

**UNION BAY IMPROVEMENT DISTRICT**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2008**

# UNION BAY IMPROVEMENT DISTRICT

## FINANCIAL STATEMENTS

DECEMBER 31, 2008

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**Brent Johnson, CGA Ltd.**  
Certified General Accountant

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Brent Johnson, CGA, CFP

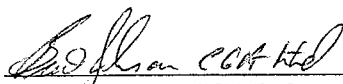
## AUDITOR'S REPORT

To the Members of: Union Bay Improvement District

I have audited the statement of financial position of Union Bay Improvement 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 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.

  
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Brent Johnson, CGA Ltd.  
Certified General Accountant

Qualicum Beach, British Columbia  
February 2, 2009



# UNION BAY IMPROVEMENT DISTRICT

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2008

	Budget	Capital Fund	Waterworks Operating	Fire Protection Operating Note 2 (g)	Total 2008	Total 2007
<b>REVENUE</b>						
Parcel taxes	\$ 70,000	\$ -	\$ 69,660	\$ -	\$ 69,660	\$ 69,380
Water tolls	200,663	-	204,994	-	204,994	166,672
Connection fees	5,000	-	7,381	-	7,381	9,454
Capital expenditure charge	35,000	7,000	-	-	7,000	14,000
Street light cost share	1,700	-	-	2,172	2,172	2,172
Provincial tax levies	348,800	-	-	348,800	348,800	287,600
Interest and other	14,900	8,744	14,401	10,549	33,694	29,803
Donations	1,000	-	-	3,566	3,566	4,540
Rental	15,000	-	-	-	-	-
Meter installations	3,500	-	410	-	410	2,224
Contribution of assets from operations	<u>-</u>	<u>48,092</u>	<u>-</u>	<u>-</u>	<u>48,092</u>	<u>67,719</u>
	<b>695,563</b>	<b>63,836</b>	<b>296,846</b>	<b>365,087</b>	<b>725,769</b>	<b>653,564</b>
<b>EXPENSES - Page 8</b>	<u>695,563</u>	<u>100,784</u>	<u>295,433</u>	<u>328,593</u>	<u>724,810</u>	<u>647,017</u>
Excess Revenue over Expenses	-	(36,948)	1,413	36,494	959	6,547
<b>Fund Balance</b>						
Balance beginning	<u>2,064,769</u>	<u>1,888,401</u>	<u>117,666</u>	<u>58,702</u>	<u>2,064,769</u>	<u>2,058,222</u>
Ending balance - Page 3	<u><b>\$2,064,769</b></u>	<u><b>\$1,851,453</b></u>	<u><b>\$ 119,079</b></u>	<u><b>\$ 95,196</b></u>	<u><b>\$2,065,728</b></u>	<u><b>\$2,064,769</b></u>

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

# UNION BAY IMPROVEMENT DISTRICT

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2008

### ASSETS

	2008	2007
<b>CURRENT</b>		
Cash	\$ 303,061	\$ 172,708
Goods and Services Tax recoverable	5,630	8,868
Accounts receivable	7,673	2,754
Prepaid expenses	5,155	5,165
Inventory (Note 2(a))	<u>13,743</u>	<u>14,421</u>
	<b>335,262</b>	<b>203,916</b>
Restricted cash and term deposits (Note 8)	215,923	200,180
PROPERTY AND EQUIPMENT (Note 4)	<u>2,124,864</u>	<u>2,187,889</u>
	<b><u>\$2,676,049</u></b>	<b><u>\$2,591,985</u></b>

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# UNION BAY IMPROVEMENT DISTRICT

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2008


### LIABILITIES

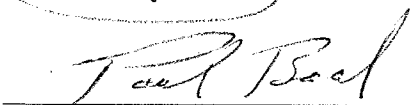
	2008	2007
<b>CURRENT</b>		
Accounts payable	\$ 17,032	\$ 21,412
Statutory advance (Note 7)	100,000	-
Wages and benefits payable	3,955	6,136
Current portion of long term debt	<u>10,998</u>	<u>10,532</u>
	<b>131,985</b>	<b>38,080</b>
Long term debt (Note 5)	<u>478,336</u>	<u>489,136</u>
	<u><b>610,321</b></u>	<u><b>527,216</b></u>

### FUND BALANCES

Invested in property and equipment	1,635,530	1,688,221
Externally restricted net assets (Note 8)	<u>215,923</u>	<u>200,180</u>
	<b>1,851,453</b>	<b>1,888,401</b>
Unrestricted	<u>214,275</u>	<u>176,368</u>
Ending balance - Page 1	<u><b>2,065,728</b></u>	<u><b>2,064,769</b></u>
	<u><b>\$2,676,049</b></u>	<u><b>\$2,591,985</b></u>

APPROVED BY THE TRUSTEES

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

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

# UNION BAY IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

### 1. HISTORY AND NATURE OF THE ORGANIZATION

The Improvement District was incorporated under Letters Patent from the Province of British Columbia.

The Improvement District is limited to supplying the services of street lighting, fire protection and domestic water supply. In addition, these services cannot be delivered outside the boundaries of the Improvement District with the exception of fire protection where mutual aid agreements have been established.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Improvement District follows the restricted method of accounting for contributions. Outlined below are those policies considered particularly significant.

