

**UNION BAY IMPROVEMENT DISTRICT**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

# UNION BAY IMPROVEMENT DISTRICT

## CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

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**Brent Johnson, CGA, CFP**

## AUDITOR'S REPORT

**Associate:**  
**Monique Lachance, BAACS, CGA**

To the Board of Trustees: **Union Bay Improvement District**

I have audited the accompanying financial statements of Union Bay Improvement District, which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statement of operations, consolidated statement of changes in net financial assets (debt), and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

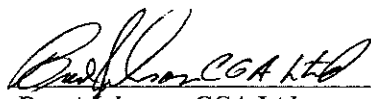
My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Union Bay Improvement District as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

  
Brent Johnson, CGA Ltd.  
Certified General Accountant

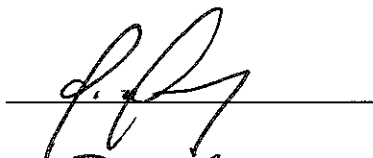
Qualicum Beach, British Columbia  
April 30, 2011

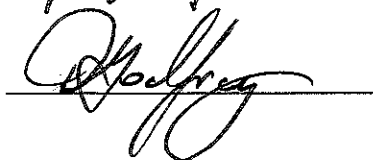


**UNION BAY IMPROVEMENT DISTRICT**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2010**

	2010	2009
<b>Financial assets</b>		
Cash and short term investments	\$ 505,820	\$ 361,518
Accounts receivable (Note 3)	27,964	6,072
Harmonized Sales Tax receivable	<u>14,649</u>	<u>5,973</u>
	<u>548,433</u>	<u>373,563</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	47,936	19,598
Deferred revenue	8,921	-
Long term debt (Note 4)	<u>387,445</u>	<u>418,407</u>
	<u>444,302</u>	<u>438,005</u>
<b>Net Financial assets (debt)</b>	<u>104,131</u>	<u>(64,442)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	5,376,094	5,469,908
Supply inventory	20,956	21,525
Prepaid expenses	<u>7,858</u>	<u>6,316</u>
	<u>5,404,908</u>	<u>5,497,749</u>
<b>Accumulated surplus - Page 2</b>	<u>\$ 5,509,039</u>	<u>\$ 5,433,307</u>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Trustee

  
 \_\_\_\_\_ Trustee

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

# UNION BAY IMPROVEMENT DISTRICT

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2010

	2010 Budget	2010	2009
<b>REVENUE</b>			
Parcel taxes	\$ 140,000	\$ 139,676	\$ 139,851
Sale of services	243,500	214,557	205,884
Government transfers (Note 8)	402,000	413,822	403,738
Investment income	23,600	22,657	16,570
Development cost charges	81,000	17,200	8,100
Other income	<u>10,700</u>	<u>41,138</u>	<u>30,990</u>
	<b><u>900,800</u></b>	<b><u>849,050</u></b>	<b><u>805,133</u></b>
<b>EXPENSES</b>			
Amortization of tangible capital assets	-	155,043	155,647
Insurance	32,350	24,728	27,662
Interest on long term debt	55,650	21,047	24,173
Occupancy expense	-	22,580	17,684
Office expenses	28,800	33,738	33,357
Professional fees	26,000	40,123	18,430
Repairs and maintenance	61,000	46,192	49,120
Travel and training	32,200	30,073	24,998
Utilities	65,900	61,712	57,667
Vehicle expense	32,900	25,183	29,361
Wages and benefits	<u>354,700</u>	<u>312,899</u>	<u>314,078</u>
	<b><u>689,500</u></b>	<b><u>773,318</u></b>	<b><u>752,177</u></b>
<b>Operating surplus</b>	<b>211,300</b>	<b>75,732</b>	<b>52,956</b>
Loss on disposal of tangible capital asset	<u>-</u>	<u>-</u>	<u>(6,391)</u>
Annual surplus	<b>211,300</b>	<b>75,732</b>	<b>46,565</b>
<b>Accumulated surplus</b>			
Beginning balance	<u>5,433,307</u>	<u>5,433,307</u>	<u>5,386,742</u>
<b>Ending balance - Page 1</b>	<b><u>\$ 5,644,607</u></b>	<b><u>\$ 5,509,039</u></b>	<b><u>\$ 5,433,307</u></b>

