

**Bowen Island Municipality**  
**Financial Statements**  
**For the year ended December 31, 2007**

**Bowen Island Municipality  
Financial Statements  
For the year ended December 31, 2007**

**Contents**

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## Auditors' Report

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### To the Mayor and Councilors of Bowen Island Municipality

We have audited the Statement of Financial Position of Bowen Island Municipality as at December 31, 2007 and the Statements of Financial Activities, Current Fund Operations, Reserve Fund Operations, Capital Fund Operations, Investment in Property and Equipment and Cash Flows for the year then ended. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial 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 of 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 Bowen Island Municipality as at December 31, 2007 and the results of its financial activities and its cash flows 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 financial statements taken as a whole. The supplementary information on the financial position and operating results of individual funds included in Schedules 1 through 6 is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Chartered Accountants

Vancouver, British Columbia  
March 14, 2008

**Bowen Island Municipality  
Statement of Financial Position**

**December 31** **2007** 2006

**Assets**

**Financial Assets**

|                                       |                     |              |
|---------------------------------------|---------------------|--------------|
| Cash and short-term deposits (Note 1) | <b>\$ 7,021,848</b> | \$ 6,889,672 |
| Accounts receivable (Note 2)          | <b>433,841</b>      | 420,368      |
|                                       | <b>7,455,689</b>    | 7,310,040    |

**Non-Financial Assets** (Note 3)

|               |                      |               |
|---------------|----------------------|---------------|
| General       | <b>5,314,335</b>     | 4,849,987     |
| Water systems | <b>4,609,895</b>     | 4,451,500     |
| Sewer system  | <b>374,277</b>       | 358,843       |
|               | <b>10,298,507</b>    | 9,660,330     |
|               | <b>\$ 17,754,196</b> | \$ 16,970,370 |

**Liabilities and Financial Position**

**Liabilities**

|  |                   |            |
|--|-------------------|------------|
| Accounts payable and accrued liabilities | <b>\$ 513,165</b> | \$ 442,610 |
| Deferred revenue (Note 5)                | <b>596,957</b>    | 565,771    |
| Obligation under capital lease (Note 4)  | <b>18,448</b>     | 6,842      |
| Interim financing (Note 4)               | <b>2,000,000</b>  | 2,000,000  |
| Long-term debt (Note 4)                  | <b>427,505</b>    | 513,023    |
|  | <b>3,556,075</b>  | 3,528,246  |

**Financial Position**

|                                      |                      |               |
|--------------------------------------|----------------------|---------------|
| Financial Equity                     |                      |               |
| Current Fund                         | <b>3,120,423</b>     | 3,370,203     |
| Reserve Fund (Note 5)                | <b>3,219,568</b>     | 2,926,053     |
| Capital Fund                         | <b>5,614</b>         | 5,441         |
|                                      | <b>6,345,605</b>     | 6,301,697     |
| Investment in property and equipment | <b>7,852,516</b>     | 7,140,427     |
|                                      | <b>14,198,121</b>    | 13,442,124    |
|                                      | <b>\$ 17,754,196</b> | \$ 16,970,370 |

\_\_\_\_\_ Director of Finance

**Bowen Island Municipality**  
**Statement of Financial Activities**

| <b>For the year ended December 31</b>                 | <b>Budget<br/>2007</b> | <b>2007</b>         | <b>2006</b>         |
|---|------------------------|---------------------|---------------------|
| <b>Revenue</b>  |                        |                     |                     |
| Taxation, net (Note 6)                                | \$ 2,712,370           | \$ 2,711,582        | \$ 2,574,457        |
| Parcel taxes (Note 6)                                 | 572,972                | 565,092             | 539,940             |
| Grants in lieu of taxes                               | 2,256                  | 2,337               | 2,229               |
| Utility connection fees and user rates                | 616,068                | 623,241             | 606,183             |
| Government grants - Federal (Note 14)                 | 3,000                  | 3,040               | 3,040               |
| Government grants - Provincial (Note 14)              | 364,811                | 324,498             | 321,220             |
| Other grants (Note 14)                                | 39,500                 | 29,500              | 28,964              |
| Sales of services (Note 15)                           | 285,396                | 304,552             | 302,324             |
| Other (Note 15)                                       | 559,407                | 759,640             | 555,504             |
|   | <b>5,155,780</b>       | <b>5,323,482</b>    | <b>4,933,861</b>    |
| <b>Expenses</b>                                       |                        |                     |                     |
| General departmental expenditures (Schedule 1)        | 3,805,969              | 3,843,981           | 3,383,281           |
| Water systems operations                              | 459,337                | 444,750             | 416,279             |
| Sewer system operations                               | 83,096                 | 109,343             | 79,983              |
| Debt interest   | 139,933                | 143,659             | 143,866             |
| Capital expenditures                                  | 1,254,837              | 663,928             | 401,787             |
|   | <b>5,743,172</b>       | <b>5,205,661</b>    | <b>4,425,196</b>    |
| <b>Net revenue for the year before debt repayment</b> | <b>(587,392)</b>       | <b>117,821</b>      | <b>508,665</b>      |
| <b>Debt repayment</b>                                 | <b>(72,336)</b>        | <b>(92,361)</b>     | <b>(95,629)</b>     |
| <b>Capital lease issued</b>                           | <b>-</b>               | <b>18,448</b>       | <b>-</b>            |
| <b>Change in financial equity</b>                     | <b>(659,728)</b>       | <b>43,908</b>       | <b>413,036</b>      |
| <b>Financial equity, beginning of year</b>            | <b>6,301,697</b>       | <b>6,301,697</b>    | <b>5,888,661</b>    |
| <b>Financial equity, end of year</b>                  | <b>\$ 5,641,969</b>    | <b>\$ 6,345,605</b> | <b>\$ 6,301,697</b> |

**Bowen Island Municipality**  
**Statement of Current Fund Operations**

| <b>For the year ended December 31</b>                  | <b>Budget<br/>2007</b> | <b>2007</b>         | <b>2006</b>         |
|--|------------------------|---------------------|---------------------|
| <b>Revenue</b>   |                        |                     |                     |
| Taxation, net (Note 6)                                 | \$ 2,712,370           | \$ 2,711,582        | \$ 2,574,457        |
| Parcel taxes (Note 6)                                  | 572,972                | 565,092             | 539,940             |
| Grants in lieu of taxes                                | 2,256                  | 2,337               | 2,229               |
| Utility connection fees and user rates                 | 616,068                | 623,241             | 606,183             |
| Government grants - Federal (Note 14)                  | 3,000                  | 3,040               | 3,040               |
| Government grants - Provincial (Note 14)               | 327,792                | 306,380             | 254,366             |
| Other grants (Note 14)                                 | 39,500                 | 29,500              | 28,964              |
| Sales of services (Note 15)                            | 285,396                | 304,552             | 302,324             |
| Other (Note 15)  | 440,462                | 642,596             | 421,288             |
|  | <b>4,999,816</b>       | <b>5,188,320</b>    | 4,732,791           |
| <b>Expenses</b>  |                        |                     |                     |
| General departmental expenditures (Schedule 1)         | 3,805,969              | 3,843,981           | 3,383,281           |
| Water systems operations                               | 459,337                | 444,750             | 416,279             |
| Sewer system operations                                | 83,096                 | 109,343             | 79,983              |
| Debt interest  | 139,933                | 143,659             | 143,866             |
|  | <b>4,488,335</b>       | <b>4,541,733</b>    | 4,023,409           |
| <b>Net revenue before debt repayment and transfers</b> | <b>511,481</b>         | <b>646,587</b>      | 709,382             |
| <b>Debt repayment</b>                                  | <b>(72,336)</b>        | <b>(92,361)</b>     | (95,629)            |
| <b>Interfund transfers</b>                             |                        |                     |                     |
| Capital fund   | (643,749)              | (389,976)           | (73,022)            |
| Reserve fund   | (374,700)              | (414,030)           | (389,659)           |
| <b>Change in Current Fund balance</b>                  | <b>(579,304)</b>       | <b>(249,780)</b>    | 151,072             |
| <b>Current Fund balance, beginning of year</b>         | <b>3,370,203</b>       | <b>3,370,203</b>    | 3,219,131           |
| <b>Current Fund balance, end of year</b>               | <b>\$ 2,790,899</b>    | <b>\$ 3,120,423</b> | <b>\$ 3,370,203</b> |
| <b>Represented by</b>                                  |                        |                     |                     |
| General Surplus (Schedule 2)                           |                        | \$ 2,408,762        | \$ 2,663,997        |
| Water Surplus (Schedule 2)                             |                        | 672,892             | 658,004             |
| Sewer Surplus (Schedule 2)                             |                        | 38,769              | 48,202              |
|  |                        | <b>\$ 3,120,423</b> | <b>\$ 3,370,203</b> |

See Schedule 3 for further details.

**Bowen Island Municipality**  
**Statement of Reserve Fund Operations**

| <b>For the year ended December 31</b>          | <b>Budget<br/>2007</b> | <b>2007</b>         | <b>2006</b>         |
|--|------------------------|---------------------|---------------------|
| <b>Revenue</b>                                 |                        |                     |                     |
| Interest income                                | \$ 103,676             | \$ 93,024           | \$ 108,979          |
| <b>Net revenue before interfund transfers</b>  | <b>103,676</b>         | <b>93,024</b>       | <b>108,979</b>      |
| <b>Interfund transfers</b>                     |                        |                     |                     |
| from Current Fund                              | 374,700                | 414,030             | 389,659             |
| to Capital Fund                                | (558,800)              | (213,539)           | (236,888)           |
| <b>Change in Reserve Fund Balance</b>          | <b>(80,424)</b>        | <b>293,515</b>      | <b>261,750</b>      |
| <b>Reserve Fund Balance, beginning of year</b> | <b>2,926,053</b>       | <b>2,926,053</b>    | <b>2,664,303</b>    |
| <b>Reserve Fund Balance, end of year</b>       | <b>\$ 2,845,629</b>    | <b>\$ 3,219,568</b> | <b>\$ 2,926,053</b> |

See Schedule 4 for further details.