- (a) **Inventory** is valued at the lower of cost or net realizable value.
- (b) **Marketable securities** are valued at the lower of cost or market value.
- (c) **Investments** are carried at cost less write-downs for any permanent decline in value.
- (d) **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	year straight-line
Fire trucks	20	year straight-line
Fire protection equipment	10	year straight-line
Pumps, tools and equipment	3-5	year straight-line
Mains and services	40	year straight-line
Reservoir	40	year straight-line
- (e) **Revenue recognition** is based on when the amount is received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (f) **Waterworks** follows the restricted fund method of accounting for contributions, and reports the revenue and expenses related to the operations for water distribution.
- (g) **Fire Protection** reports the revenue and expenses related to the operation for fire protection and street lighting.
- (h) **Capital fund** maintains the control of the actual property and equipment, accumulated amortization and the renewal reserve and capital expenditure charges.
- (i) **Local Government Act** requires the Improvement District to prepare these financial statements in accordance with generally accepted accounting principles for local governments.

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

# UNION BAY IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

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

(j) **Budget** amounts stated on the Statement of Operations and Changes in Fund Balances are shown as consolidated amounts only for financial statement purposes.

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

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

### 3. FINANCIAL INSTRUMENTS

The Improvement District's financial instruments consist of cash, short term investments, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Improvement District is not exposed to significant interest, currency or credit risks arising from these financial instruments, the fair value of which approximates their carrying value.

### 4. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Amortization</u>	<u>Net 2008</u>	<u>Net 2007</u>
Buildings	\$ 235,870	\$ 42,823	\$ 193,047	\$ 192,741
Fire protection equipment	589,468	428,727	160,741	186,890
Pumps, tools and equipment	115,993	72,319	43,674	45,019
Mains and reservoir	1,789,026	630,117	1,158,909	1,194,746
Land and easements	<u>568,493</u>	<u>-</u>	<u>568,493</u>	<u>568,493</u>
	<u>\$ 3,298,850</u>	<u>\$ 1,173,986</u>	<u>\$ 2,124,864</u>	<u>\$ 2,187,889</u>

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

# UNION BAY IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

### 5. LONG TERM DEBT

	2008	2007
Mortgage payable to the Union Bay Credit Union in monthly installments of \$2,908 including interest at 5%, secured by specific assets with the balance due October 2012.	\$ 489,334	\$ 499,668
Less current portion	<u>10,998</u>	<u>10,532</u>
	<u>\$ 478,336</u>	<u>\$ 489,136</u>
Principal repayments, based on the loan terms and conditions at year end, are as follows:		
2009	\$ 10,998	
2010	11,553	
2011	12,136	
2012	12,748	
2013	13,391	
2014 and subsequent	<u>428,508</u>	
	<u>\$ 489,334</u>	

### 6. WAGES

Administrative wages paid or payable which are included in expenses during the year ended December 31, 2008 - \$76,253 (2007 - \$70,254).

### 7. STATUTORY ADVANCE

Funds scheduled to be received in the next fiscal year were received in advance of the current period.

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

# UNION BAY IMPROVEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

### 8. RENEWAL RESERVES AND CAPITAL EXPENDITURE CHARGE FUND

Section #751 of the Local Government Act provides for the establishment of a renewal reserve fund to renew works when replacement is required. The Improvement District has set aside operating surpluses each year for this purpose, with no commitment made to a specific amount.

Funds raised for the renewal of works must be kept separate from other funds of the Improvement District and must not be disbursed without prior written consent of the inspector.

The changes for the year are as follows:

	Waterworks		Fire Protection	2008	2007
	Capital	Renewal			
Beginning balance	\$ 90,487	\$ 1,904	\$ 107,789	\$ 200,180	\$ 381,824
Gain on sale of asset	-	-	-	-	31
Capital expenditures	7,000	-	-	7,000	(195,195)
Accrued interest	1,226	-	700	1,926	-
Interest income	2,950	58	3,809	6,817	13,520
	<b>\$ 101,663</b>	<b>\$ 1,962</b>	<b>\$ 112,298</b>	<b>\$ 215,923</b>	<b>\$ 200,180</b>

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

# UNION BAY IMPROVEMENT DISTRICT

## SCHEDULE OF EXPENSES

DECEMBER 31, 2008

EXPENSES	Budget	Capital Fund	Waterworks Operating	Fire Protection Operating Note 2 (g)	Total 2008	Total 2007
Advertising	\$ 5,400	\$ -	\$ 1,484	\$ 4,045	\$ 5,529	\$ 7,083
Amortization	-	100,784	-	-	100,784	93,860
Dues	4,500	-	1,823	2,027	3,850	3,549
Honorariums	15,000	-	-	15,000	15,000	15,000
Insurance	32,000	-	12,787	14,760	27,547	24,657
Interest on long term	26,100	-	-	24,563	24,563	4,657
Loan payment	10,000	-	-	10,797	10,797	322
Occupancy	20,000	-	10,228	7,498	17,726	5,950
Office expense	19,200	-	19,694	7,690	27,384	19,018
Professional fees	11,500	-	4,398	8,628	13,026	12,120
Property and equipment purchase	96,000	-	15,119	22,425	37,544	67,719
Street lights	23,000	-	-	20,991	20,991	19,994
Supplies	58,800	-	23,250	30,276	53,526	59,263
Travel and training	38,000	-	8,634	24,033	32,667	26,900
Trustee remuneration	5,000	-	2,500	2,275	4,775	3,999
Utilities and telephone	30,000	-	10,695	27,774	38,469	23,414
Vehicles	29,300	-	9,529	17,518	27,047	27,471
Wages and benefits	<u>271,763</u>	<u>-</u>	<u>175,292</u>	<u>88,293</u>	<u>263,585</u>	<u>232,041</u>
Total - Page 1	<u>\$ 695,563</u>	<u>\$ 100,784</u>	<u>\$ 295,433</u>	<u>\$ 328,593</u>	<u>\$ 724,810</u>	<u>\$ 647,017</u>

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