

**NORTH CEDAR IMPROVEMENT DISTRICT**

**December 31, 2011**

**Consolidated Financial Statements**

**(Audited)**

# **NORTH CEDAR IMPROVEMENT DISTRICT**

**Consolidated Financial Statements  
For the Year Ended December 31, 2011**

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## STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements are the responsibility of the management of the North Cedar Improvement District and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Trustees of the District met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

Hayes Stewart Little & Company as the District's appointed external auditors, have audited the consolidated financial statements. The auditor's report is addressed to the Trustees of the District and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the District in accordance with Canadian generally accepted accounting principles.



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Ms. Heather Sarchuk  
Administrator

## INDEPENDENT AUDITOR'S REPORT

To the Trustees of  
**NORTH CEDAR IMPROVEMENT DISTRICT**

### *Report on Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of North Cedar Improvement District, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated 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*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 evaluation the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the North Cedar Improvement District as at December 31, 2011 and its financial performance and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information, including Schedules 1 to 5, have been presented for purposes of additional analysis. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, this supplementary information is presented fairly, in all material respects, in relation to the consolidated financial statements taken as a whole.

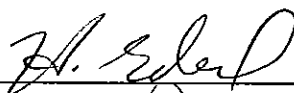
Duncan, BC  
April 12, 2012

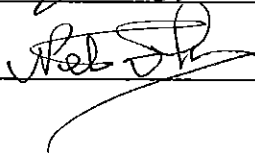
*Hayes Stewart Little & Co.*  
Chartered Accountants

**NORTH CEDAR IMPROVEMENT DISTRICT  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at December 31, 2011**

	<u>2011</u>	<u>2010</u>
<b>FINANCIAL ASSETS</b>		
Cash and short term deposits (Note 4)	\$ 1,448,294	\$ 1,646,699
Accounts receivable (Note 5)	233,933	189,936
	<u>1,682,227</u>	<u>1,836,635</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	166,558	168,648
Long-term debt (Note 7)	1,221,475	1,282,013
Capital development statutory reserve (Note 9)	410,725	406,437
	<u>1,798,758</u>	<u>1,857,098</u>
<b>NET (DEBT) FINANCIAL ASSETS</b>	<u>(116,531)</u>	<u>(20,463)</u>
<b>NON-FINANCIAL ASSETS (Note 12)</b>		
Net tangible capital assets (Schedule 1)	7,105,352	6,921,094
Inventories (Note 10)	205,186	51,619
Prepaid expenses	9,775	6,706
	<u>7,320,313</u>	<u>6,979,419</u>
<b>DISTRICT POSITION (Schedule 2)</b>	<u>\$ 7,203,782</u>	<u>\$ 6,958,956</u>

APPROVED BY:

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

See accompanying notes to the financial statements

**NORTH CEDAR IMPROVEMENT DISTRICT  
CONSOLIDATED STATEMENT OF OPERATIONS  
Year Ended December 31, 2011**

	2011 Budget (Note 14)	2011 Actual	2010 Actual
<b>REVENUE</b>			
Waterworks services (Schedule 3)	\$ 859,100	\$ 803,204	\$ 595,779
Fire protection services (Schedule 4)	733,370	748,916	581,244
Reserves (Schedule 5)	-	6,065	3,359
Total revenue	<u>1,592,470</u>	<u>1,558,185</u>	<u>1,180,382</u>
<b>EXPENSES</b>			
Waterworks services (Schedule 3)	908,770	874,326	871,258
Fire protection services (Schedule 4)	468,876	439,033	379,665
Total expenses (Note 13)	<u>1,377,646</u>	<u>1,313,359</u>	<u>1,250,923</u>
<b>ANNUAL SURPLUS</b>	<u>214,824</u>	<u>244,826</u>	<u>(70,541)</u>
<b>DISTRICT POSITION, BEGINNING OF YEAR</b>	<u>6,958,956</u>	<u>6,958,956</u>	<u>7,029,497</u>
<b>DISTRICT POSITION, END OF YEAR</b>	<u>\$ 7,173,780</u>	<u>\$ 7,203,782</u>	<u>\$ 6,958,956</u>