**Bowen Island Municipality**  
**Statement of Capital Fund Operations**

| <b>For the year ended December 31</b>          | <b>Budget<br/>2007</b> | <b>2007</b>     | <b>2006</b> |
|--|------------------------|-----------------|-------------|
| <b>Sources of Capital Financing</b>            |                        |                 |             |
| Net interfund transfers                        |                        |                 |             |
| from Current Fund                              | \$ 643,749             | \$ 389,976      | \$ 73,022   |
| from Reserve Fund                              | 558,800                | 213,539         | 236,888     |
| Interest earnings                              | -                      | 173             | 214         |
| Grants   | 37,019                 | 18,118          | 66,854      |
| Other revenue                                  | 15,269                 | 23,847          | 25,023      |
| Capital lease proceeds                         | -                      | 18,448          | -           |
|  | <b>1,254,837</b>       | <b>664,101</b>  | 402,001     |
| <b>Capital Expenditures</b>                    |                        |                 |             |
| General government                             | 9,800                  | 36,133          | 29,180      |
| Fire and emergency services                    | 200,000                | 470             | -           |
| Public works                                   | 592,300                | 452,645         | 204,313     |
| Parks  | 58,800                 | 851             | 60,915      |
| Water systems                                  | 349,937                | 158,395         | 107,379     |
| Sewer systems                                  | 44,000                 | 15,434          | -           |
|  | <b>1,254,837</b>       | <b>663,928</b>  | 401,787     |
| <b>Change in Capital Fund Balance</b>          | -                      | 173             | 214         |
| <b>Capital Fund Balance, beginning of year</b> | <b>5,441</b>           | <b>5,441</b>    | 5,227       |
| <b>Capital Fund Balance, end of year</b>       | <b>\$ 5,441</b>        | <b>\$ 5,614</b> | \$ 5,441    |

See Schedule 5 for further details.

**Bowen Island Municipality**  
**Statement of Investment in Property and Equipment**

| <b>For the year ended December 31</b>                              | <b>Budget<br/>2007</b> | <b>2007</b>         | <b>2006</b>  |
|--|------------------------|---------------------|--------------|
| <b>Additions</b>   |                        |                     |              |
| Property and equipment acquired                                    | \$ 1,254,837           | \$ 663,928          | \$ 401,787   |
| Debt writedown   | -                      | 3,509               | -            |
| Debt repayment   | 72,336                 | 76,526              | 84,628       |
| Debt actuarial adjustment  | -                      | 12,326              | 11,001       |
|  | <b>1,327,173</b>       | <b>756,289</b>      | 497,416      |
| <b>Reductions</b>  |                        |                     |              |
| New debt including capital leases                                  | -                      | (18,448)            | -            |
| Disposal of assets   | -                      | (25,752)            | (20,327)     |
|  |                        | <b>712,089</b>      | 477,089      |
| <b>Change in investment in<br/>property and equipment</b>          | <b>1,327,173</b>       | <b>712,089</b>      | 477,089      |
| <b>Investment in property and equipment,<br/>beginning of year</b> | <b>7,140,427</b>       | <b>7,140,427</b>    | 6,663,338    |
| <b>Investment in property and equipment,<br/>end of year</b>       | <b>\$ 8,467,600</b>    | <b>\$ 7,852,516</b> | \$ 7,140,427 |

Actuarial adjustments represent earnings on sinking fund deposits contributed to debt principal reduction.

See Schedule 6 for further details.

**Bowen Island Municipality**  
**Statement of Cash Flows**

| <b>For the year ended December 31</b>                           | <b>2007</b>         | <b>2006</b>         |
|---|---------------------|---------------------|
| <b>Cash provided by (used in)</b>                               |                     |                     |
| <b>Operating activities</b>                                     |                     |                     |
| Change in financial equity for the year                         | \$ 43,908           | \$ 413,036          |
| Changes in non-cash operating balances                          |                     |                     |
| Accounts and taxes receivable                                   | (13,473)            | (54,143)            |
| Accounts payable  | 70,555              | (77,205)            |
| Deferred revenue  | 31,186              | 330,561             |
|   | <hr/>               | <hr/>               |
| <b>Increase in cash and short-term deposits during the year</b> | <b>132,176</b>      | <b>612,249</b>      |
| <b>Cash and short-term deposits, beginning of year</b>          | <b>6,889,672</b>    | <b>6,277,423</b>    |
|   | <hr/>               | <hr/>               |
| <b>Cash and short-term deposits, end of year</b>                | <b>\$ 7,021,848</b> | <b>\$ 6,889,672</b> |

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## Bowen Island Municipality Summary of Significant Accounting Policies

**December 31, 2007**

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Bowen Island Municipality ("the Municipality") is an Island municipality in the province of British Columbia. The Municipality was established pursuant to an Order of the Lieutenant Governor in Council effective December 4, 1999 and operates under the provisions of the Community Charter. The Municipality provides municipal services such as fire, public works, planning, parks, recreation and other general government services. The Municipality owns and operates seven Local Area Services for Water and one Local Area Service for Sewer, each of which provide service to properties within a discrete geographic area, and which are funded by the properties within those boundaries.

The Municipality 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.

Services, assets, liabilities, fund balances and reserves were transferred to the Municipality pursuant to the Letters Patent from the aforementioned Order-in-Council that incorporated the Municipality. Such transfers were made from the Greater Vancouver Regional District and the Bowen Island Fire Protection District in 2000; Bluewater Park and Hood Point Water Improvement Districts were transferred on August 1, 2002; Bowen Bay, Eagle Cliff and Tunstall Bay Water Improvement Districts were transferred on January 1, 2003. The Municipality is a member municipality of the Greater Vancouver Regional District and of the Islands Trust and has various responsibilities to both entities.

**Basis of Accounting**      The basis of accounting followed in these financial statements is an accrual method and includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred. The financial statements include the balances of all of the following funds: general operating, water operating, sewer operating, general capital, water capital, sewer capital and reserve funds. Transfers between funds and interfund balances have been eliminated.

**Budget Amounts**              Budget amounts reflect the Statutory Annual Budget adopted by Council on May 14, 2007 which are not audited.

**Property and Equipment**              Property and equipment include property and equipment transferred from the Predecessor Entities. Such transfers were recorded at book value of the Predecessor Entities with some adjustments for amortization. Other property and equipment are recorded at cost.

In accordance with an accounting policy issued by the Ministry of Community Services, property and equipment are recorded at cost and are not amortized.

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## Bowen Island Municipality Summary of Significant Accounting Policies

**December 31, 2007**

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### **Supplies and Prepaid Expenses**

Supplies are charged to operations when purchased and prepaid expenses are recorded as expenditures in the year the amounts are paid.

### **Revenue Recognition**

Taxes and parcel taxes are recognized as revenue in the year they are levied.

Through the British Columbia Assessments appeal process, Taxes may be adjusted by way of supplementary roll adjustments. The affects of these adjustments on Taxes are recognized at the time they are awarded. Levies imposed by other taxing authorities are not included as Taxes for municipal purposes. Levies imposed for Regional District services and other taxing authorities are not included.

Charges for sewer and water usage are recorded as User fees. Connection fee revenues are recognized when the connection has been established.

Conditional grant revenue recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are received

Sales of service and other revenue is recognized on an accrual basis

### **Use of Estimates**

The preparation of financial statements in accordance 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

### **Future Accounting Pronouncements**

#### *Local Government Reporting Model*

The CICA has issued Sections PS 1000, 1100 and 1200 which are currently applicable to federal, provincial and territorial governments. Effective for year ends beginning January 1, 2009, with comparative presentation for 2008, the revised Sections will apply to all levels of government. As a result, local governments will be required to:

- Prepare a statement of financial position which presents both net debt /net financial assets and accumulated surplus/deficit calculated on a full accrual basis of accounting. When reporting the accumulated surplus/deficit, it will be presented as a single line item.
- Prepare a statement of operations which reports the annual surplus/deficit as the difference between revenues and expenses.
- Prepare a statement of changes in net debt which highlights the effects of capital spending on net debt.

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## Bowen Island Municipality Summary of Significant Accounting Policies

December 31, 2007

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### **Future Accounting Pronouncements (cont) •**

Prepare a statement of cash flows which provides for a new capital category and allows either the direct or the indirect method to be used.

- Present current year budget figures on the statement of operations and the statement of changes in net debt on a basis consistent with that used for actual results.

Funds and reserves are not permitted to be presented on the face of the financial statements. If the Municipality chooses, the funds and reserves may be disclosed in the notes or schedules to the financial statements. Since these new standards specifically cover the presentation and disclosures to be provided, they will not affect the Municipalities results of operations or financial position.

### *Segment Disclosures*

The CICA has issued Section PS 2700 - "Segment Disclosures" effective for year ends beginning on or after April 1, 2007. This Section establishes standards on how to define and disclose segments in a government's summary financial statements. A segment is defined as a distinguishable activity or group of activities of which it is appropriate to report financial information. Possible segmentation bases include functional classification of activities, service line or accountability and control activities.

The required disclosures under this new section include the basis of identifying segments, nature of segments, activities they encompass and method of allocation to the segment, segment expenses by major object, segment revenue by source and type, aggregate surplus/deficit of entities accounted for using the modified equity method for each segment, and reconciliation of amounts reported in segments to the amounts reported in the statement of operations.

