

DEEP BAY IMPROVEMENT DISTRICT

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

DEEP BAY IMPROVEMENT DISTRICT

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

CONTENTS	Page
Auditor's Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Changes in Financial Assets	3
Consolidated Statement of Cash Flow	4
Notes to the Consolidated Financial Statements	5 - 9
Schedule of Operations and Changes in Fund Balances - Waterworks	10
Schedule of Operations and Changes in Fund Balances - Fire Protection	11
Schedule of Tangible Capital Assets - Waterworks	12
Schedule of Tangible Capital Assets - Fire Protection	13
Schedule of Reserve Funds	14

AUDITOR'S REPORT

To the Board of Trustees: **Deep Bay Improvement District**

I have audited the accompanying financial statements of Deep Bay Improvement District, which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statement of operations, consolidated statement of changes in financial assets, and consolidated statement of 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 consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Deep Bay Improvement District as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brent Johnson, CGA Ltd.
Certified General Accountant

Qualicum Beach, British Columbia
April 12, 2011

DEEP BAY IMPROVEMENT DISTRICT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

	2010	2009
Financial assets		
Cash and short term investments	\$ 769,178	\$ 546,364
Accounts receivable (Note 3)	<u>25,517</u>	<u>24,629</u>
	<u>794,695</u>	<u>570,993</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	30,537	12,329
Long term debt (Note 5)	<u>151,918</u>	<u>161,414</u>
	<u>182,455</u>	<u>173,743</u>
Financial assets	<u>612,240</u>	<u>397,250</u>
Non-financial assets		
Tangible capital assets (Note 6)	1,032,370	1,135,164
Supply inventory	13,801	14,364
Prepaid expenses	<u>15,561</u>	<u>15,744</u>
	<u>1,061,732</u>	<u>1,165,272</u>
Accumulated surplus - Page 2	<u>\$ 1,673,972</u>	<u>\$ 1,562,522</u>

ON BEHALF OF THE BOARD

_____ Trustee

_____ Trustee

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

DEEP BAY IMPROVEMENT DISTRICT

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2010

	2010 Budget	2010	2009
REVENUE			
Parcel taxes and fire protection taxes (Note 9)	\$ 236,333	\$ 235,564	\$ 230,096
Sale of services	177,010	174,046	184,393
Government transfers	7,000	7,846	10,835
Investment income	1,300	1,722	1,640
Development cost charges	-	19,500	13,000
Other income	5,000	8,013	7,820
	<u>426,643</u>	<u>446,691</u>	<u>447,784</u>
EXPENSES			
Amortization of tangible capital assets	-	91,886	92,249
Insurance	22,800	17,571	18,538
Interest on long term debt	16,520	9,556	7,417
Equipment - firefighting	22,200	20,276	25,060
Office expenses	9,465	10,887	9,625
Professional fees	7,200	20,304	16,152
Repairs and maintenance	30,900	22,028	28,143
Travel and training	11,500	8,306	8,238
Utilities	16,950	15,362	15,923
Vehicle expense	15,550	10,414	17,316
Wages and benefits	113,740	89,644	99,258
	<u>266,825</u>	<u>316,234</u>	<u>337,919</u>
Annual surplus	159,818	130,457	109,865
Loss on disposal of tangible capital assets	-	(19,007)	-
Accumulated surplus			
Beginning balance	<u>1,562,522</u>	<u>1,562,522</u>	<u>1,452,657</u>
Ending balance - Page 1	<u>\$ 1,722,340</u>	<u>\$ 1,673,972</u>	<u>\$ 1,562,522</u>

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DEEP BAY IMPROVEMENT DISTRICT

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL ASSETS

YEAR ENDED DECEMBER 31, 2010

	2010 Budget	2010	2009
ANNUAL SURPLUS	\$ 159,818	\$ 130,457	\$ 109,865
Acquisition of tangible capital assets	-	(8,099)	(49,230)
Amortization of tangible capital assets	<u>-</u>	<u>91,886</u>	<u>92,249</u>
	<u>159,818</u>	<u>214,244</u>	<u>152,884</u>
Consumption of supply inventory	-	563	2,519
Use of prepaid expense	<u>-</u>	<u>183</u>	<u>3,589</u>
	<u>-</u>	<u>746</u>	<u>6,108</u>
Increase in net financial assets	-	214,990	158,992
NET FINANCIAL ASSETS			
Beginning balance	<u>397,250</u>	<u>397,250</u>	<u>238,258</u>
Ending balance	<u>\$ 557,068</u>	<u>\$ 612,240</u>	<u>\$ 397,250</u>