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

# UNION BAY IMPROVEMENT DISTRICT

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

YEAR ENDED DECEMBER 31, 2010

	2010 Budget	2010	2009
<b>ANNUAL SURPLUS</b>	\$ 211,300	\$ 75,732	\$ 46,565
Acquisition of tangible capital assets	-	(61,229)	(206,070)
Amortization of tangible capital assets	-	155,043	155,647
Loss on sale of tangible capital asset	-	-	6,391
Proceeds on sale of tangible capital asset	-	-	20,000
	<u>211,300</u>	<u>169,546</u>	<u>(24,032)</u>
Consumption (acquisition) of supply inventory	-	569	(7,782)
Acquisition of prepaid expense	-	(1,542)	(1,161)
	<u>-</u>	<u>(973)</u>	<u>(8,943)</u>
<b>Increase (decrease) in net financial assets (debt)</b>	<b>211,300</b>	<b>168,573</b>	<b>(32,975)</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>			
Beginning balance	<u>(64,442)</u>	<u>(64,442)</u>	<u>(78,033)</u>
<b>Ending balance</b>	<b>\$ <u>146,858</u></b>	<b>\$ <u>104,131</u></b>	<b>\$ <u>(64,442)</u></b>

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

# UNION BAY IMPROVEMENT DISTRICT

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

	2010	2009
<b>Cash provided by (used in)</b>		
<b>Operating transactions</b>		
Annual surplus	\$ 75,732	\$ 46,565
Amortization of tangible capital assets	155,043	155,647
Loss on disposal of tangible capital asset	<u>-</u>	<u>6,391</u>
	<u><b>230,775</b></u>	<u><b>208,603</b></u>
 <b>Changes in non-cash operating balances</b>		
Accounts receivable	(21,893)	1,601
Harmonized Sales Tax receivable	(8,676)	(343)
Accounts payable and accrued liabilities	28,339	(101,386)
Prepaid expenses	(1,542)	(1,161)
Supply inventory	569	(7,782)
Deferred revenue	<u>8,921</u>	<u>-</u>
	<u><b>5,718</b></u>	<u><b>(109,071)</b></u>
 <b>Net Cash Provided by Operating Activities</b>	<u><b>236,493</b></u>	<u><b>99,532</b></u>
 <b>Financing transactions</b>		
Payment of long term debt	<u>(30,962)</u>	<u>(70,927)</u>
 <b>Capital transactions</b>		
Purchase of tangible capital assets	(61,229)	(206,070)
Proceeds from sale of tangible capital asset	<u>-</u>	<u>20,000</u>
	<u><b>(61,229)</b></u>	<u><b>(186,070)</b></u>
 <b>Increase (decrease) in cash and cash equivalents</b>	<b>144,302</b>	<b>(157,465)</b>
 <b>CASH AND SHORT TERM INVESTMENTS</b>		
Beginning balance	<u>361,518</u>	<u>518,983</u>
Ending balance	<u><b>\$ 505,820</b></u>	<u><b>\$ 361,518</b></u>

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# UNION BAY IMPROVEMENT DISTRICT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 1. HISTORY AND NATURE OF THE IMPROVEMENT DISTRICT

The **Union Bay Improvement District** ("Improvement District") was incorporated in 1960 under the laws of British Columbia to provide water supply, streetlighting and fire protection services to the residents of Union Bay Improvement District.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) **The Improvement District** prepares its financial statements in accordance with Canadian generally accepted accounting principles for local government using guidelines developed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The consolidated financial statements reflect the combined results and activities of the Improvement District which comprise the operating, capital and reserve funds and all organizations that are accountable for the administration of their financial affairs and resources to the Board of Trustees and are controlled or owned by the Improvement District. Interfund transactions have been eliminated on consolidation.

