
MAYNE ISLAND IMPROVEMENT DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2009

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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, 2009 and the statements of operations, changes in net financial assets and changes in 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, 2009, and the results of its operations, changes in net financial assets 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 27, 2010
Victoria, British Columbia

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**MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009**

	2009	Restated 2008
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 42,293	\$ 61,013
Temporary investments	443,226	587,031
Accounts receivable	22,905	13,388
Accrued interest receivable	-	3,386
Due from employees	720	900
	509,144	665,718
 LIABILITIES		
Accounts payable and accrued liabilities	20,291	11,135
Wages and wage costs payable	10,870	13,238
Due to government agencies	12,623	6,887
Debt - Note 4	79,729	114,479
	123,513	145,739
 NET FINANCIAL ASSETS	 385,631	 519,979
 NON-FINANCIAL ASSETS		
Capital assets	1,120,555	944,902
Prepaid expenses	20,596	20,531
	1,141,151	965,433
 ACCUMULATED SURPLUS	 \$ 1,526,782	 \$ 1,485,412
 ACCUMULATED SURPLUS REPRESENTED BY:		
Capital assets	1,120,555	944,902
Renewal reserve fund	200,977	313,894
Health Centre building fund	14,100	
Operating surplus	191,150	226,616
	\$ 1,526,782	\$ 1,485,412

APPROVED BY THE TRUSTEES:

 J.R. Manton-Lambert

The accompanying notes are an integral part of these statements

**MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF OPERATIONS
FOR THE YEAR-ENDED DECEMBER 31, 2009**

	<u>Budget 2009</u>	<u>Actual 2009</u>	<u>Restated Actual 2008</u>
REVENUES			
Fire Department tax levies	\$ 512,713	\$ 512,713	\$ 505,494
Health Centre tax levies	82,800	82,184	81,487
Contribution from Southern Gulf Islands			
Emergency Services Committee/Capital Regional District		3,087	2,790
Rent	12,000	12,000	12,000
Permits	2,800	3,290	4,300
Investment income		4,123	10,216
Contributions in kind			9,495
Other		60	880
	<u>610,313</u>	<u>617,457</u>	<u>626,662</u>
EXPENSES			
Governance			
Audit fees	6,600	9,700	12,730
Advertising		1,437	1,068
Bank charges	600	1,700	664
Bookkeeping and consulting fees	3,000	7,464	11,329
Building and grounds maintenance	4,500	5,694	4,020
Insurance	1,550	1,550	1,504
Legal	1,000	1,802	
Newsletters		3,770	
Office and miscellaneous	8,000	11,289	10,509
Recording secretary	1,500	2,778	1,375
Referendum		12,247	
Telecommunications	1,200	1,613	1,363
Travel expense	500	562	786
Wages and costs	30,770	59,047	44,712
	<u>59,220</u>	<u>120,653</u>	<u>90,060</u>
Fire Protection			
Amortization		66,019	62,379
Appreciation and awards	1,500	1,513	1,239
Asset and inventory management	1,000	4,218	303
Building repairs and maintenance	4,300	19,572	7,321
Data entry	8,000	5,082	7,297
Education and training	23,000	30,273	15,215
Equipment maintenance and supplies	7,350	7,642	8,897
Fire prevention	-	1,333	1,008
Insurance	14,900	13,783	12,286
Interest		1,226	1,489
Office and miscellaneous	2,000	4,680	2,114
Software	1,200	1,050	897
Subscriptions and dues	1,628	1,161	1,600
Telecommunications	4,500	6,239	4,527
Travel	1,000	743	116
Uniforms	5,000	1,684	4,181
Utilities	6,500	5,273	6,214
Vehicle fuel and insurance	4,350	5,562	6,911
Vehicle repairs and maintenance	18,000	14,613	17,050
Wages and costs	198,865	202,808	172,247
	<u>303,093</u>	<u>394,474</u>	<u>333,291</u>
Total Governance and Fire Protection Expenses Before Allocation	<u>362,313</u>	<u>515,127</u>	<u>423,351</u>
Allocation to Health Centre - Note 5	<u>(3,000)</u>	<u>(27,908)</u>	<u>(7,050)</u>
Total Governance and Fire Protection Expenses	<u>359,313</u>	<u>487,219</u>	<u>416,301</u>
Health Centre			
Allocation of governance and fire protection expenses	3,000	27,908	7,050
Amortization		12,044	12,170
Bad debts			1,279
Billing costs	10,000	8,246	7,343
Building repairs and maintenance	17,500	16,507	14,462
Heliport operation	500	778	732
Insurance	6,000	6,907	7,850
Interest	-	1,258	4,354
Legal	2,000		
Management fees	10,000	10,024	11,215
Office and miscellaneous	7,100		356
Travel	100	165	88
Utilities	4,500	3,597	4,296
Water testing	2,000	1,434	2,341
	<u>62,700</u>	<u>88,868</u>	<u>73,536</u>
Total Expenses	<u>422,013</u>	<u>576,087</u>	<u>489,837</u>
ANNUAL SURPLUS	<u>188,300</u>	<u>41,370</u>	<u>136,825</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,485,412	1,485,412	1,348,587
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 1,673,712</u>	<u>\$ 1,526,782</u>	<u>\$ 1,485,412</u>