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DEEP BAY IMPROVEMENT DISTRICT

CONSOLIDATED STATEMENT OF CASH FLOW

YEAR ENDED DECEMBER 31, 2010

	2010	2009
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 130,457	\$ 109,865
Amortization tangible capital assets	<u>91,886</u>	<u>92,249</u>
	<u>222,343</u>	<u>202,114</u>
Changes in non-cash operating balances		
Accounts receivable	(888)	(3,936)
Accounts payable and accrued liabilities	18,208	(10,394)
Prepaid expenses	563	3,589
Supply inventory	<u>183</u>	<u>2,519</u>
	<u>18,066</u>	<u>(8,222)</u>
Net Cash Provided by Operating Activities	<u>240,409</u>	<u>193,892</u>
Financing transactions		
Repayment of long-term debt	<u>(9,496)</u>	<u>(9,100)</u>
Capital transactions		
Cash used to acquire tangible capital assets	<u>(8,099)</u>	<u>(49,231)</u>
Increase in cash and cash equivalents	222,814	135,561
CASH AND SHORT TERM INVESTMENTS		
Beginning balance	<u>546,364</u>	<u>410,803</u>
Ending balance	<u>\$ 769,178</u>	<u>\$ 546,364</u>

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DEEP BAY IMPROVEMENT DISTRICT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. HISTORY AND NATURE OF THE IMPROVEMENT DISTRICT

The **Deep Bay Improvement District** ("Improvement District") was incorporated on March 10, 1972 under the laws of The Province of British Columbia, to supply water and fire protection.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) **The Improvement District** prepares its financial statements in accordance with Canadian generally accepted accounting principles for local government using guidelines developed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The consolidated financial statements reflect the combined results and activities of the Improvement District which is comprised of the operating, capital and renewal reserve funds and all organizations that are accountable for the administration of their financial affairs and resources to the Board of Trustees and are controlled or owned by the Improvement District. Interfund transactions have been eliminated on consolidation.

- i. **Operating Funds** include Waterworks and Fire Protection operating costs of the services provided by the Improvement District.
 - ii. **Capital Funds** include Waterworks and Fire Protection to record the acquisition and disposal of tangible capital assets and their related financing.
 - iii. **Reserve Funds - restricted** are those funds established by the Trustees of the Improvement District, by bylaw, to be used for expenditures related to upgrading, replacement or renewal of any existing Waterworks tangible capital assets. These funds, and interest earned thereon, must only be invested and disbursed by bylaw passed by the Trustees of the Improvement District.
 - iv. **Reserve Funds - unrestricted** are those funds established by the Trustees of the Improvement District, for expenditures related to upgrading, replacement or renewal of any existing tangible capital assets. These funds and interest earned thereon, must only be invested and disbursed as approved by the Trustees of the Improvement District.
- (b) **Non-financial assets** are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.
- (c) **Tangible capital assets** are recorded at cost and amortized over their useful lives, in accordance to the provisions of the PSAB Accounting Handbook Section 3150. Tangible capital assets are a special class of non-financial assets and are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital assets commencing on the asset is put into use. Donated tangible capital assets are recorded at fair value at the time of the donation.

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

DEEP BAY IMPROVEMENT DISTRICT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

(d) The estimated useful lives of **tangible capital assets** are as follows:

Buildings	20 to 50 years
Motor vehicles	10 to 20 years
Communication equipment	10 years
Furniture and fixtures	10 years
Computer equipment	5 years
Water works system	5 to 60 years
Maintenance equipment	10 years
Fire protection equipment	12 to 20 years

(e) **Revenue recognition** for parcel taxes and fire protection taxes occurs upon issuance of tax notices for the fiscal year. Sales of services revenue for water usage is recognized in the year services are provided.

(f) **Short term investments** consist of guaranteed investment certificates and term deposits with which are readily convertible to cash and subject to insignificant risk of change in fair value, liquidity and credit risk.

(g) **Use of estimates** in the preparation of financial statements is in accordance with Canadian generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(h) **Deferred revenue** represents revenues collected, but not earned at year end. This is primarily composed of payments received from residents for services to be provided in the following fiscal year.

(i) **Government transfers**, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

(j) **Leases** entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital assets and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the improvement district and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases and the rental costs are expensed as incurred.