See accompanying notes to the financial statements

**NORTH CEDAR IMPROVEMENT DISTRICT  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
Year Ended December 31, 2011**

	<u>2011 Budget (Note 14)</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
<b>ANNUAL SURPLUS</b>	<b>\$ 214,824</b>	<b>\$ 244,826</b>	<b>\$ (70,541)</b>
Acquisition of tangible capital assets	-	(375,138)	(237,811)
Amortization of tangible capital assets	198,900	178,540	164,808
Loss on sale of tangible capital assets	-	12,340	45,655
(Increase) in inventories	-	(153,567)	(39,653)
(Increase) in prepaid expense	-	(3,069)	(929)
	<u>198,900</u>	<u>(340,894)</u>	<u>(67,930)</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>413,724</b>	<b>(96,068)</b>	<b>(138,471)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>(20,463)</u>	<u>(20,463)</u>	<u>118,008</u>
<b>NET (DEBT) FINANCIAL ASSETS, END OF YEAR</b>	<u><u>\$ 393,261</u></u>	<u><u>\$ (116,531)</u></u>	<u><u>\$ (20,463)</u></u>

See accompanying notes to the financial statements



**NORTH CEDAR IMPROVEMENT DISTRICT  
CONSOLIDATED STATEMENT OF CASH FLOWS  
Year Ended December 31, 2011**

	<u>2011</u>	<u>2010</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus (deficit)	\$ 244,826	\$ (70,541)
Items not affecting cash:		
Amortization	<u>178,540</u>	<u>164,808</u>
	423,366	94,267
Changes in non-cash items:		
Amounts receivable	(43,997)	(40,676)
Prepaid expenses	(3,069)	(929)
Inventory	(153,567)	(39,653)
Accounts payable and accrued liabilities	(2,090)	47,304
Capital development reserve	4,288	2,565
Loss on sale of tangible capital asset	<u>12,340</u>	<u>45,655</u>
Cash provided by operating transactions	<u>237,271</u>	<u>108,533</u>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	<u>(375,137)</u>	<u>(237,811)</u>
Cash applied to capital transactions	<u>(375,137)</u>	<u>(237,811)</u>
<b>FINANCING TRANSACTIONS</b>		
Debt repayment	<u>(60,539)</u>	<u>(57,793)</u>
Cash applied to financing transactions	<u>(60,539)</u>	<u>(57,793)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(198,405)</b>	<b>(187,071)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,646,699</u>	<u>1,833,770</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,448,294</u>	<u>\$ 1,646,699</u>

See accompanying notes to the financial statements

**NORTH CEDAR IMPROVEMENT DISTRICT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2011**

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**1. General**

The District is an improvement district that was created on November 27, 1959. The District provides services such as fire protection, public works, and water distribution.

**2. Significant Accounting Policies**

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

**a) Basis of accounting**

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures and changes in fund balances and financial position of the District. These consolidated financial statements consolidate the following operations:

Operating Funds

These funds include the water and fire operating funds. They are used to record the operating costs of the services provided by the District. The operating funds also record the net acquisition costs of property, plant and equipment and any related long term debt outstanding.

Reserve Funds

Under the Local Government Act of British Columbia, the District may by by-law establish reserve funds for specific purposes. Money in a reserve fund, and interest earned thereon, must be expended by by-law only for the purpose for which the fund was established. If the amount in a reserve fund is greater than required, the District may, by by-law, transfer all or part of the amount to another reserve fund.

There are no other entities that meet the criteria for inclusion with this financial report.

**b) Cash and short term deposits**

Cash and cash equivalents include cash on hand and balances with banks as described in Note 4.

*(continues)*

**NORTH CEDAR IMPROVEMENT DISTRICT  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 As at December 31, 2011**

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**2. Significant Accounting Policies (continued)**

**c) Reserves**

Reserve funds and accounts represent amounts set aside from past and current operations for future operating and capital expenditures.

**d) Revenue recognition**

The District collects parcel taxes, water tolls and other fees. The District records these revenues on an accrual basis. The provincial government distributes the taxes collected for fire protection as an annual statutory advance in June.

**e) Sick leave benefits**

The District provides sick leave to employees based on their banked sick time and to a maximum of 45 days of accumulated sick leave benefits are available to be paid out upon retirement. The estimated sick leave liability has been calculated by management based on the following assumptions:

- annual inflation rate is 2.8%;
- discount rate is 4.75%;
- probability of compensated sick leave being used is 100% for the District staff.