The accompanying notes are an integral part of these statements

**MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR-ENDED DECEMBER 31, 2009**

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS	<i>Budget 2009</i>	<i>Actual 2009</i>	<i>Restated Actual 2008</i>
Annual surplus	\$ 188,300	\$ 41,370	\$ 136,825
Acquisition of tangible capital assets	(240,300)	(253,716)	(146,359)
Amortization of tangible capital assets	-	78,063	74,550
Use of prepaid expenses	-	20,531	19,145
Acquisition of prepaid expenses	-	(20,596)	(20,531)
Change in net financial assets / net debt	(52,000)	(134,348)	63,630
NET FINANCIAL ASSETS, BEGINNING OF YEAR	519,979	519,979	456,349
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 467,979</u>	<u>\$ 385,631</u>	<u>\$ 519,979</u>

The accompanying notes are an integral part of these statements

**MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR-ENDED DECEMBER 31, 2009**

	2009	2008
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 41,370	136,826
Amortization	78,063	74,550
Contributions in kind	-	(9,495)
Accrued interest receivable	3,386	721
Prepaid expenses	(65)	(1,386)
Other	3,187	13,262
Cash provided by operating transactions	125,941	214,478
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(253,716)	(136,864)
Cash provided by (applied to) capital transactions	(253,716)	(136,864)
INVESTING TRANSACTIONS		
GIC's purchased	(553,272)	(689,292)
GIC's redeemed	697,077	434,734
Other	-	-
Cash provided by (applied to) investing transactions	143,805	(254,558)
FINANCING TRANSACTIONS		
Generator loan proceeds	-	65,000
Heliport principal loan payments	(15,000)	(15,000)
Equipment principal loan payments	(3,500)	(3,500)
Generator loan payments	(16,250)	(12,188)
Cash applied to financing transactions	(34,750)	34,312
INCREASE IN CASH AND CASH EQUIVALENTS	(18,720)	(142,632)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	61,013	203,645
CASH AND EQUIVALENTS, END OF YEAR	\$ 42,293	61,013

The accompanying notes are an integral part of these statements

**MAYNE ISLAND IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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

On January 1, 2009, the Improvement District adopted the changes required to remain in conformity with generally accepted accounting principles for local governments in British Columbia. The changes require that the financial statements be presented in a new format. The prior year has been restated to reflect these changes.

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.

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, some of which must be approved by the Inspector of Municipalities.

Basis of Presentation of Schedules

As the Improvement District's objects are to provide more than one activity, the schedules segregate the activities 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 Health Centre Building Fund is comprised of monies set aside for future building improvements and/or replacement of the Mayne Island Health Centre.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital Assets 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.

