection equipment	126,495	32,186	94,309	94,364
Buildings	50,750	24,440	26,310	27,325
Land	<u>7,164</u>	<u>-</u>	<u>7,164</u>	<u>7,164</u>
	<u>\$ 672,181</u>	<u>\$ 194,144</u>	<u>\$ 478,037</u>	<u>\$ 501,034</u>

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

DEEP BAY WATERWORKS DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

6. LONG TERM DEBT

	2008	2007
Ministry of Small Business and Revenue; repayable in annual instalments of \$16,518 including interest at 4.35%, matures July 2022 and is secured by specific assets.	\$ 170,514	\$ 181,999
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
	170,514	202,442
Less current portion	9,100	36,960
	\$ 161,414	\$ 165,482

Principal repayments, based on the loan terms and conditions at year end, are as follows:

2009	\$ 9,100
2010	9,496
2011	9,909
2012	10,340
2013	10,790
2014 and subsequent	120,879
	\$ 170,514

7. EXTERNALLY RESTRICTED NET ASSETS

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

	2008	2007
Ministry of Community Services	\$ 263,908	\$ 241,692

8. 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)	Fire Protection (as identified in 12-year plan)
Improvements to Wells and Reservoir	Combination Tool For Jaws
Shoreline Main Replacement	Jaws of Life Upgrade
Deep Bay Main Replacement	Air Compressor Replacement
Longview Main Replacement	Replacement of Truck 8-1
Crome Point/Burne Road Main Replacement	

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

DEEP BAY WATERWORKS DISTRICT

SCHEDULE OF EXPENSES

DECEMBER 31, 2008

EXPENSES	Waterworks Operating	Fire Protection Operating	Water Capital	Fire Capital Fund	Total 2008	Total 2007
Advertising	\$ 242	\$ 25	\$ -	\$ -	\$ 267	\$ 1,344
Amortization	-	-	58,972	32,732	91,704	90,776
Association dues	200	80	-	-	280	675
Audit	4,300	1,800	-	-	6,100	7,666
Building repairs	4,279	1,904	-	-	6,183	5,381
Equipment - firefighting	-	24,619	-	-	24,619	16,598
Honorariums	-	15,884	-	-	15,884	13,715
Insurance	17,876	780	-	-	18,656	25,523
Interest on long term	-	14,671	-	5,032	19,703	6,766
Licences	1,893	-	-	-	1,893	2,185
Loan payment	-	6,903	-	-	6,903	6,903
Mileage	1,100	580	-	-	1,680	1,558
Office expense	5,096	1,214	-	-	6,310	12,691
Professional fees	4,135	-	-	-	4,135	9,367
Repairs and maintenance	35,604	4,346	-	-	39,950	19,437
Seminars and training	744	4,540	-	-	5,284	9,981
Service awards and clothing	-	3,198	-	-	3,198	4,355
Telephone	1,982	1,151	-	-	3,133	3,096
Truck Expense	-	15,648	-	-	15,648	14,056
Trustee remuneration	5,000	-	-	-	5,000	4,700
Utilities	11,943	-	-	-	11,943	11,867
Wages	76,804	-	-	-	76,804	60,441
Total - Page 1	<u>\$ 171,198</u>	<u>\$ 97,343</u>	<u>\$ 58,972</u>	<u>\$ 37,764</u>	<u>\$ 365,277</u>	<u>\$ 329,081</u>

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