
MAYNE ISLAND IMPROVEMENT DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2008

	Page
Auditors' Report	1
Statement of Financial Position	2
Statement of Operations and Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 7



Catherine W. McLean, CGA*

Paula M. Wheadon, CGA

Frédéric Lizotte, CGA*

Nina Pollock, CGA

AUDITORS' REPORT

TO: The Board of Trustees
MAYNE ISLAND IMPROVEMENT DISTRICT

We have audited the statement of financial position of Mayne Island Improvement District as at December 31, 2008 and the statements of operations and fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the board of trustees. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from 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 our 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 cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McLean, Lizotte, Wheadon and Company

McLEAN, LIZOTTE, WHEADON AND COMPANY
Certified General Accountants

March 19, 2009
Victoria, British Columbia

- 1 -

SALT SPRING ISLAND

207 Upper Ganges Centre
Mail: #7 - 338 Lower Ganges Road
Salt Spring Island, BC V8K 2V3

(250) 537-9742 FAX: (250) 537-9792

VICTORIA

300A-3060 Cedar Hill Road
Victoria, British Columbia
V8T 3J5

(250) 475-3000 FAX: (250) 475-2224

www.mlwaccounting.ca

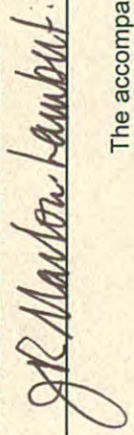
EMAIL: cga@mlwaccounting.ca

*denotes professional corporation

MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

	2008	2007
CURRENT ASSETS		
Cash	\$ 61,013	\$ 203,645
Guaranteed investment certificates	274,942	35,025
Accounts receivable	13,388	36,122
Accrued interest receivable	1,582	723
Due from employee	900	9,387
Prepaid expenses	19,588	19,145
	371,413	304,047
RESTRICTED INVESTMENTS, INCLUDING ACCRUED INTEREST	313,894	300,833
PROPERTY, PLANT & EQUIPMENT - Notes 2 & 3	944,902	873,093
	\$ 1,630,209	\$ 1,477,973
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 11,135	\$ 30,028
Wages and wage costs payable	12,295	15,726
Current portion of long term debt - Note 4	77,917	18,500
Due to government agencies	6,887	3,465
	108,234	67,719
LONG TERM DEBT - Note 4	36,562	61,667
	144,796	129,386
FUND BALANCES - Note 2		
Invested in property, plant & equipment	944,902	873,093
Renewal reserve fund	313,894	204,342
Operating surplus	226,617	271,152
	1,485,413	1,348,587
	\$ 1,630,209	\$ 1,477,973

APPROVED BY THE TRUSTEES:



The accompanying notes are an integral part of these statements

**MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR-ENDED DECEMBER 31, 2008**

	Property, Plant & Equipment Fund	Health Centre Operating Fund	Fire Protection Operating Fund	Renewal Reserve Fund	2008	2007
REVENUES						
Tax levies	\$ -	\$ 81,487	\$ 395,494	\$ 110,000	\$ 586,981	\$ 537,491
Contribution from Southern Gulf Islands			2,290		2,290	35,000
Emergency Services Committee/Capital Regional District		12,000			12,000	12,000
Rent			4,300		4,300	4,127
Permits			4,804	5,412	10,216	10,954
Investment income	9,495				9,495	-
Contributions in kind			1,380		1,380	2,560
Other	9,495	93,487	408,268	115,412	626,662	602,132
EXPENDITURES						
Advertising			1,068		1,068	162
Amortization	74,550				74,550	100,612
Bad debts		1,279			1,279	1,749
Bookkeeping and billing costs		7,343	18,626		25,969	22,275
Education and training			35,071		35,071	16,388
Insurance - building			5,099		5,099	2,323
- trustees liability		388	1,116		1,504	1,550
- liability		7,850	2,344		10,194	12,229
- accident			4,842		4,842	4,316
- vehicle			4,284		4,284	4,122
Interest on long term debt		4,354	1,489		5,843	3,592
Memberships and dues			1,600		1,600	1,046
Office and miscellaneous		356	12,930		13,286	14,344
Professional fees		3,183	9,547		12,730	8,075
Repairs and maintenance - buildings and grounds		27,667	8,406		36,073	38,267
- equipment			16,746		16,746	12,557
Supplies		430	2,114		2,544	2,363
Telecommunications			5,890		5,890	4,102
Travel		89	1,449		1,538	1,332
Utilities		4,949	6,214		11,163	8,545
Vehicle fuel			2,626		2,626	3,740
Vehicle maintenance			16,502		16,502	12,445
Volunteer appreciation			1,238		1,238	1,414
Wages and costs		15,649	182,548		198,197	200,608
	74,550	73,537	341,749	-	489,836	478,156
LOSS ON DISPOSAL OF EQUIPMENT					-	(9,583)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(65,055)	19,950	66,519	115,412	136,826	114,393
FUND BALANCES, BEGINNING OF YEAR	873,093	(6,944)	278,096	204,342	1,348,587	1,234,194
	808,038	13,006	344,615	319,754	1,485,413	1,348,587
INVESTED IN PROPERTY, PLANT AND EQUIPMENT					-	-
INTERFUND TRANSFERS			(129,315)		(5,860)	-
FUND BALANCES, END OF YEAR	\$ 944,902	\$ 5,457	\$ 221,160	\$ 313,894	\$ 1,485,413	\$ 1,348,587