Costs incurred to date on the new fire hall project have been capitalized with no amortization recorded. The continuation of this project is currently stalled pending approvals.

During 2007 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 - CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2009</u>	<u>2008</u>
Fire Protection				
Land	\$ 3,650	\$ -	\$ 3,650	\$ 3,650
Buildings				
- Fire Hall	159,402	55,595	103,807	106,774
- New fire hall project	92,559	-	92,559	81,743
Computer equipment	9,667	7,769	1,898	2,925
Equipment - other	8,982	5,121	3,861	3,767
Fire fighting clothing	52,506	22,433	30,073	35,698
Fire fighting equipment	120,403	41,919	78,484	73,973
Generator	104,278	12,800	91,478	94,284
Paving	43,666	26,200	17,466	19,649
Radios and pagers	14,503	4,156	10,347	7,147
Software	1,618	953	665	2,088
Trailer	9,495	1,424	8,071	9,020
Vehicles	806,201	417,853	388,348	203,127
Water storage	43,197	26,329	16,868	18,502
Water access and related equipment	10,650	6,931	3,719	4,784
	<u>1,480,777</u>	<u>629,483</u>	<u>851,294</u>	<u>667,131</u>
Health Centre				
Building	352,094	129,497	222,597	228,266
Equipment - other	595	89	506	565
Heliport	55,673	9,517	46,156	48,940
	<u>408,362</u>	<u>139,103</u>	<u>269,259</u>	<u>277,771</u>
	<u>\$ 1,889,139</u>	<u>\$ 768,586</u>	<u>\$ 1,120,553</u>	<u>\$ 944,902</u>

NOTE 4 - DEBT

	<u>2009</u>	<u>2008</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 2010.	\$ 35,000	\$ 50,000
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 2010.	8,167	11,667
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>36,562</u>	<u>52,812</u>
	<u>\$ 79,729</u>	<u>\$ 114,479</u>

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

**MAYNE ISLAND IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 5 - ALLOCATION OF EXPENSES

A percentage of the expenses noted as governance and fire protection pertain to the Health Centre; and conversely, a percentage of the expense noted as Health Centre, pertain to fire protection and governance. The allocation reflects those percentages of expenses.

**MAYNE ISLAND IMPROVEMENT DISTRICT
SCHEDULE A - SCHEDULE OF FINANCIAL POSITION BY FUND
DECEMBER 31, 2009**

	<u>Health Centre</u>	<u>Fire Protection</u>	<u>Total</u>
FINANCIAL ASSETS			
Cash and cash equivalents	\$ 38,928	\$ 3,366	\$ 42,294
Temporary investments		443,226	443,226
Accounts receivable	13,752	9,153	22,905
Accrued interest receivable			-
Due from employee		720	720
	<u>52,680</u>	<u>456,465</u>	<u>509,145</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,517	18,773	20,290
Wages and wage costs payable		10,870	10,870
Due to government agencies		12,623	12,623
Debt	35,000	44,729	79,729
	<u>36,517</u>	<u>86,995</u>	<u>123,512</u>
NET FINANCIAL ASSETS	<u>16,163</u>	<u>369,470</u>	<u>385,633</u>
NON-FINANCIAL ASSETS			
Capital assets	269,259	851,294	1,120,553
Prepaid expenses	3,124	17,472	20,596
	<u>272,383</u>	<u>868,766</u>	<u>1,141,149</u>
ACCUMULATED SURPLUS	<u>\$ 288,546</u>	<u>\$ 1,238,236</u>	<u>\$ 1,526,782</u>
ACCUMULATED SURPLUS REPRESENTED BY:			
Capital assets	269,259	851,294	1,120,553
Renewal reserve fund		200,977	200,977
Health Centre building fund	14,100		14,100
Operating surplus	5,187	185,965	191,152
	<u>\$ 288,546</u>	<u>\$ 1,238,236</u>	<u>\$ 1,526,782</u>