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

| <b>1. Cash and Short-term Deposits</b> | <b>2007</b>                | <b>2006</b>                |
|--|----------------------------|----------------------------|
| Bank accounts                          | \$ 433,842                 | \$ 218,550                 |
| MFA short-term bond fund               | 3,276,181                  | 3,175,235                  |
| MFA money market fund                  | 4,021,326                  | 3,997,462                  |
| Less refundable deposits (Note 5)      | <u>(709,501)</u>           | <u>(501,575)</u>           |
|  | <b><u>\$ 7,021,848</u></b> | <b><u>\$ 6,889,672</u></b> |

| <b>2. Accounts Receivable</b>     | <b>2007</b>              | <b>2006</b>              |
|-----------------------------------|--------------------------|--------------------------|
| General Fund                      |                          |                          |
| Goods and services tax receivable | \$ 67,680                | \$ 52,608                |
| Provincial home owner grants      | (570)                    | (1,710)                  |
| General accounts receivable       | 18,851                   | 21,833                   |
| Taxes receivable                  | <u>165,466</u>           | <u>135,112</u>           |
|                                   | <b><u>251,427</u></b>    | <b><u>207,843</u></b>    |
| Water Fund                        |                          |                          |
| Provincial grants receivable      | 18,161                   | 92,774                   |
| User rates receivable             | <u>111,606</u>           | <u>72,196</u>            |
|                                   | <b><u>129,767</u></b>    | <b><u>164,970</u></b>    |
| Sewer Fund                        |                          |                          |
| User rates receivable             | <u>52,647</u>            | <u>47,555</u>            |
|                                   | <b><u>\$ 433,841</u></b> | <b><u>\$ 420,368</u></b> |

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

| <b>3. Property and Equipment</b>             | <u>2007</u>                 | <u>2006</u>         |
|--|-----------------------------|---------------------|
| General Fund                                 |                             |                     |
| Land   | <b>\$ 2,270,389</b>         | \$ 2,270,389        |
| Roads and infrastructure                     | <b>687,593</b>              | 466,241             |
| Docks  | <b>308,263</b>              | 308,263             |
| Trails                                       | <b>80,087</b>               | 80,087              |
| Parks  | <b>41,919</b>               | 41,919              |
| Beach developments                           | <b>124,070</b>              | 123,219             |
| Equipment - fire and mobile                  | <b>971,449</b>              | 971,449             |
| Equipment - mobile                           | <b>269,130</b>              | 37,837              |
| Equipment - other                            | <b>283,875</b>              | 273,493             |
| Buildings                                    | <b>277,560</b>              | 277,090             |
|  | <u><b>5,314,335</b></u>     | <u>4,849,987</u>    |
| Water Fund - Supply and distribution systems |                             |                     |
| Bluewater Park                               | <b>460,062</b>              | 460,062             |
| Bowen Bay                                    | <b>127,417</b>              | 127,417             |
| Cove Bay                                     | <b>2,578,057</b>            | 2,465,119           |
| Eagle Cliff                                  | <b>277,454</b>              | 243,157             |
| Hood Point                                   | <b>1,121,541</b>            | 1,114,163           |
| Tunstall Bay                                 | <b>45,364</b>               | 41,582              |
|  | <u><b>4,609,895</b></u>     | <u>4,451,500</u>    |
| Sewer Fund - Collection and treatment system | <u><b>374,277</b></u>       | <u>358,843</u>      |
|  | <u><b>\$ 10,298,507</b></u> | <u>\$ 9,660,330</u> |

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

**4. Debt**

(a) Obligation under capital lease for equipment:

The future minimum lease payments due under capital lease are as follows:

|   |    |           |
|---|----|-----------|
| 2008                                      | \$ | 5,085     |
| 2009                                      |    | 5,029     |
| 2010                                      |    | 5,029     |
| 2011                                      |    | 5,029     |
| Total future minimum lease payments       |    | 20,172    |
| Less amount representing interest at 4.5% |    | (1,724)   |
| Present value of minimum lease payments   |    | \$ 18,448 |

(b) Long-term debt:

| Purpose                              | Maturity | Interest    | <u>2007<br/>Principal</u> | 2006<br>Principal |
|--------------------------------------|----------|-------------|---------------------------|-------------------|
| <b>Water</b>                         |          |             |                           |                   |
| Cove Bay Water Local Service Area    |          |             |                           |                   |
| (i) Bylaw 837 Queen Charlotte Hts    | 2019     | 5.99%       | <b>\$ 310,468</b>         | \$ 329,044        |
| Eagle Cliff Water Local Service Area |          |             |                           |                   |
| (ii) Bylaw 41 Water system           | 2008     | 9.93%       | <b>4,106</b>              | 5,330             |
| (ii) Bylaw 60 Water system           | 2012     | 9.41%       | <b>38,844</b>             | 42,805            |
|                                      |          |             | <b>42,950</b>             | 48,135            |
| Hood Point Water Local Service Area  |          |             |                           |                   |
| (iii) Bylaw 36 Water System          | 2009     | prime + .5% | <b>39,203</b>             | 93,252            |
|                                      |          |             | <b>392,621</b>            | 470,431           |
| <b>Sewer</b>                         |          |             |                           |                   |
| Snug Cove Sewer Local Service Area   |          |             |                           |                   |
| (i) Bylaw 610 Sewer Collection       | 2011     | 4.50%       | <b>34,884</b>             | 42,592            |
| <b>Consolidated total</b>            |          |             | <b>\$ 427,505</b>         | \$ 513,023        |

(i) Greater Vancouver Regional District Bylaw  
(ii) Eagle Cliff Improvement District Bylaw  
(iii) Hood Point Improvement District Bylaw

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

**4. Debt (continued)**

(c) Long-term debt - future principal payments on existing debt:

|                     | General<br>Fund | Water<br>Fund     | Sewer<br>Fund    | Total             |
|---------------------|-----------------|-------------------|------------------|-------------------|
| 2008                | \$ -            | \$ 52,560         | \$ 3,707         | \$ 56,267         |
| 2009                | -               | 20,658            | 3,708            | 24,366            |
| 2010                | -               | 14,954            | 3,708            | 18,662            |
| 2011                | -               | 14,954            | 3,708            | 18,662            |
| 2012                | -               | 35,580            | -                | 35,580            |
| Thereafter          | -               | 92,414            | -                | 92,414            |
|                     | -               | 231,120           | 14,831           | 245,951           |
| Actuarial additions | -               | 161,501           | 20,053           | 181,554           |
|                     | <b>\$ -</b>     | <b>\$ 392,621</b> | <b>\$ 34,884</b> | <b>\$ 427,505</b> |

Actuarial additions represent projected earnings on sinking fund deposits.

(d) Interim financing:

Assent of the electors was obtained, through a referendum held April 30, 2005, for "Bowen Island Municipality GVRD Non-Parks Land Acquisition, Loan Authorization Bylaw No. 141, 2005".

Loan Authorization Bylaw No. 141, provided the authority for the Municipality to borrow up to \$2,035,623 to acquire approximately 38 acres of land from the Greater Vancouver Regional District.

In the interim of processing the long-term debenture debt, the Municipality adopted a temporary borrowing bylaw (No. 171) to finance the land acquisition with the intention of selling some of the acquired lands that may be determined to be surplus to municipal needs. The proceeds from the sale of any such lands are to be used first to reduce or extinguish the principal balance of the temporary borrowing. The balance remaining on the temporary loan, if any, will be refinanced as long-term debenture debt prior to the expiration of the authority provided in the Loan Authorization Bylaw No. 141, in April 2010. Until that time, interest-only payments at a rate of prime less approximately 1.25% per annum will be made on the temporary borrowing. As at December 31, 2007, the outstanding balance on the loan was \$2,000,000 (2006 - \$2,000,000).

**Bowen Island Municipality  
Notes to Financial Statements**

**December 31, 2007**

**5. Restricted Funds**

(a) Reserve Funds

Certain funds administered by the Municipality are not available for general use for financing operating activities.

|  | <b>2007</b>         | 2006         |
|--|---------------------|--------------|
| <b>Fire Protection Reserve Fund</b>  |                     |              |
| Fire Protection Reserve, Bowen Island Fire Protection District Bylaw 27, 1984 was transferred from the predecessor entity, Bowen Island Fire Protection District in the amount of \$103,595.   |                     |              |
| The Fire Protection Reserve Fund was created by Bowen Island Bylaw No. 12, 2000 under the authority of Section 496 of the Local Government Act. Funds in this reserve are restricted for use as to fire protection equipment.  | \$ 329,764          | \$ 245,957   |
| <b>Recreation and Other Community Use Reserve Fund</b>   |                     |              |
| Recreation and Other Community Use Reserve Fund, GVRD Bylaw 715, was transferred from the predecessor entity, GVRD in the amount of \$117,962.   |                     |              |
| The Recreation and Other Community Use Reserve Fund was created by Bowen Island Bylaw 17, 2000 under the authority of Section 496 of the Local Government Act. Funds in this reserve are restricted for use as to capital works or equipment for Recreation and Community use. | <b>480,549</b>      | 420,190      |
| <b>Community Parks Reserve Fund</b>  |                     |              |
| Community Parks Reserve Fund, GVRD Bylaw 717, was transferred from the predecessor entity, GVRD in the amount of \$280,035.  |                     |              |
| Community Parks Reserve Fund was created by Bowen Island Bylaw 16, 2000 under the authority of Section 496 of the Local Government Act. Funds in this reserve are restricted for use as to capital works or equipment with respect to Community Parks.                         | <b>626,828</b>      | 559,655      |
| Carried forward  | <b>\$ 1,437,141</b> | \$ 1,225,802 |