The total liability for the accumulated sick leave benefits is included in the waterworks accounts payable (Note 6). The liability for 2011 is \$5,917 (2010 - \$7,498).

**f) Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The District does not capitalize interest charges as part of the cost of its tangible capital assets. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives.

**General tangible capital assets**

Land	Indefinite
Land Improvements	20 to 25 years
Buildings	25 to 50 years
Machinery and equipment	4 to 30 years

**Infrastructure assets**

Engineering structures	25 to 100 years
Assets under construction	Life determined when complete

*(continues)*

**NORTH CEDAR IMPROVEMENT DISTRICT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2011**

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**2. Significant Accounting Policies (continued)**

Land and subdivision owners are required to install, at their own expense, all assets deemed necessary by the District to provide an adequate supply of water for domestic and commercial use and for fire protection. These assets become the property of the District within one year after approval of completion of the development. These contributed assets are recorded at fair market value, based on engineer estimates, at the time the District acquires ownership. Contributed assets recorded by the District for 2011 is nil (2010 - nil). These contributions are included as revenue in the appropriate operating fund in the year of contribution.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the District, forests, water, and other natural resources are not recognized as tangible capital assets.

**g) Leases**

Rental payments under operating leases are expensed as incurred.

**h) Use of estimates**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from these estimates.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Significant areas requiring the use of management estimates relate to the determination of accrued sick benefits, the valuation of receivables, the useful lives of assets for amortization, deferred charges, investments, provisions for contingencies, and the amounts recorded as accrued liabilities.

**3. Financial Instruments**

The District's financial instruments consist of cash and short term deposits, accounts receivable, accounts payable, and long term debt. The carrying amounts of these financial instruments approximates their fair value because they are short-term in nature or because they bear interest at market rates.

Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest or credit risks arising from these financial instruments.

**NORTH CEDAR IMPROVEMENT DISTRICT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2011**

**4. Cash and Short Term Deposits**

Cash and cash equivalents are comprised of the following:

	<u>2011</u>	<u>2010</u>
Waterworks	\$ 75,105	\$ 117,555
Fire protection	309,500	216,871
Maintenance bond reserve account	28,200	18,052
	<u>412,805</u>	<u>352,478</u>
Reserve Funds (Schedule 5)		
Renewal reserve fund (Note 11)	319,880	316,541
Fire equipment replacement fund	177,534	192,174
Debt repayment reserve fund	127,350	91,791
	<u>624,764</u>	<u>600,506</u>
Reserve Accounts (Schedule 2)		
Waterworks operating reserve account	-	230,854
Fire protection operating reserve account	-	56,424
	<u>-</u>	<u>287,278</u>
Statutory Reserve Fund (Note 9)		
Capital development fund	410,725	406,437
	<u>410,725</u>	<u>406,437</u>
	<u>\$ 1,448,294</u>	<u>\$ 1,646,699</u>

Cash balances held on deposit in a single Chartered Bank are in excess of the \$100,000 insured by the Canadian Deposit Insurance Corporation.

**5. Accounts Receivable**

Accounts receivable are valued at their net realizable value.

	<u>2011</u>	<u>2010</u>
Tolls	\$ 144,547	\$ 120,086
Taxes	32,952	26,052
GST/HST	54,620	39,471
Other	1,814	4,327
	<u>233,933</u>	<u>189,936</u>
	<u>\$ 233,933</u>	<u>\$ 189,936</u>

**NORTH CEDAR IMPROVEMENT DISTRICT  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
As at December 31, 2011**

**6. Accounts Payable and Accrued Liabilities**

	<u>2011</u>	<u>2010</u>
Waterworks	\$ 87,306	\$ 89,327
Fire protection	51,052	61,269
Maintenance bond reserve account	<u>28,200</u>	<u>18,052</u>
	<u>\$ 166,558</u>	<u>\$ 168,648</u>

**7. Long Term Debt**

**Bylaw 342** - Capital Tax Advance issued, for the purpose of financing the construction of the new firehall, in the amount of \$1,600,000 requiring annual payments of \$121,434 and bearing interest at 4.75% per annum, maturing July 1, 2025.