- i. **Operating Funds** include the Waterworks, Fire Protection, Street Lighting and Building Operating Funds which are used to record the operating costs of the services provided by the Improvement District.
- ii. **Capital Funds** include the Waterworks, Fire Protection, Street Lighting and Building Capital Funds which are used to record the acquisition and disposal of tangible capital assets and their related financing.
- iii. **Reserve Funds - restricted** are those funds established by the Trustees of the Improvement District, by bylaw, to be used for expenditures related to upgrading, replacement or renewal of any existing Waterworks tangible capital assets. These funds, and interest earned thereon, must only be invested and disbursed by bylaw passed by the Trustees of the Improvement District.
- iv. **Reserve Funds - unrestricted** are those funds established by the Trustees of the Improvement District, for expenditures related to upgrading, replacement or renewal of any existing tangible capital assets. These funds and interest earned thereon, must only be invested and disbursed as approved by the Trustees of the Improvement District.

(b) **Non-financial assets** are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(c) **Tangible capital assets** are recorded at cost and amortized over their useful lives, in accordance to the provisions of the PSAB Accounting Handbook Section 3150. Tangible capital assets are a special class of non-financial asset and are recorded at cost less accumulated amortization and classified according to their functional use. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the useful estimated life of the tangible capital asset commencing the year the asset is put into use. Donated tangible capital assets are recorded at fair value at the time of the donation.

(d) The estimated useful lives of **tangible capital assets** are as follows:

Buildings	20 years
Motor vehicles	20 years
Waterworks system	20 to 100 years
Maintenance equipment	5 years
Office equipment	5 years
Fire protection equipment	10 years

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



# UNION BAY IMPROVEMENT DISTRICT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

- (e) **Revenue recognition** for parcel taxes occurs upon issuance of tax notices for the fiscal year. Sale of services revenue for water usage is recognized in the year services are provided.
- (f) **Short term investments** consist of guaranteed investment certificates and term deposits with which are readily convertible to cash and subject to insignificant risk of change in fair value, liquidity and credit risk.
- (g) **Use of estimates** in the preparation of financial statements is in accordance with Canadian generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
- (h) **Deferred revenue** represents revenues collected, but not earned at year end. This is primarily composed of payments received from residents for services to be provided in the following fiscal year.
- (i) **Government transfers** which include fire protection and street lighting taxes raised by the Province of British Columbia on behalf of the Improvement District and legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

### 3. ACCOUNTS RECEIVABLE

	2010	2009
Taxes and water tolls receivable	\$ 7,370	\$ 2,931
Interest receivable	10,838	2,272
Other receivables	<u>9,756</u>	<u>869</u>
	<u>\$ 27,964</u>	<u>\$ 6,072</u>

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# UNION BAY IMPROVEMENT DISTRICT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 4. LONG TERM DEBT

On October 31, 2007 the Improvement District entered into a loan agreement with the Union Bay Credit Union for \$500,000 at an interest rate of 5% per annum. The loan agreement includes monthly blended payments of principal and interest of \$2,908 and matures on October 31, 2012. The loan is secured by a mortgage on specified real property owned by the Improvement District.

	2010	2009
Long term debt	\$ <u>387,445</u>	\$ <u>418,407</u>

Principal repayments, based on the loan terms and conditions at year end, are as follows:

2011	\$ 18,892
2012	22,384
2013	23,531
2014	24,737
2015	26,005
2016 and subsequent	<u>271,896</u>
	<u>\$ 387,445</u>

### 5. TANGIBLE CAPITAL ASSETS

	2010	2009
Buildings	\$ 187,237	\$ 193,304
Motor vehicles	187,795	199,094
Maintenance equipment	9,200	9,719
Waterworks system	4,311,548	4,407,363
Office equipment	15,966	17,596
Fire protection equipment	95,855	74,339
Land	<u>568,493</u>	<u>568,493</u>
	<u>\$ 5,376,094</u>	<u>\$ 5,469,908</u>

See the Schedules of Tangible Capital Assets for the Waterworks Capital Fund and the Fire Protection Capital Fund on pages 11 to 13 for additional information.