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

**5. Restricted Funds (continued)**

|  | 2007         | 2006         |
|--|--------------|--------------|
| (a) Reserve Funds (continued)  |              |              |
| Brought forward  | \$ 1,437,141 | \$ 1,225,802 |
| <b>Cove Bay Water System Reserve Fund</b>  |              |              |
| Cove Bay Water System Reserve Fund, GVRD Bylaw 703, was transferred from the predecessor entity, GVRD in the amount of \$297,848.  |              |              |
| Cove Bay Water System Reserve Fund was created by Bowen Island Bylaw 19, 2000 under the authority of Section 496 of the Local Government Act. Funds in this reserve are restricted for use as to capital works or equipment with respect to the Cove Bay Water System. | 857,969      | 799,349      |
| <b>Mount Gardner Dock Reserve Fund</b>   |              |              |
| Mount Gardner Dock Reserve Fund, GVRD Bylaw 879, was transferred from the predecessor entity, GVRD in the amount of \$22,105.  |              |              |
| Mount Gardner Dock Reserve Fund was created by Bowen Island Bylaw 18, 2000 under the authority of Section 496 of the Local Government Act. Funds in this reserve are restricted for use as to capital works or equipment with respect to the Mount Gardner Dock.       | 29,755       | 28,839       |
| <b>Tax Sale and Sinking Fund Surplus</b>   |              |              |
| Reserve established pursuant to Section 498 of the Local Government Act. Funds in this reserve are to be used for payment of sinking fund, debt, or capital amounts. Balance represents sinking fund surplus on debt retirement.                                       | 23,942       | 23,204       |
| <b>Equipment Replacement Reserve Fund</b>  |              |              |
| The Equipment Replacement Reserve Fund was created by Bowen Island Bylaw No. 134 under the authority of Section 188 of the Community Charter. Funds in this reserve are restricted for use as to replacement of municipal mobile equipment.                            | 43,045       | 34,349       |
| <b>Roads Maintenance and Renewal Reserve Fund</b>  |              |              |
| The Roads Maintenance and Renewal Reserve Fund was created by Bowen Island Bylaw No. 135 under the authority of Section 188 of the Community Charter. Funds in this reserve are restricted for use as to maintenance, renewal or construction of municipal road works. | 827,716      | 814,510      |
|  | \$ 3,219,568 | \$ 2,926,053 |

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

**5. Restricted Funds (continued)**

(b) Refundable Deposits

Bowen Island Municipality Building Bylaw No. 65, 2002 authorizes that applicants for building permits pay a deposit in the amount of 1% of the construction value. The deposit less any additional charges incurred after the permit issue date is refunded upon the conclusion of the permit process or when an occupancy permit is issued. Total cash on hand for such deposits amounted to \$287,079 at December 31, 2007 (2006 - \$256,676).

Bowen Island Municipality Development Application Fees Bylaw 11, 2000, authorizes that applicants for various land development processes pay a deposit amount as described in the bylaw. The deposits are refundable under certain conditions as set out in the bylaw. Total cash on hand for such deposits amounted to \$302,920 at December 31, 2007 (2006 - \$163,744).

The Municipality holds deposits under a variety of work permits that are refundable upon acceptable completion of works for which the permits were issued. Total cash on hand for such deposits amounted to \$119,503 at December 31, 2007 (2006 - \$81,155) .

Any portion of these deposits that is used for replacing damaged works or property or for the recovery of other expenses will be taken into income by the Municipality at such time as the amounts are charged. The above deposits are not included in the cash nor the liabilities of the Municipality.

(c) Deferred Revenue

The Municipality holds funds that have been received for a specific purpose or project that will take place in a future fiscal period. Amounts required will be taken into income in the future when they are needed to fund a project or fulfill the purpose for which the money was received. In the event that it is determined that the purpose for which the funds were received cannot be fulfilled such funds will be returned to the contributor.

|   | 2007       | 2006       |
|---|------------|------------|
| <b>General Current Fund</b>                         |            |            |
| Civic facilities - Greenways donation               | \$ 209,613 | \$ 300,000 |
| Conservation initiatives - Bowen Island conservancy | 40,000     | 50,000     |
| Killarney Lake/Hiker's Trail                        | 10,000     | -          |
| Amenity donation - Skateboard Park                  | 10,000     | -          |
| Amenity donation - Civic Facilities - Arts          | 10,000     | -          |
| Other   | 29,350     | 19,962     |
|   | 308,963    | 369,962    |
| Development Cost Charges - Parks                    | 87,457     | 36,148     |
|   | 396,420    | 406,110    |
| <b>Water Current Fund</b>                           |            |            |
| Capital Expenditure Charges                         | 196,166    | 155,290    |
| <b>Water Capital Fund</b>                           |            |            |
|   | 4,371      | 4,371      |
|   | \$ 596,957 | \$ 565,771 |

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

**6. Taxation - Net**

|   | Budget<br>2007      | 2007                | 2006                |
|---|---------------------|---------------------|---------------------|
| General municipal purposes                | \$ 2,676,671        | \$ 2,675,884        | \$ 2,540,409        |
| Collections for other governments         |                     |                     |                     |
| Province of British Columbia - school tax | -                   | 2,114,347           | 2,100,177           |
| Islands Trust                             | -                   | 177,906             | 157,921             |
| Greater Vancouver Regional District       | -                   | 97,305              | 93,498              |
| Greater Vancouver Transit Authority       | -                   | 548,284             | 570,680             |
| Municipal Finance Authority               | -                   | 393                 | 328                 |
| British Columbia Assessment Authority     | -                   | 95,099              | 95,054              |
| Police Tax                                | -                   | 218,789             | -                   |
|   | <b>2,676,671</b>    | <b>5,928,007</b>    | <b>5,558,067</b>    |
| Transfers                                 |                     |                     |                     |
| Province of British Columbia - school tax | -                   | 2,114,347           | 2,100,177           |
| Islands Trust                             | -                   | 177,906             | 157,921             |
| Greater Vancouver Regional District       | -                   | 97,305              | 93,498              |
| Greater Vancouver Transit authority       | -                   | 548,284             | 570,680             |
| Municipal Finance Authority               | -                   | 393                 | 328                 |
| British Columbia Assessment Authority     | -                   | 95,099              | 95,054              |
| Police Tax                                | -                   | 218,789             | -                   |
|   | -                   | <b>3,252,123</b>    | <b>3,017,658</b>    |
| Available for general municipal purposes  | <b>2,676,671</b>    | <b>2,675,884</b>    | <b>2,540,409</b>    |
| Payments in lieu of taxes                 | <b>35,699</b>       | <b>35,698</b>       | <b>34,048</b>       |
|   | <b>2,712,370</b>    | <b>2,711,582</b>    | <b>2,574,457</b>    |
| General parcel taxes                      |                     |                     |                     |
| Garbage                                   | <b>280,852</b>      | <b>275,704</b>      | 249,600             |
| Community Parks                           | <b>157,120</b>      | <b>154,240</b>      | 153,600             |
| Water parcel and other taxes              | <b>128,590</b>      | <b>128,700</b>      | 129,460             |
| Sewer parcel taxes                        | <b>6,410</b>        | <b>6,448</b>        | 7,280               |
|   | <b>572,972</b>      | <b>565,092</b>      | <b>539,940</b>      |
|   | <b>\$ 3,285,342</b> | <b>\$ 3,276,674</b> | <b>\$ 3,114,397</b> |

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**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

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**7. Contingent Liabilities**

- (a) The Municipality is responsible as a member of the Greater Vancouver Regional District for its share of any operating deficits or long-term debt related to functions in which it participates.
- (b) The Municipality is partially self-insured through the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the Municipality along with the other participants, would be required to contribute towards the deficit.
- (c) The Municipality's debt instruments that originated with the GVRD are issued through the Municipal Finance Authority. A portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund as a condition of these borrowings. These funds, which total \$10,314 (2006 - \$9,888), are not reflected in these financial statements.

The Municipality also executes demand notes in connection with each debenture whereby the Municipality may be required to loan amounts to the Municipal Finance Authority. The demand notes, which total \$21,859 (2006 - \$21,859), are contingent in nature and are not reflected in these financial statements.

- (d) From time to time, the Municipality may be named in lawsuits. At any given point in time, there may be a few lawsuits pending in which the Municipality is involved. It is considered that the potential claims against the Municipality resulting from litigation and not covered by insurance would not materially affect these financial statements.

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**8. Commitments**

- (a) The Municipality entered into a lease for the Municipal Hall at an approximate annual cost of \$81,000. The three-year lease expires October 31, 2008 and has an option to renew for a further three years.
- (b) The Municipality has the following service commitments with other organizations for various services:

| Nature of Services                       | Approximate Annual Cost | Expiry of Term   | Contract Length    |
|--|-------------------------|------------------|--------------------|
| Bylaw enforcement                        | \$ 86,000               | May 14, 2008     | 2 years            |
| Residential garbage pickup and disposal* | \$ 374,000              | May 14, 2010     | 4 years, 11 months |
| Water systems operations                 | \$ 212,400              | October 31, 2008 | 1 year             |

\* upon the start of the calendar year, the contract price increases by approximately 10% for each of the first 3 years and approximately 15% for each of the last 2 years

**December 31, 2007**

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**9. Pension Plan**

The Municipality and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 144,000 active members and approximately 51,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the unfunded liability to individual employers. During the year ended December 31, 2007, Bowen Island Municipality paid \$65,746 (2006 - \$61,291) for employer contributions to the plan.

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**10. Latecomers Agreement**

The Municipality has entered into Latecomers Agreements, in accordance with the Local Government Act Section 939, for excess or extended services and latecomer payments. Such agreements are a mechanism by which a developer, who was required to provide extended services, is reimbursed for the cost of providing those services.

a) Snug Cove Sewer

A developer was required, as a condition of the subdivision, to provide extended sewer services in the Snug Cove Sewer Specified Area. As a result, the lands designated as benefiting from the provision of extended services will be required to pay a specified portion of the cost of construction of the services plus interest upon connection. Under this agreement the municipality is obligated to collect the amounts set out in the agreement plus interest from owners of property designated as benefiting from the extended service upon connection.