	<u>2011</u>	<u>2010</u>
<b>Fire Protection Fund:</b>	<u>\$ 1,221,475</u>	<u>\$ 1,282,013</u>

Principal payments required in each of the next five years are as follows:

	<u>Fire protection</u>
2012	\$ 63,414
2013	66,426
2014	69,581
2015	72,886
2016	<u>76,348</u>
	<u>\$ 348,655</u>

**8. Lease Commitments**

The District is committed under various operating leases for the rental of office and public works equipment. Minimum lease payments are as follows:

2012	\$ 1,526
2013	1,526
2014	1,526
2015	1,526
2016	<u>1,017</u>
	<u>\$ 7,121</u>

**NORTH CEDAR IMPROVEMENT DISTRICT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2011**

**9. Capital Development Statutory Reserve**

A Development Cost Charge (DCC) is levied for each newly created lot and these funds, together with interest earned, are accounted for in a separate reserve account as required by the Local Government Act of B.C.. Disbursements can be made by a resolution of the Trustees and by written approval of the Inspector or Deputy Inspector of Municipalities. Payments for extended service agreements require Trustee approval. The DCC's are recognized as revenue when the related costs are incurred.

	<u>2011</u>	<u>2010</u>
Balance, beginning of the year	\$ 406,437	\$ 403,872
Add:		
Interest	<u>4,288</u>	<u>2,565</u>
Balance, end of year	<u>\$ 410,725</u>	<u>\$ 406,437</u>
The balance consists of:		
Cash	<u>\$ 410,725</u>	<u>\$ 406,437</u>

**10. Inventories**

	<u>2011</u>	<u>2010</u>
Waterworks	<u>\$ 205,186</u>	<u>\$ 51,619</u>

Inventories held for consumption are recorded at the lower of cost or net realizable value. Cost is determined using specific identification for major equipment and average cost for all other inventory items.

**11. Renewal Reserve**

The Renewal Reserve (Note 4) was established under Subsection 751 of the BC Municipal and Local Government Act. Under the direction of the Trustees, surplus funds have been placed in this fund to be used to renew the waterworks system. Disbursements are made by way of resolution from the Trustees.

**12. Tangible Capital Assets and Other Non-Financial Assets**

Tangible capital and other non-financial assets are accounted for as assets by the District because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the District unless they are sold.

In the current year, the District donated a fully amortized fire tanker truck. The donation had no net affect on the financial statements. The District also replaced a water pump, disposing of the old pump for zero proceeds. The residual value of the old pump was included as a loss on the financial statements.

**NORTH CEDAR IMPROVEMENT DISTRICT  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 As at December 31, 2011**

**13. Consolidated Current Expenditure by Object**

	<u>2011 Budget (Note 14)</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
Operations and maintenance	\$ 852,350	\$ 797,944	\$ 775,854
Salaries and honoraria	464,400	455,957	412,801
Debt service - interest	60,896	59,458	62,268
Total	<u>\$ 1,377,646</u>	<u>\$ 1,313,359</u>	<u>\$ 1,250,923</u>

**14. Budget**

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the District has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The unaudited budget figures used in these financial statements have been approved by the trustees.

**15. Comparative Figures**

Certain comparative figures have been reclassified to conform with the current year's presentation.

**16. Subsequent Event**

Subsequent to year end the District entered into a contract to purchase land for \$230,000 in order to provide appropriate well head protection as required by the Vancouver Island Health Authority (VIHA).