3. ACCOUNTS RECEIVABLE

	2010	2009
User taxes and water toll revenue	\$ 17,632	\$ 15,956
Harmonized Sales Tax receivable	9,692	8,673
Allowance for doubtful accounts	(1,807)	-
	<u>\$ 25,517</u>	<u>\$ 24,629</u>

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DEEP BAY IMPROVEMENT DISTRICT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010	2009
Accounts payable and accrued liabilities	\$ <u>30,537</u>	\$ <u>12,329</u>

5. LONG TERM DEBT

	2010	2009
Ministry of Community, Sport, and Cultural Development; repayable in annual installments of \$16,518 including interest at 4.35%, matures July 2022 and is unsecured.	\$ <u>151,918</u>	\$ <u>161,414</u>

To conform to the new presentation of consolidated financial statements we show the current portion of long term debt in the details below.

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

2011	\$ 9,909
2012	10,340
2013	10,790
2014	11,259
2015	11,749
2016 and subsequent	<u>97,871</u>
	<u>\$ 151,918</u>

6. TANGIBLE CAPITAL ASSETS

	2010	2009
Buildings	\$ 45,776	\$ 47,957
Motor vehicles	297,827	319,369
Furniture and fixtures	3,124	3,771
Waterworks system	571,858	628,661
Computer equipment	631	1,315
Communication equipment	11,264	12,632
Maintenance equipment	1,342	18,240
Fire protection equipment	86,221	88,892
Land	<u>14,327</u>	<u>14,327</u>
	<u>\$ 1,032,370</u>	<u>\$ 1,135,164</u>

See the Schedules of Tangible Capital Assets for the Waterworks Capital Fund and the Fire Protection Capital Fund on pages 12 and 13 for additional information.

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

DEEP BAY IMPROVEMENT DISTRICT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

7. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible assets represents the net book value of the total capital assets less long term obligations assumed to acquire those assets. The change in consolidate equity in tangible capital assets is as follows:

	2010	2009
Balance beginning	\$ 973,750	\$ 1,007,669
Capital acquisitions	8,099	49,230
Debt principal repayment	9,496	9,100
Disposition at net book value	(19,007)	-
Amortization	<u>(91,886)</u>	<u>(92,249)</u>
	<u>\$ 880,452</u>	<u>\$ 973,750</u>

8. ACCUMULATED SURPLUS

The Improvement District segregates in accumulated surplus in the following categories:

	2010	2009
Operations Fund Waterworks	\$ 110,748	\$ 53,784
Operations Fund Fire Protection	40,798	24,685
Reserve Fund Water Capital - restricted	297,960	278,010
Reserve Fund Water Renewal - restricted	120,705	45,307
Reserve Fund Water Renewal - unrestricted	109,371	108,958
Reserve Fund Fire Protection Capital - unrestricted	113,938	78,028
Equity in Tangible Capital Assets - Waterworks	606,423	683,447
Equity in Tangible Capital Assets - Fire Protection	<u>274,029</u>	<u>290,303</u>
	<u>\$ 1,673,972</u>	<u>\$ 1,562,522</u>

9. PARCEL TAXES AND FIRE PROTECTION TAXES

	2010	2009
Parcel tax	\$ 75,315	\$ 75,648
Fire protection taxes	<u>160,249</u>	<u>154,448</u>
	<u>\$ 235,564</u>	<u>\$ 230,096</u>

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

DEEP BAY IMPROVEMENT DISTRICT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

10. PRIOR PERIOD ADJUSTMENTS

The Improvement District has adopted the provisions of Sections 1200 and 3150 of the PSAB Handbook and has applied these on a retroactive basis. This resulted in the restatement of the 2009 comparative figures presented in this financial statements which differ from those pre-adoption. The adoption of Sections 1200 and 3150 resulted in the following changes to accounting methods and presentation:

Prepaid expenses are recorded and tracked as a non-financial asset.

Supply inventory is recorded and tracked as a non-financial asset.

Restricted cash and term deposits is reclassified as a financial asset.

The impact on cash and short term investments:

	2009 (restated)	2009 (previously reported)
Cash and short term investments	\$ 546,364	\$ -
Cash	-	41,456
Term deposits	-	424,065
Restricted cash and term deposits	<u>-</u>	<u>80,843</u>
	<u>\$ 546,364</u>	<u>\$ 546,364</u>