The agreement will expire on the earlier of July 12, 2010 or upon payment of the entire amount set out in the agreement plus interest at a rate prescribed by the Province in accordance with Section 371 of the Local Government Act. As at December 31, 2007, the amount payable to the developer (upon collection from the owners of benefiting property), including interest is \$114,361 (2006 - \$110,614). As this amount is recoverable from property owners, the amount payable is not recorded elsewhere in these financial statements.

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

**10. Latecomers Agreement (continued)**

b) Bowen Bay Water

A developer was required, as a condition of specified area boundary expansion, to provide excess water capacity services in the Bowen Bay Water Improvement District. As a result, the lands designated as benefiting from the provision of excess capacity will be required to pay a specified portion of the cost of construction of the services plus interest, upon application to be included in the Bowen Bay Water Specified Area. Under this agreement the municipality is obligated to collect the amounts set out in the agreement plus interest from the owners of property designated as benefiting from the excess capacity.

The Agreement will expire on the earlier of December 3, 2012 or upon payment of the entire amount set out in the agreement plus interest at the rate of 0.25%. As at December 31, 2007, the amount payable to the developer (upon collection from the owners of benefiting property), including interest is \$9,356 (2006 - \$9,333). As this amount is recoverable from property owners, the amount payable is not recorded elsewhere in these financial statements.

**11. Expenses by Object**

|   | <b>2007</b>         | <b>2006</b>  |
|---|---------------------|--------------|
| Salaries, wages and benefits                          | <b>\$ 1,578,821</b> | \$ 1,387,704 |
| Travel, conventions, education and training           | <b>64,699</b>       | 60,401       |
| Operational goods and services                        | <b>70,558</b>       | 74,705       |
| Communications and information systems                | <b>109,691</b>      | 98,185       |
| Contract Services - professional                      | <b>142,466</b>      | 140,120      |
| Contract Services - operational                       | <b>966,555</b>      | 896,662      |
| Insurance and licenses                                | <b>65,738</b>       | 60,632       |
| Maintenance - buildings, equipment and infrastructure | <b>626,038</b>      | 597,689      |
| Rents   | <b>128,073</b>      | 121,162      |
| Utilities   | <b>36,223</b>       | 34,827       |
| Debt interest   | <b>143,659</b>      | 143,866      |
| Capital expenditures                                  | <b>663,928</b>      | 401,787      |
| Grants to community                                   | <b>275,627</b>      | 254,986      |
| Projects and planning                                 | <b>308,286</b>      | 115,987      |
| Other operational expenses                            | <b>25,299</b>       | 36,482       |
|   | <b>\$ 5,205,661</b> | \$ 4,425,195 |

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

| <b>12. Assistance Granted to Community Organizations</b> | <b>2007</b>       | <b>2006</b>       |
|--|-------------------|-------------------|
| Community Grants   |                   |                   |
| Bowen Island Arts Council                                | \$ 51,530         | \$ 53,830         |
| Bowen Island Historians Community Museum and Archives    | 13,400            | 10,560            |
| Bowen Island Public Library Association                  | 136,000           | 124,000           |
| Bowen Island Recycling Depot Society                     | 10,000            | 6,000             |
| West Vancouver School District #45                       | 10,896            | 10,896            |
|  | <b>221,826</b>    | <b>205,286</b>    |
| Grants in Aid  |                   |                   |
| Abbeyfield House of Bowen Island Society                 | 1,658             | 1,300             |
| Bowen Community Housing Association                      | 5,000             | 1,100             |
| Bowen Island Chamber of Commerce - Tourist Information   | 12,000            | 12,000            |
| Bowen Island Community Fair Association                  | 2,000             | -                 |
| Bowen Island Community School Association                | 7,643             | -                 |
| Bowen Island Family Place                                | 10,000            | 12,950            |
| Bowen Island Film Society                                | -                 | 1,350             |
| Bowen Island Gymnastics Club                             | -                 | 7,150             |
| Bowen Island Horse Owners Association                    | -                 | 500               |
| Bowen Island Memorial Garden Society                     | 2,000             | -                 |
| Bowen Island Teen Centre                                 | -                 | 400               |
| Bowen Island Yacht Club                                  | 500               | 400               |
| Coast Animal Welfare and Educational Society             | 900               | 1,100             |
| James Glave - One Day Bowen                              | 500               | -                 |
| Maragold Theatre   | 500               | 250               |
| Rugby Canada   | -                 | 400               |
| Seniors Keeping Young                                    | 1,100             | 400               |
| Tir-na-nOg Theatre School Society                        | 10,000            | 10,000            |
| Underwater Council of BC                                 | -                 | 400               |
|  | <b>53,801</b>     | <b>49,700</b>     |
|  | <b>\$ 275,627</b> | <b>\$ 254,986</b> |

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

**13. Tax Exemptions Granted by Council**

|   | Value of<br>Municipal<br>Tax | Value of<br>Other Taxing<br>Authorities | Total<br><b>2007</b> | 2006              |
|---|------------------------------|---|----------------------|-------------------|
| BC Camping and Recreation<br>Guild for Christian Scientists | \$ 2,280                     | \$ 2,505                                | <b>\$ 4,785</b>      | \$ 3,657          |
| BC Camping and Recreation<br>Guild for Christian Scientists | 1,871                        | 4,382                                   | <b>6,253</b>         | 4,713             |
| BC Camping and Recreation<br>Guild for Christian Scientists | 2,188                        | 5,125                                   | <b>7,313</b>         | 9,028             |
| BC Camping and Recreation<br>Guild for Christian Scientists | 3,934                        | 9,213                                   | <b>13,147</b>        | 16,245            |
| BC Camping and Recreation<br>Guild for Christian Scientists | 1,694                        | 1,862                                   | <b>3,556</b>         | 2,720             |
| Bowen Island Historians                                     | 880                          | 2,062                                   | <b>2,942</b>         | 3,339             |
| Bowen Island Preschool &<br>Community Day Care Assoc.       | 2,023                        | 10,967                                  | <b>12,990</b>        | 15,867            |
| Canadian National Institute<br>for the Blind - Bowen Lodge  | 6,122                        | 6,727                                   | <b>12,849</b>        | 14,674            |
| Rivendell Foundation  | 8,700                        | 20,496                                  | <b>29,196</b>        | 32,255            |
| Smooth Stones Foundation Inc.                               | 1,325                        | 3,104                                   | <b>4,429</b>         | 5,523             |
| Smooth Stones Foundation<br>Inc. Island Pacific School      | 1,919                        | 10,402                                  | <b>12,321</b>        | 14,832            |
| The Roman Catholic Archbishop<br>of Vancouver               | 488                          | 1,142                                   | <b>1,630</b>         | 1,550             |
| The United Church of Canada                                 | 352                          | 824                                     | <b>1,176</b>         | 1,215             |
|   | <b>\$ 33,776</b>             | <b>\$ 78,811</b>                        | <b>\$ 112,587</b>    | <b>\$ 125,618</b> |

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

**14. Government Grants Received**

|  | Budget<br>2007    | 2007              | 2006              |
|--|-------------------|-------------------|-------------------|
| <b>Government of Canada</b>                                  |                   |                   |                   |
| Human Resources Development Canada                           |                   |                   |                   |
| Summer Students  | \$ 3,000          | \$ 3,040          | \$ 3,040          |
| <b>Province of British Columbia</b>                          |                   |                   |                   |
| General fund   |                   |                   |                   |
| Small communities protection grant                           | \$ 297,792        | \$ 298,924        | \$ 248,864        |
| Provincial planning - Community action on energy efficiency  | 10,000            | 6,456             | -                 |
| Provincial assistance - Police tax                           | -                 | 1,000             | -                 |
| Tsunami planning grant                                       | -                 | -                 | 5,502             |
| BC Spirit Squares  | 20,000            | -                 | -                 |
|  | <b>327,792</b>    | <b>306,380</b>    | 254,366           |
| Water fund   |                   |                   |                   |
| Infrastructure   | 37,019            | 18,118            | 66,854            |
|  | <b>\$ 364,811</b> | <b>\$ 324,498</b> | <b>\$ 321,220</b> |
| Other grants   |                   |                   |                   |
| Fraser Basin Council - Community action on energy efficiency | \$ 25,000         | \$ 27,500         | \$ 10,000         |
| UBCM emergency planning grant                                | 2,000             | 2,000             | 3,000             |
| Sustainability filter tool grant                             | 12,500            | -                 | -                 |
| UBCM tourism grant   | -                 | -                 | 15,964            |
|  | <b>\$ 39,500</b>  | <b>\$ 29,500</b>  | <b>\$ 28,964</b>  |

**Bowen Island Municipality**  
**Notes to Financial Statements**

**December 31, 2007**

**15. Sale of Services and Other Revenue**

|                                    | 2007              | 2006              |
|------------------------------------|-------------------|-------------------|
| Sale of Services                   |                   |                   |
| Garbage decal sales                | \$ 105,176        | \$ 102,266        |
| Fire and other service inspections | 9,247             | 9,150             |
| Recreation programs                | 160,851           | 157,697           |
| School tax administration fees     | 4,837             | 4,100             |
| Dock rentals                       | 24,441            | 29,111            |
|                                    | <b>\$ 304,552</b> | <b>\$ 302,324</b> |
| <br>Other Revenues                 |                   |                   |
| Current Funds                      |                   |                   |
| Building and development permits   | \$ 137,097        | \$ 136,797        |
| Land use development fees          | 96,884            | 50,295            |
| Taxation interest and penalties    | 63,100            | 42,758            |
| Return on investments              | 184,968           | 149,894           |
| Donations                          | 95,387            | 5,000             |
| Other                              | 65,160            | 36,544            |
|                                    | <b>642,596</b>    | 421,288           |
| Reserve Fund other revenue         | 93,024            | 108,979           |
| Capital Fund other revenue         | 23,847            | 25,023            |
| Capital Fund return on investments | 173               | 214               |
|                                    | <b>\$ 759,640</b> | <b>\$ 555,504</b> |

**16. Tangible Capital Assets**

For the year ended December 31, 2009 the municipality will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all the relevant information can be provided for the complete stock of tangible capital assets of that category. This work is underway and as no one class of assets has been completed, values cannot be disclosed at this time.