**SCHEDULE 1**

**NORTH CEDAR IMPROVEMENT DISTRICT  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
Year Ended December 31, 2011**

	2011						Totals	
	Land	Buildings	Engineering Structures	Machinery and Equipment	Land Improvements	Assets Under Construction	2011	2010
<b>Cost</b>								
Opening costs	\$ 321,103	\$ 2,189,007	\$ 5,966,651	\$ 909,078	\$ 52,184	\$ 269,267	\$ 9,707,290	\$ 9,516,898
Additions during the year	-	-	69,024	203,079	-	113,697	385,800	237,811
Disposals during the year	-	-	(14,691)	(85,000)	-	(10,662)	(110,353)	(47,419)
Closing costs	<u>321,103</u>	<u>2,189,007</u>	<u>6,020,984</u>	<u>1,027,157</u>	<u>52,184</u>	<u>372,302</u>	<u>9,982,737</u>	<u>9,707,290</u>
<b>Accumulated Amortization</b>								
Opening accum'd amortization	-	238,883	2,031,946	503,922	11,445	-	2,786,196	2,623,151
Disposals during the year	-	-	(2,351)	(85,000)	-	-	(87,351)	(1,763)
Amortization	-	43,913	86,558	45,780	2,289	-	178,540	164,808
Closing accum'd amortization	-	<u>282,796</u>	<u>2,116,153</u>	<u>464,702</u>	<u>13,734</u>	<u>-</u>	<u>2,877,385</u>	<u>2,786,196</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u>\$ 321,103</u>	<u>\$ 1,906,211</u>	<u>\$ 3,904,831</u>	<u>\$ 562,455</u>	<u>\$ 38,450</u>	<u>\$ 372,302</u>	<u>\$ 7,105,352</u>	<u>\$ 6,921,094</u>

**NORTH CEDAR IMPROVEMENT DISTRICT**  
**Consolidated Schedule of Accumulated Surplus**  
**Year Ended December 31, 2011**

**SCHEDULE 2**

	<u>2011</u>	<u>2010</u>
<b>OPERATING FUNDS</b>		
<b>Unappropriated</b>		
Fire protection	\$ 235,070	\$ 182,298
Waterworks	326,000	249,794
<b>Total Unappropriated</b>	<u>561,070</u>	<u>432,092</u>
<b>Appropriated</b>		
Fire protection	56,544	56,424
Waterworks	77,527	230,854
<b>Total Appropriated</b>	<u>134,071</u>	<u>287,278</u>
<b>Total Operating Funds</b>	<u>\$ 695,141</u>	<u>\$ 719,370</u>
<b>Presented as:</b>		
Fire protection - operating (Schedule 4)	\$ 291,614	\$ 238,722
Waterworks - operating (Schedule 3)	403,527	480,648
<b>Total Operating Surplus</b>	<u>695,141</u>	<u>719,370</u>
<b>NET INVESTMENT IN TANGIBLE CAPITAL ASSETS</b>		
Net book value of tangible capital assets (Schedule 1)	7,105,352	6,921,094
Less: long term debt	(1,221,476)	(1,282,013)
	<u>5,883,876</u>	<u>5,639,081</u>
<b>RESERVE FUNDS (Schedule 5)</b>	<u>624,764</u>	<u>600,505</u>
<b>Total Accumulated Surplus</b>	<u>\$ 7,203,782</u>	<u>\$ 6,958,956</u>

**NORTH CEDAR IMPROVEMENT DISTRICT**  
**STATEMENT OF WATERWORKS OPERATING FUND**  
**Year Ended December 31, 2011**

**SCHEDULE 3**

	2011 Budget (Note 14)	2011 Actual	2010 Actual
<b>REVENUE</b>			
Water tolls	\$ 612,963	\$ 550,475	\$ 457,094
Water tolls - penalties	10,000	15,352	12,725
Water tolls - Nanaimo First Nations	46,137	39,851	35,978
District tax levy	189,000	202,042	126,481
Subdivision and connection fees	-	2,240	4,790
Interest	1,000	1,876	2,906
Loss on disposal of tangible capital assets	-	(12,340)	(45,655)
Sundry	-	3,708	1,460
<b>Total revenue</b>	<b>859,100</b>	<b>803,204</b>	<b>595,779</b>
<b>EXPENSES</b>			
Amortization	108,900	97,319	94,838
Audit and financial services	17,800	24,555	30,430
Bank charges	4,000	2,954	3,242
Employer payroll expenses	49,770	46,186	43,524
Engineering	45,000	41,390	37,509
Insurance	19,000	15,726	16,788
Office and general	69,500	78,892	73,801
Salaries and wages	376,300	370,303	331,006
Telephone	4,500	4,107	3,972
Trustee's honoraria	14,500	11,797	11,969
Utilities	38,000	31,590	34,914
Vehicle	18,500	12,623	16,009
Waterworks operations	143,000	136,884	173,256
<b>Total expenses</b>	<b>908,770</b>	<b>874,326</b>	<b>871,258</b>
<b>NET REVENUES</b>	<b>(49,670)</b>	<b>(71,122)</b>	<b>(275,479)</b>
<b>TRANSFERS</b>			
Invested in tangible capital assets	(287,938)	(71,439)	48,679
From Fire Protection Operating Fund	65,440	65,440	65,440
From Reserve Funds	308,000	-	38,265
<b>CHANGE IN FUND BALANCE</b>	<b>35,832</b>	<b>(77,121)</b>	<b>(123,095)</b>
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	<b>480,648</b>	<b>480,648</b>	<b>603,743</b>
<b>FUND SURPLUS, END OF YEAR</b>	<b>\$ 516,480</b>	<b>\$ 403,527</b>	<b>\$ 480,648</b>