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

# UNION BAY IMPROVEMENT DISTRICT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 6. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible assets represents the net book value of the total capital assets less long term obligations assumed to acquire those assets. The change in consolidate equity in tangible capital assets are as follows:

	2010	2009
Balance beginning	\$ 5,051,501	\$ 4,956,542
Acquisition of tangible capital assets	61,229	206,070
Repayment of long term debt	30,962	70,927
Disposition of tangible capital asset at net book value	-	(26,391)
Amortization of tangible capital assets	<u>(155,043)</u>	<u>(155,647)</u>
	<b><u>\$ 4,988,649</u></b>	<b><u>\$ 5,051,501</u></b>

### 7. ACCUMULATED SURPLUS

The Improvement District segregates in accumulated surplus in the following categories:

	2010	2009
Operating Fund Waterworks	\$ 26,799	\$ 20,187
Operating Fund Fire Protection	54,580	45,269
Operating Fund Street Lighting	7,333	7,333
Operating Fund Building	(9,072)	-
Water Capital Fund - restricted	174,169	113,095
Reserve Fund Water Renewal - restricted	116,280	99,012
Fire Protection Capital Fund - restricted	150,302	96,910
Equity in Tangible Capital Assets - Waterworks	4,400,007	4,501,659
Equity in Tangible Capital Assets - Fire Protection	285,641	273,991
Equity in Tangible Capital Assets - Building	<u>303,000</u>	<u>275,851</u>
	<b><u>\$ 5,509,039</u></b>	<b><u>\$ 5,433,307</u></b>

### 8. GOVERNMENT TRANSFERS

	2010	2009
Fire protection tax revenue	\$ 378,000	\$ 378,700
Street lighting tax revenue	25,822	25,038
Government grants	<u>10,000</u>	<u>-</u>
	<b><u>\$ 413,822</u></b>	<b><u>\$ 403,738</u></b>

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

# UNION BAY IMPROVEMENT DISTRICT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 9. COMMITMENTS AND CONTINGENCIES

From time to time, the Union Bay Improvement District is the subject of litigation arising out of the Improvement District's operations. While the Improvement District assesses the merits of each lawsuit and defends itself accordingly, the Improvement District may be required to incur significant expenses or devote significant resources to defend itself against such litigation. Liabilities on any litigation are accrued to the extent that amounts can be reasonably estimated. These claims are not expected to have a material impact on the Improvement District's financial position.

The Improvement District is subject to a lawsuit brought by Ms. Reynolds under the Provincial Court of British Columbia that claims damages totalling \$25,096. The lawsuit alleges that the Improvement District violated established bylaws regarding the disconnection of water service to her residence and unlawfully refused her water re-connection request resulting in damages and duress. In April 2011, the Improvement District filed a motion for judgment on the pleadings, seeking dismissal of the lawsuit on the grounds that the claimant's claims do not disclose a reasonable cause of action and are an abuse of process. The outcome of the legal proceedings is uncertain and therefore it is not possible at this time to quantify the effect, if any, of this legal action on the financial statements of the Improvement District.

The Improvement District and certain employees of the Improvement District are currently the plaintiffs in a legal action in the Supreme Court of British Columbia against Ms. Reynolds for human rights violation and defamation. The Improvement District seeks an interim and a permanent injunction directing Ms. Reynolds to cease and desist the publication and display of false and injurious communications concerning the Improvement District, and a retraction of previous communications, in addition to damages and costs. The outcome of the legal proceedings is uncertain and therefore it is not possible at this time to quantify the effect, if any, of this legal action on the financial statements of the Improvement District.

The Improvement District is subject to a lawsuit brought by Mr. Bams under the Provincial Court of British Columbia that claims \$7,613. The lawsuit alleges that the Improvement District wrongly assessed a fee for an initial water connection for his property. The outcome of the legal proceedings is uncertain and therefore it is not possible at this time to quantify the effect, if any, of this legal action on the financial statements of the Improvement District.

### 10. PRIOR PERIOD ADJUSTMENTS

The Improvement District has adopted the provisions of Sections 1200 and 3150 of the PSAB Handbook and has applied these on a retroactive basis. This resulted in the restatement of the 2009 comparative figures presented in this financial statements which differ from those pre-adoption. The adoption of Sections 1200 and 3150 resulted in the following changes to accounting methods and presentation:

Prepaid expenses are recorded and tracked as a non-financial asset.