**17. Comparative figures**

Certain comparative figures have been restated to conform to current year's presentation.

**Bowen Island Municipality**  
**Schedule 1 - General Departmental Expenditures**

| <b>For the year ended December 31</b>          | <b>Budget<br/>2007</b> | <b>2007</b>         | <b>2006</b>         |
|--|------------------------|---------------------|---------------------|
| <b>General government</b>                      |                        |                     |                     |
| Council  | \$ 102,263             | \$ 101,393          | \$ 98,344           |
| Administration                                 | 315,540                | 426,602             | 313,135             |
| Finance  | 274,846                | 272,882             | 246,447             |
| Other  |                        |                     |                     |
| Community Grants (Note 12)                     | 297,647                | 275,627             | 254,986             |
| Insurance                                      | 32,500                 | 31,974              | 27,938              |
| Municipal hall rent, utilities & maintenance   | 113,298                | 119,628             | 112,841             |
| Other general government                       | 98,640                 | 98,600              | 109,409             |
|  | <u>1,234,734</u>       | <u>1,326,706</u>    | <u>1,163,100</u>    |
| <b>Protective services</b>                     |                        |                     |                     |
| Fire protection                                | 257,446                | 252,174             | 219,854             |
| Building inspection                            | 81,303                 | 77,977              | 74,299              |
| Bylaw enforcement                              | 82,229                 | 75,683              | 72,764              |
| Other protective services                      | 14,000                 | 10,908              | 23,248              |
|  | <u>434,978</u>         | <u>416,742</u>      | <u>390,165</u>      |
| <b>Roads and drainage</b>                      | <b>643,343</b>         | <b>679,085</b>      | <b>631,975</b>      |
| <b>Solid waste management</b>                  | <b>365,355</b>         | <b>370,820</b>      | <b>337,113</b>      |
| <b>Community planning</b>                      | <b>512,325</b>         | <b>473,483</b>      | <b>303,330</b>      |
| <b>Recreation</b>                              | <b>475,003</b>         | <b>472,737</b>      | <b>436,074</b>      |
| <b>Community parks</b>                         | <b>140,231</b>         | <b>104,408</b>      | <b>121,524</b>      |
|  | <u>2,136,257</u>       | <u>2,100,533</u>    | <u>1,830,016</u>    |
| <b>Total general departmental expenditures</b> | <b>\$ 3,805,969</b>    | <b>\$ 3,843,981</b> | <b>\$ 3,383,281</b> |

**Bowen Island Municipality**  
**Schedule of Financial Position - All Funds**

**Schedule 2**

December 31, 2007

|   | General<br>Current<br>Fund | General<br>Capital<br>Fund | Water<br>Current<br>Fund | Water<br>Capital<br>Fund | Sewer<br>Current<br>Fund | Sewer<br>Capital<br>Fund | Reserve<br>Fund  | 2007<br>All<br>Funds | 2006<br>All<br>Funds |
|---|----------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------|----------------------|----------------------|
| <b>Financial assets:</b>                        |                            |                            |                          |                          |                          |                          |                  |                      |                      |
| Cash and short-term investments                 | 3,246,073                  |                            | 550,593                  | 5,614                    |                          |                          | 3,219,568        | <b>7,021,848</b>     | 6,889,672            |
| Accounts receivable                             | 251,427                    |                            | 94,591                   | 35,176                   | 52,647                   |                          |                  | <b>433,841</b>       | 420,368              |
| <b>Total financial assets:</b>                  | <b>3,497,500</b>           | <b>-</b>                   | <b>645,184</b>           | <b>40,790</b>            | <b>52,647</b>            | <b>-</b>                 | <b>3,219,568</b> | <b>7,455,689</b>     | 7,310,040            |
| <b>Physical assets</b>                          |                            | <b>5,314,335</b>           |                          | <b>4,609,895</b>         |                          | <b>374,277</b>           |                  | <b>10,298,507</b>    | 9,660,330            |
| <b>Total assets</b>                             | <b>3,497,500</b>           | <b>5,314,335</b>           | <b>645,184</b>           | <b>4,650,685</b>         | <b>52,647</b>            | <b>374,277</b>           | <b>3,219,568</b> | <b>17,754,196</b>    | 16,970,370           |
| <b>Liabilities:</b>                             |                            |                            |                          |                          |                          |                          |                  |                      |                      |
| Accounts payable                                | 495,098                    |                            | 16,457                   |                          | 1,610                    |                          |                  | <b>513,165</b>       | 442,610              |
| Net interfund balances                          | 197,220                    | 38                         | (240,331)                | 30,805                   | 12,268                   |                          |                  | <b>-</b>             | -                    |
| Deferred revenue                                | 396,420                    |                            | 196,166                  | 4,371                    |                          |                          |                  | <b>596,957</b>       | 565,771              |
| Obligation under capital lease                  |                            | 18,448                     |                          |                          |                          |                          |                  | <b>18,448</b>        | 6,842                |
| Interim financing                               |                            | 2,000,000                  |                          |                          |                          |                          |                  | <b>2,000,000</b>     | 2,000,000            |
| Long-term debt                                  |                            |                            |                          | 392,621                  |                          | 34,884                   |                  | <b>427,505</b>       | 513,023              |
| <b>Total liabilities</b>                        | <b>1,088,738</b>           | <b>2,018,486</b>           | <b>(27,708)</b>          | <b>427,797</b>           | <b>13,878</b>            | <b>34,884</b>            | <b>-</b>         | <b>3,556,075</b>     | 3,528,246            |
| <b>Financial Equity</b>                         |                            |                            |                          |                          |                          |                          |                  |                      |                      |
| <b>Current Fund</b>                             |                            |                            |                          |                          |                          |                          |                  |                      |                      |
| <b>Reserves and Allowances</b>                  |                            |                            |                          |                          |                          |                          |                  |                      |                      |
| Reserve for incomplete works                    | 64,400                     |                            |                          |                          |                          |                          |                  | <b>64,400</b>        | 84,465               |
| Capital and stabilization reserve               | 950,774                    |                            |                          |                          |                          |                          |                  | <b>950,774</b>       | 1,266,092            |
| Other reserves and allowances                   | 157,091                    |                            | 163,206                  |                          | 38,505                   |                          |                  | <b>358,802</b>       | 263,725              |
| Surplus   | 1,236,497                  |                            | 509,686                  |                          | 264                      |                          |                  | <b>1,746,447</b>     | 1,755,921            |
|   | 2,408,762                  | -                          | 672,892                  | -                        | 38,769                   | -                        | -                | <b>3,120,423</b>     | 3,370,203            |
| <b>Reserve Fund</b>                             |                            |                            |                          |                          |                          |                          | 3,219,568        | <b>3,219,568</b>     | 2,926,053            |
| <b>Capital Fund</b>                             |                            |                            |                          | 5,614                    |                          |                          |                  | <b>5,614</b>         | 5,441                |
|   | 2,408,762                  | -                          | 672,892                  | 5,614                    | 38,769                   | -                        | 3,219,568        | <b>6,345,605</b>     | 6,301,697            |
| <b>Investment in Property and Equipment</b>     | <b>-</b>                   | <b>3,295,849</b>           | <b>-</b>                 | <b>4,217,274</b>         | <b>-</b>                 | <b>339,393</b>           | <b>-</b>         | <b>7,852,516</b>     | 7,140,427            |
| <b>Total Liabilities and Financial Position</b> | <b>3,497,500</b>           | <b>5,314,335</b>           | <b>645,184</b>           | <b>4,650,685</b>         | <b>52,647</b>            | <b>374,277</b>           | <b>3,219,568</b> | <b>17,754,196</b>    | 16,970,370           |