**NORTH CEDAR IMPROVEMENT DISTRICT**  
**STATEMENT OF FIRE PROTECTION OPERATING FUND**  
**Year Ended December 31, 2011**

**SCHEDULE 4**

	2011 Budget (Note 14)	2011 Actual	2010 Actual
<b>REVENUE</b>			
Taxes collected	\$ 556,370	\$ 556,370	400,000
Taxes collected - debt service	155,000	155,925	155,540
Fire protection fees	22,000	31,952	22,863
Interest	-	4,669	2,841
<b>Total revenue</b>	<b>733,370</b>	<b>748,916</b>	<b>581,244</b>
<b>EXPENSES</b>			
Administration	24,200	10,828	6,379
Amortization	90,000	81,221	69,970
Equipment maintenance and supplies	63,280	62,795	38,332
Fire hall - utilities	18,500	17,867	15,695
Fire hall - insurance	19,000	15,726	16,660
Fire hall - repairs and maintenance	12,000	15,290	10,702
Fire truck - insurance	6,000	5,527	4,903
Fire truck - operations	14,000	14,815	11,029
Health protection	3,500	2,939	1,618
Inspections	1,500	60	-
Interest on long term debt	60,896	59,458	62,268
Street lighting	20,000	21,951	20,384
Telephone	8,900	6,339	7,481
Training	36,500	33,511	32,824
Uniforms and promotional	17,000	15,946	10,783
Volunteer firemen practices and honoraria	73,600	73,857	69,826
Worker's compensation	-	903	811
<b>Total expenses</b>	<b>468,876</b>	<b>439,033</b>	<b>379,665</b>
<b>NET REVENUES</b>	<b>264,494</b>	<b>309,883</b>	<b>201,579</b>
<b>TRANSFERS</b>			
Investment in tangible capital assets	(157,758)	(173,357)	(133,818)
Transfers to waterworks operating fund	(65,440)	(65,440)	(65,440)
Transfers from (to) reserve funds	66,000	(18,194)	21,778
<b>CHANGE IN FUND BALANCE</b>	<b>107,296</b>	<b>52,892</b>	<b>24,099</b>
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	<b>238,722</b>	<b>238,722</b>	<b>214,623</b>
<b>FUND SURPLUS, END OF YEAR</b>	<b>\$ 346,018</b>	<b>\$ 291,614</b>	<b>238,722</b>

NORTH CEDAR IMPROVEMENT DISTRICT  
 SCHEDULE OF CHANGE IN RESERVE FUND BALANCES  
 Year Ended December 31, 2011

SCHEDULE 5

	2011			2010	
	Renewal Reserve	Fire Equipment Replacement Reserve	Debt Repayment Reserve	Total	Total
<b>REVENUE</b>					
Interest	\$ 3,340	\$ 1,657	\$ 1,068	\$ 6,064	\$ 3,359
Total revenue	3,340	1,657	1,068	6,064	3,359
<b>TRANSFERS</b>					
Transfer from (to) waterworks operating fund	-	-	-	-	(38,265)
Transfer from (to) fire protection operating fund	-	(16,297)	34,491	18,194	(21,778)
<b>CHANGE IN RESERVE FUND BALANCES</b>	3,340	(14,640)	35,559	24,258	(56,684)
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	316,540	192,174	91,791	600,505	657,189
<b>FUND SURPLUS, END OF YEAR</b>	\$ 319,880	\$ 177,534	\$ 127,350	\$ 624,763	\$ 600,505