Supply inventory is recorded and tracked as a non-financial asset.

Restricted cash and term deposits is reclassified as a financial asset.

The impact on cash and short term investments:

	2009 (restated)	2009 (previously reported)
Cash and short term investments	\$ 361,518	\$ 53,951
Restricted cash and term deposits	-	307,567
	<u>\$ 361,518</u>	<u>\$ 361,518</u>

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

# UNION BAY IMPROVEMENT DISTRICT

## SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCES

### OPERATING FUNDS

YEAR ENDED DECEMBER 31, 2010

REVENUE	Waterworks	Fire protection	Street lighting	Building	Total 2010	Total 2009
Parcel taxes	\$ 139,676	\$ -	\$ -	\$ -	\$ 139,676	\$ 139,851
Sale of services	214,557	-	-	-	214,557	205,884
Government transfers	-	326,000	25,822	52,000	403,822	403,738
Investment income	3,548	1,200	-	-	4,748	10,564
Development cost charges	1,000	-	-	-	1,000	-
Other income	<u>9,776</u>	<u>3,242</u>	<u>-</u>	<u>21,849</u>	<u>34,867</u>	<u>30,990</u>
	<b><u>368,557</u></b>	<b><u>330,442</u></b>	<b><u>25,822</u></b>	<b><u>73,849</u></b>	<b><u>798,670</u></b>	<b><u>791,027</u></b>
<b>EXPENSES</b>						
Insurance	9,130	11,548	-	4,050	24,728	27,662
Interest on long term debt	-	-	-	21,047	21,047	24,173
Occupancy	10,000	2,389	-	10,191	22,580	17,684
Office expense	13,323	16,449	-	-	29,772	33,357
Professional fees	20,792	19,331	-	-	40,123	18,430
Repairs and maintenance	20,800	25,393	-	-	46,193	49,120
Travel and training	7,412	22,661	-	-	30,073	24,998
Utilities	11,325	13,063	25,822	11,502	61,712	57,667
Vehicles	10,554	14,630	-	-	25,184	29,361
Wages and benefits	<u>203,545</u>	<u>109,354</u>	<u>-</u>	<u>-</u>	<u>312,899</u>	<u>314,078</u>
	<b><u>306,881</u></b>	<b><u>234,818</u></b>	<b><u>25,822</u></b>	<b><u>46,790</u></b>	<b><u>614,311</u></b>	<b><u>596,530</u></b>
<b>Annual Surplus</b>	<b>61,676</b>	<b>95,624</b>	<b>-</b>	<b>27,059</b>	<b>184,359</b>	<b>194,497</b>
<b>Fund Balance</b>						
Balance beginning	20,187	45,269	7,333	-	72,789	54,649
Capital transfers	<u>(55,064)</u>	<u>(86,313)</u>	<u>-</u>	<u>(36,131)</u>	<u>(177,508)</u>	<u>(176,357)</u>
<b>Ending balance</b>	<b><u>\$ 26,799</u></b>	<b><u>\$ 54,580</u></b>	<b><u>\$ 7,333</u></b>	<b><u>\$ (9,072)</u></b>	<b><u>\$ 79,640</u></b>	<b><u>\$ 72,789</u></b>