The accompanying notes are an integral part of these statements

**MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR-ENDED DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 136,826	\$ 114,393
Net change in non-cash working capital	71,293	18,031
Add back items not affecting cash:		
- contributions in kind	(9,495)	-
- loss on disposal of equipment		9,583
- amortization	74,550	100,612
Cash flows from operating activities	<u>273,174</u>	<u>242,619</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(136,864)	(167,987)
Cash flows from investing activities	<u>(136,864)</u>	<u>(167,987)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of long term debt, net of repayments	(25,105)	61,667
Cash flows from financing activities	<u>(25,105)</u>	<u>61,667</u>
INCREASE IN CASH AND TERM DEPOSITS	111,205	136,299
CASH AND EQUIVALENTS, BEGINNING OF YEAR	540,226	403,927
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 651,431</u>	<u>\$ 540,226</u>
CASH AND EQUIVALENTS COMPRISED OF:		
Cash	61,013	203,645
Accrued interest receivable	1,582	723
Guaranteed investment certificates	274,942	35,025
Restricted investments including accrued interest	313,894	300,833
	<u>\$ 651,431</u>	<u>\$ 540,226</u>

The accompanying notes are an integral part of these statements

**MAYNE ISLAND IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - PURPOSE OF THE ORGANIZATION

The Improvement District is governed by the Local Government Act, Community Charter, Letters Patent and its own By-laws. It is tax-exempt pursuant to the Income Tax Act.

The objects of the Improvement District are the provision of fire protection, provision of garbage collection and disposal, the operation of the Mayne Island Health Centre, the acquisition, maintenance and operation of works, buildings and equipment for these purposes and all matters incidental thereto.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Improvement District conform to generally accepted accounting principles for local governments in British Columbia and are consistently applied. The financial statements have been prepared using the accrual basis of accounting. Revenues are recorded in the period in which the transaction or events occurred that gave rise to the revenues. Expenditures are recorded in the period the goods and service are acquired and a liability is incurred.

Basis of Presentation

As the Improvement District's objects are to provide more than one activity, the activities have been segregated into the following funds:

The Fire Protection Operating Fund reports the revenue and expenses for fire protection.

The Health Centre Operating Fund reports the revenue and expenses for the operation of the Mayne Island Health Centre, including the heliport.

The Property, Plant and Equipment Fund reports the assets, liabilities, revenues and expenses related to the District's property, plant and equipment.

The Renewal Reserve Funds are funds established by bylaw for the upgrading, replacement or renewal of existing capital works. The funds, and interest earned on the funds, are deposited in a separate account at a financial institution. Expenditures may only be made from these funds after a by-law is passed by the trustees of the Improvement District and registered with the Inspector of Municipalities.

**MAYNE ISLAND IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Property, Plant and Equipment are recorded at cost and are being amortized over their estimated useful lives at the following annual rates:

Buildings	4% declining balance
Computer equipment	2 years straight line
Equipment – other	10 years straight line
Fire fighting clothing	10 years straight line
Fire fighting equipment	10 years straight line
Generator	20 years straight line
Heliport	20 years straight line
Paving	20 years straight line
Radios and pagers	5 years straight line
Software	2 years straight line
Trailers	10 years straight line
Vehicles	20 years straight line
Water storage	20 years straight line
Water access and related equipment	10 years straight line

Amortization is charged at one-half of the above rates for acquisitions in the year.

During the prior year the Improvement District changed the annual rates of amortization to better reflect useful estimates.

Financial Instruments

Financial instruments are initially recorded at historical cost. If subsequent circumstances indicate that a decline in fair value is other than temporary, the financial asset is written down to its fair value. Unless otherwise indicated, the fair values of financial instruments approximate their recorded amounts.

**MAYNE ISLAND IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2008</u>	<u>2007</u>
Land	\$ 3,650	\$ -	\$ 3,650	\$ 3,650
Buildings				
- Fire Department	158,071	51,297	106,774	111,223
- Health Centre	348,562	120,296	228,266	232,986
- New fire hall project	81,743	-	81,743	4,657
Computer equipment	11,865	8,940	2,925	4,375
Equipment - other	8,828	4,496	4,332	4,383
Fire fighting clothing	101,628	65,930	35,698	37,297
Fire fighting equipment	218,666	144,693	73,973	60,566
Generator	101,929	7,645	94,284	99,381
Heliport	55,673	6,733	48,940	49,407
Paving	43,666	24,017	19,649	21,833
Radios and pagers	8,957	1,810	7,147	4,113
Software	6,158	4,070	2,088	3,796
Trailer	9,495	475	9,020	-
Vehicles	597,427	394,300	203,127	209,693
Water storage	43,197	24,695	18,502	19,884
Water access and related equipment	10,650	5,866	4,784	5,849
	<u>\$ 1,810,165</u>	<u>\$ 865,263</u>	<u>\$ 944,902</u>	<u>\$ 873,093</u>

NOTE 4 - LONG-TERM DEBT

	<u>2007</u>	<u>2006</u>
Demand loan payable to Royal Bank for the Mayne Island Heliport pursuant to by-law #82. Repayable at \$1,250 per month plus interest at prime. Due June 2009.	\$ 50,000	\$ 65,000
Demand loan payable to Royal Bank for Wildfire Fire Fighting Equipment pursuant to by-law #83. Repayable at \$292 per month plus interest at prime. Due June 2009.	11,667	15,167
Demand loan payable to Royal Bank for the Generator pursuant to by-law #85. Repayable at \$1,354 per month plus interest at prime. Due March 2012.	<u>52,812</u>	<u>-</u>
	114,479	80,167
Deduct: current portion	<u>(77,917)</u>	<u>(18,500)</u>
	<u>\$ 36,562</u>	<u>\$ 61,667</u>

The toll collecting and taxing powers of the Improvement District have been pledged as security for all of these loans.