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

DEEP BAY IMPROVEMENT DISTRICT

SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCES

WATERWORKS

YEAR ENDED DECEMBER 31, 2010

REVENUE	Waterworks Operations	Water Capital	Water Renewal	Total 2010	Total 2009
Parcel taxes	\$ -	\$ -	\$ 75,315	\$ 75,315	\$ 75,648
Water tolls	171,569	-	-	171,569	177,403
Connection fees	2,477	-	-	2,477	6,990
Interest	72	450	496	1,018	1,409
Other income	737	-	-	737	586
Shared overhead costs	18,500	-	-	18,500	15,000
Penalties and interest	5,277	-	-	5,277	5,593
Capital expenditure charge	-	19,500	-	19,500	13,000
	<u>198,632</u>	<u>19,950</u>	<u>75,811</u>	<u>294,393</u>	<u>295,629</u>
EXPENSES					
Advertising	190	-	-	190	587
Amortization	-	58,851	-	58,851	59,437
Association dues	240	-	-	240	200
Audit	10,926	-	-	10,926	5,634
Building repairs	2,041	-	-	2,041	3,678
Insurance	17,069	-	-	17,069	17,758
Licences	1,958	-	-	1,958	2,253
Mileage	1,033	-	-	1,033	1,166
Office expense	5,319	-	-	5,319	5,108
Professional fees	1,480	-	-	1,480	8,077
Repairs and maintenance	15,179	-	-	15,179	20,357
Seminars and training	1,000	-	-	1,000	1,000
Telephone	1,195	-	-	1,195	1,907
Utilities	12,862	-	-	12,862	12,775
Trustee remuneration	5,867	-	-	5,867	4,500
Wages	64,475	-	-	64,475	76,025
	<u>140,834</u>	<u>58,851</u>	<u>-</u>	<u>199,685</u>	<u>220,462</u>
Excess Revenue over Expenses	57,798	(38,901)	75,811	94,708	75,167
Fund Balance					
Balance beginning	53,784	961,457	154,265	1,169,506	1,094,337
Purchase of tangible capital assets	(834)	834	-	-	-
Loss on disposal of tangible capital assets	-	(19,007)	-	(19,007)	-
Ending balance	<u>\$ 110,748</u>	<u>\$ 904,383</u>	<u>\$ 230,076</u>	<u>\$ 1,245,207</u>	<u>\$ 1,169,504</u>

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

DEEP BAY IMPROVEMENT DISTRICT

SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCES

FIRE PROTECTION

YEAR ENDED DECEMBER 31, 2010

	Fire Protection Operations	Fire Protection Capital	Fire Protection Renewal	Total 2010	Total 2009
REVENUE					
Fire protection levies	\$ 160,249	\$ -	\$ -	\$ 160,249	\$ 154,448
Provincial emergency program	7,846	-	-	7,846	10,835
Interest	44	-	660	704	230
Other income	2,000	-	-	2,000	1,641
Shared overhead costs	<u>(18,500)</u>	<u>-</u>	<u>-</u>	<u>(18,500)</u>	<u>(15,000)</u>
	<u>151,639</u>	<u>-</u>	<u>660</u>	<u>152,299</u>	<u>152,154</u>
EXPENSES					
Advertising	-	-	-	-	27
Amortization	-	33,035	-	33,035	32,812
Association dues	297	-	-	297	246
Audit	7,898	-	-	7,898	2,441
Building repairs	1,095	-	-	1,095	1,038
Equipment - firefighting	20,276	-	-	20,276	25,060
Honorariums	19,303	-	-	19,303	18,733
Insurance	502	-	-	502	780
Interest on long term debt	9,556	-	-	9,556	7,417
Mileage	36	-	-	36	523
Office expense	2,882	-	-	2,882	1,204
Repairs and maintenance	2,030	-	-	2,030	1,174
Seminars and training	6,236	-	-	6,236	5,549
Service awards and clothing	1,685	-	-	1,685	1,896
Telephone	1,305	-	-	1,305	1,242
Vehicle expense	<u>10,414</u>	<u>-</u>	<u>-</u>	<u>10,414</u>	<u>17,316</u>
	<u>83,515</u>	<u>33,035</u>	<u>-</u>	<u>116,550</u>	<u>117,458</u>
Excess Revenue over Expenses	68,124	(33,035)	660	35,749	34,696
Fund Balance					
Balance beginning	24,685	290,303	78,028	393,016	358,320
Purchase of tangible capital assets	(2,915)	2,915	-	-	-
Transfer to Renewal reserve fund	(39,600)	-	39,600	-	-
Purchase of tangible capital assets	-	4,350	(4,350)	-	-
Transfer of long-term debt payment	<u>(9,496)</u>	<u>9,496</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 40,798</u>	<u>\$ 274,029</u>	<u>\$ 113,938</u>	<u>\$ 428,765</u>	<u>\$ 393,016</u>