**Bowen Island Municipality**  
**Schedule of Financial Position - Water Current Funds**

**Schedule 2(b)**

December 31, 2007

|   | Bluewater<br>Park<br>Current<br>Fund | Bowen Bay<br>Current<br>Fund | Cove Bay<br>Current<br>Fund | Eagle Cliff<br>Current<br>Fund | Hood Point<br>Current<br>Fund | King Edward<br>Bay<br>Current<br>Fund | Tunstall Bay<br>Current<br>Fund | 2007<br><b>All Water<br/>Funds</b> | 2006<br>All Water<br>Funds |
|---|--------------------------------------|------------------------------|-----------------------------|--------------------------------|-------------------------------|---------------------------------------|---------------------------------|------------------------------------|----------------------------|
| <b>Financial assets:</b>                        |                                      |                              |                             |                                |                               |                                       |                                 |                                    |                            |
| Cash and short-term investments                 | 95,500                               | -                            | 319,017                     | 109,143                        | 7,006                         |                                       | 19,927                          | <b>550,593</b>                     | 463,672                    |
| Accounts receivable                             | 16,247                               | 3,125                        | 55,761                      | 5,249                          | 7,609                         |                                       | 6,600                           | <b>94,591</b>                      | 72,196                     |
| <b>Total financial assets:</b>                  | <b>111,747</b>                       | <b>3,125</b>                 | <b>374,778</b>              | <b>114,392</b>                 | <b>14,615</b>                 | <b>-</b>                              | <b>26,527</b>                   | <b>645,184</b>                     | 535,868                    |
| <b>Total assets</b>                             | <b>111,747</b>                       | <b>3,125</b>                 | <b>374,778</b>              | <b>114,392</b>                 | <b>14,615</b>                 | <b>-</b>                              | <b>26,527</b>                   | <b>645,184</b>                     | 535,868                    |
| <b>Liabilities:</b>                             |                                      |                              |                             |                                |                               |                                       |                                 |                                    |                            |
| Accounts payable                                | 1,761                                | 522                          | 8,353                       | 2,798                          | 1,836                         |                                       | 1,187                           | <b>16,457</b>                      | 3,386                      |
| Net interfund balances                          | (29,576)                             | (16,444)                     | (87,399)                    | (31,950)                       | (13,095)                      | (33,064)                              | (28,803)                        | <b>(240,331)</b>                   | (280,812)                  |
| Deferred revenue                                |                                      |                              | 170,730                     | 25,436                         |                               |                                       |                                 | <b>196,166</b>                     | 155,290                    |
| <b>Total liabilities</b>                        | <b>(27,815)</b>                      | <b>(15,922)</b>              | <b>91,684</b>               | <b>(3,716)</b>                 | <b>(11,259)</b>               | <b>(33,064)</b>                       | <b>(27,616)</b>                 | <b>(27,708)</b>                    | (122,136)                  |
| <b>Financial Equity</b>                         |                                      |                              |                             |                                |                               |                                       |                                 |                                    |                            |
| Reserves and Allowances                         | 76,880                               | 6,301                        |                             | 61,521                         | 622                           |                                       | 17,882                          | <b>163,206</b>                     | 124,327                    |
| Surplus   | 62,682                               | 12,746                       | 283,094                     | 56,587                         | 25,252                        | 33,064                                | 36,261                          | <b>509,686</b>                     | 533,677                    |
|   | 139,562                              | 19,047                       | 283,094                     | 118,108                        | 25,874                        | 33,064                                | 54,143                          | <b>672,892</b>                     | 658,004                    |
| <b>Total Liabilities and Financial Position</b> | <b>111,747</b>                       | <b>3,125</b>                 | <b>374,778</b>              | <b>114,392</b>                 | <b>14,615</b>                 | <b>-</b>                              | <b>26,527</b>                   | <b>645,184</b>                     | 535,868                    |

**Bowen Island Municipality**  
**Schedule of Financial Position - Water Capital Funds**

**Schedule 2 (c)**

December 31, 2007

|   | Bluewater<br>Park<br>Capital<br>Fund | Bowen Bay<br>Capital<br>Fund | Cove Bay<br>Capital<br>Fund | Eagle Cliff<br>Capital<br>Fund | Hood Point<br>Capital<br>Fund | King Edward<br>Bay<br>Capital<br>Fund | Tunstall Bay<br>Capital<br>Fund | 2007<br>Water Capital<br>Funds | 2006<br>Water Capital<br>Funds |
|---|--------------------------------------|------------------------------|-----------------------------|--------------------------------|-------------------------------|---------------------------------------|---------------------------------|--------------------------------|--------------------------------|
| <b>Financial assets:</b>                        |                                      |                              |                             |                                |                               |                                       |                                 |                                |                                |
| Cash and short-term investments                 |                                      |                              | 5,614                       |                                |                               |                                       |                                 | 5,614                          | 5,441                          |
| Accounts receivable                             |                                      |                              | 18,161                      | 17,015                         |                               |                                       |                                 | 35,176                         | 92,774                         |
| <b>Total financial assets:</b>                  | -                                    | -                            | 23,775                      | 17,015                         | -                             | -                                     | -                               | <b>40,790</b>                  | 98,215                         |
| <b>Physical assets</b>                          | 460,062                              | 127,417                      | 2,578,056                   | 277,455                        | 1,121,541                     | -                                     | 45,364                          | <b>4,609,895</b>               | 4,451,500                      |
| <b>Total assets</b>                             | 460,062                              | 127,417                      | 2,601,831                   | 294,470                        | 1,121,541                     | -                                     | 45,364                          | <b>4,650,685</b>               | 4,549,715                      |
| <b>Liabilities:</b>                             |                                      |                              |                             |                                |                               |                                       |                                 |                                |                                |
| Net interfund balances                          |                                      |                              | 13,790                      | 17,015                         |                               |                                       |                                 | 30,805                         | 88,403                         |
| Deferred revenue                                |                                      |                              | 4,371                       |                                |                               |                                       |                                 | 4,371                          | 4,371                          |
| Long term debt                                  |                                      |                              | 310,467                     | 42,951                         | 39,203                        |                                       |                                 | 392,621                        | 470,431                        |
| <b>Total liabilities</b>                        | -                                    | -                            | 328,628                     | 59,966                         | 39,203                        | -                                     | -                               | <b>427,797</b>                 | 563,205                        |
| <b>Financial Equity</b>                         |                                      |                              |                             |                                |                               |                                       |                                 |                                |                                |
| Capital Fund                                    |                                      |                              | 5,614                       |                                |                               |                                       |                                 | 5,614                          | -                              |
|   | -                                    | -                            | 5,614                       | -                              | -                             | -                                     | -                               | <b>5,614</b>                   | -                              |
| <b>Investment in Property and Equipment</b>     | 460,062                              | 127,417                      | 2,267,589                   | 234,504                        | 1,082,338                     | -                                     | 45,364                          | <b>4,217,274</b>               | 3,986,510                      |
| <b>Total Liabilities and Financial Position</b> | 460,062                              | 127,417                      | 2,601,831                   | 294,470                        | 1,121,541                     | -                                     | 45,364                          | <b>4,650,685</b>               | 4,549,715                      |

**Bowen Island Municipality**  
**Schedule of Current Fund Operations - All Funds**

**Schedule 3**

For year ended December 31, 2007

|   | General<br>Current<br>Fund | Water<br>Current<br>Fund<br>Schd 3(b) | Sewer<br>Current<br>Fund | <b>Total<br/>Current<br/>Funds<br/>2007</b> | Total<br>Current<br>Funds<br>2006 |
|---|----------------------------|---------------------------------------|--------------------------|---|-----------------------------------|
| <b>Revenue</b>                                  |                            |                                       |                          |   |                                   |
| Taxation (Note 6)                               | 2,711,582                  |                                       |                          | <b>2,711,582</b>                            | 2,574,457                         |
| Parcel taxes (Note 6)                           | 429,944                    | 128,700                               | 6,448                    | <b>565,092</b>                              | 539,940                           |
| Grants in lieu of tax                           | 2,337                      |                                       |                          | <b>2,337</b>                                | 2,229                             |
| Utility user fees                               |                            | 525,588                               | 97,653                   | <b>623,241</b>                              | 606,183                           |
| Government Grants - Federal (Note 14)           | 3,040                      |                                       |                          | <b>3,040</b>                                | 3,040                             |
| Government Grants - Provincial (Note 14)        | 306,380                    |                                       |                          | <b>306,380</b>                              | 254,366                           |
| Grants - Other (Note 14)                        | 29,500                     |                                       |                          | <b>29,500</b>                               | 28,964                            |
| Total sales of service (Note 15)                | 304,552                    |                                       |                          | <b>304,552</b>                              | 302,324                           |
| Other revenue (Note 15)                         | 565,391                    | 73,205                                | 4,000                    | <b>642,596</b>                              | 421,288                           |
|   | <u>4,352,726</u>           | <u>727,493</u>                        | <u>108,101</u>           | <b><u>5,188,320</u></b>                     | <u>4,732,791</u>                  |
| <b>Expenses</b>                                 |                            |                                       |                          |   |                                   |
| General departmental expenses (Schedule 1)      | 3,843,981                  |                                       |                          | <b>3,843,981</b>                            | 3,383,281                         |
| Water system operations                         |                            | 444,750                               |                          | <b>444,750</b>                              | 416,279                           |
| Sewer system operations                         |                            |                                       | 109,343                  | <b>109,343</b>                              | 79,983                            |
| Debt interest                                   | 98,702                     | 40,408                                | 4,549                    | <b>143,659</b>                              | 143,866                           |
|   | <u>3,942,683</u>           | <u>485,158</u>                        | <u>113,892</u>           | <b><u>4,541,733</u></b>                     | <u>4,023,409</u>                  |
| Net revenue before transfers and debt repayment | 410,043                    | 242,335                               | (5,791)                  | <b>646,587</b>                              | 709,382                           |
| Debt repayment                                  | (6,843)                    | (77,810)                              | (7,708)                  | <b>(92,361)</b>                             | (95,629)                          |
| <b>Net Interfund transfers</b>                  |                            |                                       |                          |   |                                   |
| To / from other operating funds                 | (19,500)                   |                                       | 19,500                   | -   | -                                 |
| To Capital Fund                                 | (258,112)                  | (116,430)                             | (15,434)                 | <b>(389,976)</b>                            | (73,022)                          |
| To Reserve Fund                                 | (380,823)                  | (33,207)                              |                          | <b>(414,030)</b>                            | (389,659)                         |
| Change in Current Fund balance from operations  | (255,235)                  | 14,888                                | (9,433)                  | <b>(249,780)</b>                            | 151,072                           |
| Current Fund balance, beginning of year         | 2,663,997                  | 658,004                               | 48,202                   | <b>3,370,203</b>                            | 3,219,131                         |
| Current Fund balance, end of year               | <u>2,408,762</u>           | <u>672,892</u>                        | <u>38,769</u>            | <b><u>3,120,423</u></b>                     | <u>3,370,203</u>                  |

