
MAYNE ISLAND IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2007

	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, 2007 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.

For 2006, a portion of the books and records were not available for audit verification. Accordingly, our verification of these expenses was limited to the amounts recorded in the books and records.

In our opinion, except for the effect of adjustments, if any, had the 2006 expenses been susceptible to audit verification, these financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2007, 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**

April 2, 2008
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, 2007**

	2007	2006
CURRENT ASSETS		
Cash	\$ 203,645	\$ 7,433
Guaranteed investment certificates	35,025	93,376
Accounts receivable	36,122	24,318
Accrued interest receivable	723	1,397
Due from employee	9,387	
Prepaid expenses	19,145	13,721
	304,047	140,245
RESTRICTED INVESTMENTS AND ACCRUED INTEREST	300,833	301,721
PROPERTY, PLANT & EQUIPMENT - Notes 2 & 3	873,093	815,301
	\$ 1,477,973	\$ 1,257,267
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 30,028	\$ 19,563
Wages and wage costs payable	15,726	
Current portion of long term debt - Note 4	18,500	
Due to government agencies	3,465	3,510
	67,719	23,073
LONG TERM DEBT - Note 4	61,667	-
	129,386	23,073
FUND BALANCES - Note 2		
Invested in property, plant & equipment	873,093	815,301
Renewal reserve fund	204,342	241,307
Restricted for capital expenditures	133,821	104,850
Operating surplus	137,331	72,736
	1,348,587	1,234,194
	\$ 1,477,973	\$ 1,257,267

APPROVED BY THE TRUSTEES:

J.R. Naber-Lambert



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, 2007**

	Property, Plant & Equipment Fund	Health Centre Operating Fund	Fire Protection Operating Fund	Renewal Reserve Fund	2007	2006
REVENUES						
Tax levies	\$ -	\$ 83,440	\$ 399,051	\$ 55,000	\$ 537,491	\$ 398,376
Contribution from Southern Gulf Islands						
Emergency Services Committee/Capital Regional District		\$ 12,000	\$ 35,000		\$ 35,000	
Rent			4,127		4,127	2,630
Permits			2,919	8,035	10,954	
Investment income			2,560		2,560	9,870
Other		95,440	443,657	63,035	602,132	410,876
EXPENDITURES						
Advertising			162		162	1,361
Amortization	100,612				100,612	68,266
Bad debts		1,749			1,749	
Bookkeeping		8,681	13,594		22,275	16,156
Education and training			16,388		16,388	18,501
Insurance - building			2,323		2,323	6,266
- trustees liability		376	1,174		1,550	1,550
- liability		5,498	6,731		12,229	
- accident			4,316		4,316	4,578
- vehicle			4,122		4,122	3,298
Interest on long term debt		2,915	677		3,592	
Memberships and dues			1,046		1,046	7,500
Office and miscellaneous		1,289	13,055		14,344	1,819
Professional fees		2,019	6,056		8,075	4,430
Repairs and maintenance - buildings and grounds		37,629	638		38,267	4,549
- equipment			12,557		12,557	9,299
Supplies		456	1,907		2,363	390
Telecommunications			4,102		4,102	2,422
Travel			1,332		1,332	1,394
Tree removal and trimming					-	19,404
Utilities		3,190	5,355		8,545	4,442
Vehicle fuel			3,740		3,740	3,729
Vehicle maintenance			12,445		12,445	13,135
Volunteer appreciation			1,414		1,414	2,097
Wages and costs			200,608		200,608	89,282
	100,612	63,802	313,742	-	478,156	283,868
	(9,583)				(9,583)	
LOSS ON DISPOSAL OF EQUIPMENT						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(110,195)	31,638	129,915	63,035	114,393	127,008
FUND BALANCES, BEGINNING OF YEAR	815,301	(19,404)	196,990	241,307	1,234,194	1,107,186
	705,106	12,234	326,905	304,342	1,348,587	1,234,194
INVESTED IN PROPERTY, PLANT AND EQUIPMENT			(148,809)			
INTERFUND TRANSFERS	167,987	(19,178)	100,000	(100,000)		
FUND BALANCES, END OF YEAR	\$ 873,093	\$ (6,944)	\$ 278,096	\$ 204,342	\$ 1,348,587	\$ 1,234,194

The accompanying notes are an integral part of these statements



MAYNE ISLAND IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR-ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 114,393	\$ 127,008
Net change in non-cash working capital	18,031	(77,326)
Add back items not requiring cash:		
- loss on disposal of equipment	9,583	
- amortization	100,612	68,266
Cash flows from operating activities	<u>242,619</u>	<u>117,948</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(167,987)	(111,338)
Cash flows from investing activities	<u>(167,987)</u>	<u>(111,338)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of long term debt, net of repayments	61,667	
Cash flows from financing activities	<u>61,667</u>	
INCREASE IN CASH AND TERM DEPOSITS	136,299	6,610
CASH AND EQUIVALENTS, BEGINNING OF YEAR	403,927	397,317
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 540,226</u>	<u>\$ 403,927</u>
CASH AND EQUIVALENTS COMPRISED OF:		
Cash	203,645	7,433
Accrued interest receivable	723	1,397
Guaranteed investment certificates	35,025	93,376
Restricted investments and accrued interest	300,833	301,721
	<u>\$ 540,226</u>	<u>\$ 403,927</u>

The accompanying notes are an integral part of these statements



**MAYNE ISLAND IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 - PURPOSE OF THE ORGANIZATION

The Improvement District is governed by the Local Government Act, 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, 2007**

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
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 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, 2007**

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2007</u>	<u>2006</u>
Land	\$ 3,650	-	3,650	3,650
Buildings				
- Fire Department	158,071	\$ 46,848	\$ 111,223	\$ 115,857
- Health Centre	343,868	110,882	232,986	228,537
- New fire hall project	4,657	-	4,657	-
Computer equipment	9,910	5,535	4,375	2,197
Equipment - other	8,233	3,850	4,383	4,305
Fire fighting clothing	97,081	59,784	37,297	52,099
Fire fighting equipment	189,634	129,068	60,566	70,900
Generator	101,929	2,548	99,381	-
Heliport	53,413	4,006	49,407	52,078
Paving	43,666	21,833	21,833	24,017
Radios and pagers	4,570	457	4,113	9,417
Software	5,061	1,265	3,796	-
Utility trailer	-	-	-	166
Vehicles	586,450	376,757	209,693	229,191
Water storage	42,962	23,078	19,884	19,278
Water access and related equipment	10,650	4,801	5,849	3,609
	<u>\$ 1,663,805</u>	<u>\$ 790,712</u>	<u>\$ 873,093</u>	<u>\$ 815,301</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.	\$ 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.	<u>15,167</u>	<u>-</u>
	80,167	-
Deduct: current portion	<u>(18,500)</u>	<u>-</u>
	<u>\$ 61,667</u>	<u>\$ -</u>

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

NOTE 5 - COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the presentation adopted in the current year.