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

DEEP BAY IMPROVEMENT DISTRICT

SCHEDULE OF TANGIBLE CAPITAL ASSETS

WATERWORKS

YEAR ENDED DECEMBER 31, 2010

Cost	Buildings	Motor vehicles	Furniture and fixtures	Computer equipment	Water works system	Maintenance equipment	Land	2010	2009
Beginning balance	\$ 37,020	\$ 5,000	\$ 5,547	\$ 9,732	\$ 1,380,146	\$ 25,799	\$ 7,164	\$ 1,470,408	\$ 1,427,669
Additions	-	-	-	834	-	-	-	834	42,739
Disposals	-	-	-	-	(17,100)	-	-	(17,100)	-
Write downs	-	-	(3,125)	-	-	(22,248)	-	(25,373)	-
Ending balance	<u>37,020</u>	<u>5,000</u>	<u>2,422</u>	<u>10,566</u>	<u>1,363,046</u>	<u>3,551</u>	<u>7,164</u>	<u>1,428,769</u>	<u>1,470,408</u>
Accumulated amortization									
Balance beginning	14,359	1,000	3,509	9,048	751,486	7,557	-	786,959	727,522
Amortization expense	1,121	225	555	1,268	53,102	2,580	-	58,851	59,437
Effect of disposals and write down	-	-	(2,138)	-	(13,400)	(7,928)	-	(23,466)	-
Ending balance	<u>15,480</u>	<u>1,225</u>	<u>1,926</u>	<u>10,316</u>	<u>791,188</u>	<u>2,209</u>	<u>-</u>	<u>822,344</u>	<u>786,959</u>
Net book value	<u>\$ 21,540</u>	<u>\$ 3,775</u>	<u>\$ 496</u>	<u>\$ 250</u>	<u>\$ 571,858</u>	<u>\$ 1,342</u>	<u>\$ 7,164</u>	<u>\$ 606,425</u>	<u>\$ 683,449</u>

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

DEEP BAY IMPROVEMENT DISTRICT

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FIRE PROTECTION

YEAR ENDED DECEMBER 31, 2010

	Buildings	Fire rescue vehicles	Furniture and fixtures	Computer equipment	Communication equipment	Fire protection equipment	Land	2010	2009
Cost									
Beginning balance	\$ 50,749	\$ 450,680	\$ 9,275	\$ 1,256	\$ 31,447	\$ 128,100	\$ 7,163	\$ 678,670	\$ 672,178
Additions	<u>-</u>	<u>-</u>	<u>1,139</u>	<u>-</u>	<u>1,776</u>	<u>4,350</u>	<u>-</u>	<u>7,265</u>	<u>6,492</u>
Ending balance	<u>50,749</u>	<u>450,680</u>	<u>10,414</u>	<u>1,256</u>	<u>33,223</u>	<u>132,450</u>	<u>7,163</u>	<u>685,935</u>	<u>678,670</u>
Accumulated amortization									
Balance beginning	25,455	135,311	7,544	624	18,813	39,208	-	226,955	194,143
Amortization expense	<u>1,058</u>	<u>21,317</u>	<u>242</u>	<u>251</u>	<u>3,146</u>	<u>7,021</u>	<u>-</u>	<u>33,035</u>	<u>32,812</u>
Ending balance	<u>26,513</u>	<u>156,628</u>	<u>7,786</u>	<u>875</u>	<u>21,959</u>	<u>46,229</u>	<u>-</u>	<u>259,990</u>	<u>226,955</u>
Net book value	<u>\$ 24,236</u>	<u>\$ 294,052</u>	<u>\$ 2,628</u>	<u>\$ 381</u>	<u>\$ 11,264</u>	<u>\$ 86,221</u>	<u>\$ 7,163</u>	<u>\$ 425,945</u>	<u>\$ 451,715</u>

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DEEP BAY IMPROVEMENT DISTRICT

SCHEDULE OF RESERVE FUNDS

YEAR ENDED DECEMBER 31, 2010

	Water Capital	Water Renewal Reserve	Fire Protection Capital	2010	2009
Beginning balance	\$ 278,010	\$ 154,265	\$ 78,028	\$ 510,303	\$ 263,910
Transfer in	-	-	39,600	39,600	156,556
Parcel Taxes	-	75,315	660	75,975	75,648
Capital expenditure charge	19,500	-	-	19,500	13,000
Interest income	450	496	-	946	1,189
Transfer out	<u>-</u>	<u>-</u>	<u>(4,350)</u>	<u>(4,350)</u>	<u>-</u>
Ending balance	<u>\$ 297,960</u>	<u>\$ 230,076</u>	<u>\$ 113,938</u>	<u>\$ 641,974</u>	<u>\$ 510,303</u>

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