
MAYNE ISLAND IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2005

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AUDITORS' REPORT

**TO: The Members of
MAYNE ISLAND IMPROVEMENT DISTRICT**

We have audited the statement of financial position of Mayne Island Improvement District as at December 31, 2005 and the statements of operations and fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the District's board. 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, 2005, 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.

Barry & McLean and Company

BARRY & McLEAN AND COMPANY
Certified General Accountants

April 19, 2006
Victoria, British Columbia

MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2005

	Operating Fund	Capital Asset Fund	Renewal Reserve Fund	Total 2005	Total 2004
CURRENT ASSETS					
Cash	\$ 2,645	\$	\$	2,645	\$ 310,786
Term deposits	164,734		225,846	390,580	3,235
Accounts receivable	9,210			9,210	1,219
Accrued interest receivable	1,726		2,366	4,092	9,266
Prepaid expenses	10,814			10,814	324,507
	189,129		228,212	417,341	
CAPITAL ASSETS - Notes 2 & 3					
		772,229		772,229	724,342
	\$ 189,129	\$ 772,229	\$ 228,212	\$ 1,189,570	\$ 1,048,849
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 9,031	\$	\$ 72,289	81,320	\$ 13,229
Due to government agencies	1,064			1,064	324
	10,095		72,289	82,384	13,553
FUND BALANCES - Note 2					
Invested in capital assets		772,229		772,229	724,342
Internally restricted	83,197			83,197	5,000
Externally restricted			155,923	155,923	210,707
Unrestricted	95,837			95,837	95,247
	179,034	772,229	155,923	1,107,186	1,035,296
	\$ 189,129	\$ 772,229	\$ 228,212	\$ 1,189,570	\$ 1,048,849

APPROVED BY THE TRUSTEES:

J.R. Norton - Lambert

R. DeBell

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, 2005**

	Operating Fund	Capital Asset Fund	Renewal Reserve Fund	Total 2005	Total 2004
REVENUES					
Tax levy	\$ 244,650	\$	\$	\$ 244,650	\$ 223,521
Permits	3,134			3,134	3,546
Investment income	2,867		4,760	7,627	3,711
	<u>250,651</u>		<u>4,760</u>	<u>255,411</u>	<u>230,778</u>
EXPENSES					
Administration	8,161			8,161	8,341
Advertising	741			741	738
Amortization		62,419		62,419	68,009
Directory 911 and grid maintenance	118			118	1,915
Education and training	10,426			10,426	9,967
Insurance - building	4,886			4,886	4,367
- trustees liability	1,448			1,448	1,445
- accident	4,578			4,578	4,503
- vehicle	3,068			3,068	3,036
Memberships and donations	5,000			5,000	4,500
Office and miscellaneous	5,926			5,926	4,889
Professional fees	3,300			3,300	2,750
Repairs and maintenance - building	1,778			1,778	346
- equipment	6,162			6,162	5,013
Supplies	558			558	522
Telephone and alert systems	2,399			2,399	2,395
Travel	1,497			1,497	2,345
Utilities	4,367			4,367	4,496
Vehicle fuel	1,635			1,635	1,521
Vehicle maintenance	6,932			6,932	13,852
Wages and costs	48,122			48,122	32,190
	<u>121,102</u>	<u>62,419</u>		<u>183,521</u>	<u>177,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	129,549	(62,419)	4,760	71,890	53,638
FUND BALANCES, BEGINNING OF YEAR	100,247	724,342	210,707	1,035,296	981,658
	229,796	661,923	215,467	1,107,186	1,035,296
INVESTED IN CAPITAL ASSETS	(11,017)		(99,289)		
INTERFUND TRANSFERS	(39,745)		39,745		
FUND BALANCES, END OF YEAR	<u>\$ 179,034</u>	<u>\$ 772,229</u>	<u>\$ 155,923</u>	<u>\$ 1,107,186</u>	<u>\$ 1,035,296</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, 2005

	Operating Fund	Capital Asset Fund	Renewal Reserve Fund	Total 2005	Total 2004
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess (deficiency) of revenues over expenses	\$ 129,549	\$ (62,419)	\$ 4,760	\$ 71,890	\$ 53,638
Net change in non-cash working capital	(12,419)		70,855	58,436	5,391
Add back items not requiring cash: - amortization		62,419		62,419	68,009
Cash flows from operating activities	<u>117,130</u>		<u>75,615</u>	<u>192,745</u>	<u>127,038</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of capital assets	(11,017)		(99,289)	(110,306)	(7,064)
Cash flows from investing activities	<u>(11,017)</u>	<u>-</u>	<u>(99,289)</u>	<u>(110,306)</u>	<u>(7,064)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Interfund transfers	(39,745)		39,745		
Cash flows from financing activities	<u>(39,745)</u>	<u>-</u>	<u>39,745</u>		
INCREASE IN CASH AND TERM DEPOSITS	66,368		16,071	82,439	119,974
CASH AND TERM DEPOSITS, BEGINNING OF YEAR	101,011		209,775	310,786	190,812
CASH AND TERM DEPOSITS, END OF YEAR	<u>\$ 167,379</u>	<u>\$ -</u>	<u>\$ 225,846</u>	<u>\$ 393,225</u>	<u>\$ 310,786</u>

The accompanying notes are an integral part of these statements

**MAYNE ISLAND IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 - PURPOSE OF THE ORGANIZATION

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.

The District is governed by the Local Government Act, Letters Patent and its own By-laws.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Mayne Island Improvement District follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the District's program delivery and administrative activities. The fund reports unrestricted and internally restricted resources.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the District's capital assets.

The Renewal Reserve Fund is a fund established by bylaw for the upgrading, replacement or renewal of buildings or equipment for fire protection. Monies set aside under this bylaw are approved by the trustees by way of resolution. Expenditures may only be made from this fund by obtaining pre-approval from the Inspector of Municipalities with the submission of a renewal reserve expenditure bylaw.

Capital Assets

Capital assets are recorded at cost and are being amortized over their estimated useful lives at the following annual rates:

Paving	20 years straight line
Buildings	4% declining balance
Computer equipment	45% declining balance
Equipment and travel trailer	20% declining balance
Firefighting clothing and equipment	10% declining balance
Radios and pagers	20% declining balance
Software	100% declining balance
Utility trailer	30% declining balance
Vehicles	15% declining balance
Water storage	10% declining balance
Water access	10 years straight line

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

**MAYNE ISLAND IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 3 - CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2005</u>	<u>2004</u>
Land	\$ 3,650	\$ -	\$ 3,650	\$ 3,650
Paving	43,667	17,467	26,200	28,384
Building				
- Fire Department	158,071	37,387	120,684	120,455
- Health Centre	330,000	91,941	238,059	247,978
Computer equipment	2,761	621	2,140	-
Equipment and travel trailer	6,008	2,347	3,661	3,522
Firefighting clothing	64,851	32,155	32,696	31,863
Firefighting equipment	147,853	93,138	54,715	57,245
Radios and pagers	44,719	32,948	11,771	14,714
Software	674	338	336	-
Utility trailer	815	578	237	339
Vehicles	580,704	326,939	253,765	188,909
Water Storage	39,413	19,457	19,956	22,174
Water Access	7,502	3,143	4,359	5,109
	<u>\$ 1,430,688</u>	<u>\$ 658,459</u>	<u>\$ 772,229</u>	<u>\$ 724,342</u>

NOTE 4 - COMMITMENTS

The Improvement District has been approved, in a by-law, to purchase turnout gear up to a cost of \$18,681 from the Renewal Reserve Fund.