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

# UNION BAY IMPROVEMENT DISTRICT

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

### WATERWORKS

YEAR ENDED DECEMBER 31, 2010

	Buildings	Motor vehicles	Maintenance equipment	Waterworks system	Office equipment	Land	2010	2009
<b>Cost</b>								
Beginning balance	\$ 7,314	\$ 40,383	\$ 37,424	\$ 7,067,533	\$ 63,781	\$ 35,889	\$ 7,252,324	\$ 7,194,890
Additions	<u>-</u>	<u>-</u>	<u>2,505</u>	<u>8,970</u>	<u>3,305</u>	<u>-</u>	<u>14,780</u>	<u>57,434</u>
Ending balance	<u>7,314</u>	<u>40,383</u>	<u>39,929</u>	<u>7,076,503</u>	<u>67,086</u>	<u>35,889</u>	<u>7,267,104</u>	<u>7,252,324</u>
<b>Accumulated amortization</b>								
Balance beginning	5,939	7,591	27,705	2,660,171	49,259	-	2,750,665	2,633,658
Amortization expense	<u>366</u>	<u>2,019</u>	<u>3,023</u>	<u>104,784</u>	<u>6,240</u>	<u>-</u>	<u>116,432</u>	<u>117,007</u>
Ending balance	<u>6,305</u>	<u>9,610</u>	<u>30,728</u>	<u>2,764,955</u>	<u>55,499</u>	<u>-</u>	<u>2,867,097</u>	<u>2,750,665</u>
<b>Net book value</b>	<u>\$ 1,009</u>	<u>\$ 30,773</u>	<u>\$ 9,201</u>	<u>\$ 4,311,548</u>	<u>\$ 11,587</u>	<u>\$ 35,889</u>	<u>\$ 4,400,007</u>	<u>\$ 4,501,659</u>

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

# UNION BAY IMPROVEMENT DISTRICT

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

### FIRE PROTECTION

YEAR ENDED DECEMBER 31, 2010

		Motor vehicles	Office equipment	Fire protection equipment	2010	2009
<b>Cost</b>						
Beginning balance	\$	374,873	3,353	\$ 317,356	\$ 756,004	\$ 638,396
Additions		-	2,289	38,989	41,278	148,635
Disposals		-	-	-	-	(31,027)
Ending balance	\$	<u>374,873</u>	<u>5,642</u>	<u>356,345</u>	<u>797,282</u>	<u>756,004</u>
<b>Accumulated amortization</b>						
Balance beginning		208,571	279	243,017	482,013	456,417
Amortization expense		9,280	984	17,473	29,628	30,232
Effect of disposals and write down		-	-	-	-	(4,636)
Ending balance		<u>217,851</u>	<u>1,263</u>	<u>260,490</u>	<u>511,641</u>	<u>482,013</u>
<b>Net book value</b>	\$	<u>157,022</u>	<u>4,379</u>	<u>95,855</u>	<u>285,641</u>	<u>273,991</u>

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

# UNION BAY IMPROVEMENT DISTRICT

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

### BUILDING

YEAR ENDED DECEMBER 31, 2010

	Building	Land	2010		2009
<b>Cost</b>					
Beginning balance	\$ 179,620	\$ 532,604	\$ 712,224		\$ 700,730
Additions	<u>5,171</u>	<u>-</u>	<u>5,171</u>		<u>11,494</u>
Ending balance	<u>184,791</u>	<u>532,604</u>	<u>717,395</u>		<u>712,224</u>
<b>Accumulated amortization</b>					
Balance beginning	17,966	-	17,966		9,560
Amortization expense	<u>8,984</u>	<u>-</u>	<u>8,984</u>		<u>8,406</u>
Ending balance	<u>26,950</u>	<u>-</u>	<u>26,950</u>		<u>17,966</u>
<b>Net book value</b>	<u>\$ 157,841</u>	<u>\$ 532,604</u>	<u>\$ 690,445</u>		<u>\$ 694,258</u>

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# UNION BAY IMPROVEMENT DISTRICT

## SCHEDULE OF RESERVE FUNDS

YEAR ENDED DECEMBER 31, 2010

	Water capital	Water renewal reserve	Fire protection capital	2010	2009
Beginning balance	\$ 113,095	\$ 99,012	\$ 96,910	\$ 309,017	\$ 215,923
Transfer in	40,284	10,000	51,308	101,592	167,726
Capital expenditure charge	16,200	-	-	16,200	-
Interest income	4,590	7,268	6,051	17,909	6,007
Proceeds for sale of tangible capital assets	-	-	-	-	20,000
Transfer out	-	-	(3,967)	(3,967)	(100,639)
Ending balance	<u>\$ 174,169</u>	<u>\$ 116,280</u>	<u>\$ 150,302</u>	<u>\$ 440,751</u>	<u>\$ 309,017</u>

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