**SCHEDULE A - SCHEDULE OF FINANCIAL POSITION BY FUND
DECEMBER 31, 2008 - RESTATED**

	<u>Health Centre</u>	<u>Fire Protection</u>	<u>Total</u>
FINANCIAL ASSETS			
Cash and cash equivalents	\$ 43,039	\$ 17,974	\$ 61,013
Temporary investments		587,031	587,031
Accounts receivable	7,758	5,630	13,388
Accrued interest receivable		3,386	3,386
Due from employee		900	900
	<u>50,797</u>	<u>614,921</u>	<u>665,718</u>
LIABILITIES			
Accounts payable and accrued liabilities		11,135	11,135
Wages and wage costs payable		13,238	13,238
Due to government agencies		6,887	6,887
Debt	50,000	64,479	114,479
	<u>50,000</u>	<u>95,739</u>	<u>145,739</u>
NET FINANCIAL ASSETS	<u>797</u>	<u>519,182</u>	<u>519,979</u>
NON-FINANCIAL ASSETS			
Capital assets	277,771	667,131	944,902
Prepaid expenses	2,984	17,547	20,531
	<u>280,755</u>	<u>684,678</u>	<u>965,433</u>
ACCUMULATED SURPLUS	<u>\$ 281,552</u>	<u>\$ 1,203,860</u>	<u>\$ 1,485,412</u>
ACCUMULATED SURPLUS REPRESENTED BY:			
Capital assets	277,771	667,131	944,902
Renewal reserve fund		313,894	313,894
Operating surplus	5,456	221,160	226,616
	<u>\$ 283,227</u>	<u>\$ 1,202,185</u>	<u>\$ 1,485,412</u>

**MAYNE ISLAND IMPROVEMENT DISTRICT
SCHEDULE B - SCHEDULE OF OPERATIONS BY FUND
FOR THE YEAR-ENDED DECEMBER 31, 2009**

	<u>Health Centre</u>	<u>Fire Protection</u>	<u>Total</u>
REVENUES PER STATEMENT OF OPERATIONS	\$ 94,184	\$ 523,273	\$ 617,457
EXPENSES PER STATEMENT OF OPERATIONS	88,868	487,219	576,087
ANNUAL SURPLUS (DEFICIT)	5,316	36,054	41,370
ACCUMULATED SURPLUS, BEGINNING OF YEAR	283,227	1,202,185	1,485,412
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 288,543</u>	<u>\$ 1,238,239</u>	<u>\$ 1,526,782</u>
ACCUMULATED SURPLUS REPRESENTED BY:			
Capital assets	269,259	851,294	1,120,553
Renewal reserve fund		200,977	200,977
Health Centre building fund	14,100		14,100
Operating surplus	5,184	185,965	191,149
	<u>\$ 288,543</u>	<u>\$ 1,238,236</u>	<u>\$ 1,526,779</u>

**SCHEDULE B - SCHEDULE OF OPERATIONS BY FUND
FOR THE YEAR-ENDED DECEMBER 31, 2008 - RESTATED**

	<u>Health Centre</u>	<u>Fire Protection</u>	<u>Total</u>
REVENUES PER STATEMENT OF OPERATIONS	\$ 93,487	\$ 533,175	\$ 626,662
EXPENSES PER STATEMENT OF OPERATIONS	73,536	416,301	489,837
ANNUAL SURPLUS (DEFICIT)	19,951	116,874	136,825
ACCUMULATED SURPLUS, BEGINNING OF YEAR	275,448	1,073,139	1,348,587
Interfund transfers	(12,172)	12,172	
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 283,227</u>	<u>\$ 1,202,185</u>	<u>\$ 1,485,412</u>
ACCUMULATED SURPLUS REPRESENTED BY:			
Capital assets	277,771	667,131	944,902
Renewal reserve fund		313,894	313,894
Operating surplus	5,456	221,160	226,616
	<u>\$ 283,227</u>	<u>\$ 1,202,185</u>	<u>\$ 1,485,412</u>