**Bowen Island Municipality**  
**Schedule of Current Fund Operations - Water Funds**

**Schedule 3(b)**

For year ended December 31, 2007

|   | Bluewater<br>Park<br>Current<br>Water<br>Fund | Bowen<br>Bay<br>Current<br>Water<br>Fund | Cove<br>Bay<br>Current<br>Water<br>Fund | Eagle<br>Cliff<br>Current<br>Water<br>Fund | Hood<br>Point<br>Current<br>Water<br>Fund | King Edward<br>Bay<br>Current<br>Water<br>Fund | Tunstall<br>Bay<br>Current<br>Water<br>Fund | <b>Total<br/>Current<br/>Water<br/>Fund<br/>2007</b> | Total<br>Current<br>Water<br>Fund<br>2006 |
|---|---|--|---|--|---|--|---|--|---|
| <b>Revenue</b>                                  |   |  |   |  |   |  |   |  |   |
| Parcel taxes (Note 6)                           |   |  | 39,350                                  | 35,030                                     | 54,320                                    | -  |   | <b>128,700</b>                                       | 129,460                                   |
| Utility user fees                               | 69,630  | 35,957                                   | 262,713                                 | 30,124                                     | 58,735                                    | -  | 68,429                                      | <b>525,588</b>                                       | 515,149                                   |
| Other revenue (Note 15)                         | 3,169   |  | 12,276                                  | 19,747                                     | 4,190                                     | 33,530   | 293   | <b>73,205</b>  | 19,092                                    |
|   | <u>72,799</u>                                 | <u>35,957</u>                            | <u>314,339</u>                          | <u>84,901</u>                              | <u>117,245</u>                            | <u>33,530</u>                                  | <u>68,722</u>                               | <b><u>727,493</u></b>                                | <u>663,701</u>                            |
| <b>Expenses</b>                                 |   |  |   |  |   |  |   |  |   |
| Administration                                  | 14,165  | 6,324                                    | 59,727                                  | 12,374                                     | 13,689                                    | 100  | 11,744                                      | <b>118,123</b>                                       | 110,472                                   |
| Operations                                      | 34,211  | 24,117                                   | 154,435                                 | 29,866                                     | 39,699                                    | 366  | 43,933                                      | <b>326,627</b>                                       | 305,807                                   |
| Debt interest                                   | -   |  | 26,136                                  | 9,725                                      | 4,547                                     | -  | -   | <b>40,408</b>  | 43,582                                    |
|   | <u>48,376</u>                                 | <u>30,441</u>                            | <u>240,298</u>                          | <u>51,965</u>                              | <u>57,935</u>                             | <u>466</u>                                     | <u>55,677</u>                               | <b><u>485,158</u></b>                                | <u>459,861</u>                            |
| Net revenue before transfers and debt repayment | 24,423  | 5,516                                    | 74,041                                  | 32,936                                     | 59,310                                    | 33,064   | 13,045                                      | <b>242,335</b>                                       | 203,840                                   |
| Debt repayment                                  | -   | -  | (18,577)                                | (5,184)                                    | (54,049)                                  | -  | -   | <b>(77,810)</b>                                      | (85,121)                                  |
| Net Interfund transfers                         |   |  |   |  |   |  |   |  |   |
| To Capital Fund                                 | -   | -  | (87,988)                                | (17,282)                                   | (7,378)                                   | -  | (3,782)                                     | <b>(116,430)</b>                                     | (15,502)                                  |
| To Reserve Fund                                 | -   | -  | (33,207)                                | -  | -   | -  | -   | <b>(33,207)</b>                                      | (10,779)                                  |
| Change in Current Water Fund balance            | 24,423  | 5,516                                    | (65,731)                                | 10,470                                     | (2,117)                                   | 33,064   | 9,263                                       | <b>14,888</b>  | 92,438                                    |
| Current Water Fund balance, beginning of year   | 115,139                                       | 13,531                                   | 348,825                                 | 107,638                                    | 27,991                                    | -  | 44,880                                      | <b>658,004</b>                                       | 565,566                                   |
| Current Water Fund balance, end of year         | <u>139,562</u>                                | <u>19,047</u>                            | <u>283,094</u>                          | <u>118,108</u>                             | <u>25,874</u>                             | <u>33,064</u>                                  | <u>54,143</u>                               | <b><u>672,892</u></b>                                | <u>658,004</u>                            |

**Bowen Island Municipality**  
**Schedule of Reserve Fund Operations - All Funds**

**Schedule 4**

For the year ended December 31, 2007

|                                 | Fire Dept<br>Equipment | Recreation<br>and Other<br>Com. Use | Community<br>Parks | Cove Bay<br>Water | Mt Gardner<br>Dock | Tax Sale &<br>Sinking Fund<br>Surplus | Equipment<br>Replacement | Roads and<br>Infrastructure | <b>Reserve<br/>Fund Total<br/>2007</b> | Reserve<br>Fund Total<br>2006 |
|---------------------------------|------------------------|-------------------------------------|--------------------|-------------------|--------------------|---------------------------------------|--------------------------|-----------------------------|--|-------------------------------|
| <b>Revenue</b>                  |                        |                                     |                    |                   |                    |                                       |                          |                             |  |                               |
| Return on investments (Note 15) | 7,819                  | 13,359                              | 17,792             | 25,413            | 916                | 738                                   | 1,092                    | 25,895                      | <b>93,024</b>                          | 108,979                       |
|                                 | 7,819                  | 13,359                              | 17,792             | 25,413            | 916                | 738                                   | 1,092                    | 25,895                      | <b>93,024</b>                          | 108,979                       |
| <b>Expenses</b>                 |                        |                                     |                    |                   |                    |                                       |                          |                             |  |                               |
| Net revenue before transfers    | 7,819                  | 13,359                              | 17,792             | 25,413            | 916                | 738                                   | 1,092                    | 25,895                      | <b>93,024</b>                          | 108,979                       |
| Transfer from Current Fund      | 75,987                 | 47,000                              | 50,232             | 33,207            |                    |                                       | 7,604                    | 200,000                     | <b>414,030</b>                         | 389,659                       |
| Transfer to Capital Fund        |                        |                                     | (851)              |                   |                    |                                       |                          | (212,688)                   | <b>(213,539)</b>                       | (236,888)                     |
| Change in Reserve Fund balance  | 83,806                 | 60,359                              | 67,173             | 58,620            | 916                | 738                                   | 8,696                    | 13,207                      | <b>293,515</b>                         | 261,750                       |
| Fund balance, beginning of year | 245,957                | 420,190                             | 559,655            | 799,349           | 28,839             | 23,204                                | 34,349                   | 814,510                     | <b>2,926,053</b>                       | 2,664,303                     |
| Fund balance, end of year       | 329,763                | 480,549                             | 626,828            | 857,969           | 29,755             | 23,942                                | 43,045                   | 827,717                     | <b>3,219,568</b>                       | 2,926,053                     |

**Bowen Island Municipality**  
**Schedule of Capital Fund Operations - All Funds**

**Schedule 5**

For year ended December 31, 2007

|   | General<br>Capital<br>Fund | Water<br>Capital<br>Fund | Sewer<br>Capital<br>Fund | <b>Total<br/>Capital<br/>Fund<br/>2007</b> | Total<br>Capital<br>Fund<br>2006 |
|---|----------------------------|--------------------------|--------------------------|--|----------------------------------|
| <b>Sources of Capital Financing</b>     |                            |                          |                          |  |                                  |
| Interfund transfers                     |                            |                          |                          |  |                                  |
| From Current Fund                       | 258,112                    | 116,430                  | 15,434                   | <b>389,976</b>                             | 73,022                           |
| From Reserve Fund                       | 213,539                    |                          |                          | <b>213,539</b>                             | 236,888                          |
| Return on investments (Note 15)         |                            | 173                      |                          | <b>173</b>                                 | 214                              |
| Grants (Note 14)                        |                            | 18,118                   |                          | <b>18,118</b>                              | 66,854                           |
| Other (Note 15)                         |                            | 23,847                   |                          | <b>23,847</b>                              | 25,023                           |
| Capital leases                          | 18,448                     |                          |                          | <b>18,448</b>                              | -                                |
|   | <u>490,099</u>             | <u>158,568</u>           | <u>15,434</u>            | <b><u>664,101</u></b>                      | <u>402,001</u>                   |
| <b>Capital Expenditure</b>              |                            |                          |                          |  |                                  |
| General government                      | 36,133                     |                          | -                        | <b>36,133</b>                              | 29,180                           |
| Fire & emergency services               | 470                        |                          |                          | <b>470</b>                                 | -                                |
| Public works                            | 452,645                    |                          |                          | <b>452,645</b>                             | 204,313                          |
| Parks                                   | 851                        |                          |                          | <b>851</b>                                 | 60,915                           |
| Water                                   |                            | 158,395                  |                          | <b>158,395</b>                             | 107,379                          |
| Sewer                                   |                            |                          | 15,434                   | <b>15,434</b>                              | -                                |
|   | <u>490,099</u>             | <u>158,395</u>           | <u>15,434</u>            | <b><u>663,928</u></b>                      | <u>401,787</u>                   |
| Change in Capital Fund balance          | -                          | 173                      | -                        | <b>173</b>                                 | 214                              |
| Capital Fund balance, beginning of year | -                          | 5,441                    | -                        | <b>5,441</b>                               | 5,227                            |
| Capital Fund balance, end of year       | <u>-</u>                   | <u>5,614</u>             | <u>-</u>                 | <b><u>5,614</u></b>                        | <u>5,441</u>                     |

**Bowen Island Municipality**  
**Schedule of Water Capital Fund Operations - Water**

**Schedule 5(b)**

For year ended December 31, 2007

|   | Bluewater<br>Park<br>Water<br>Capital<br>Fund | Bowen<br>Bay<br>Water<br>Capital<br>Fund | Cove<br>Bay<br>Water<br>Capital<br>Fund | Eagle<br>Cliff<br>Water<br>Capital<br>Fund | Hood<br>Point<br>Water<br>Capital<br>Fund | King Edward<br>Point<br>Water<br>Capital<br>Fund | Tunstall<br>Bay<br>Water<br>Capital<br>Fund | <b>Total<br/>Water<br/>Capital<br/>Fund<br/>2007</b> | Total<br>Water<br>Capital<br>Fund<br>2006 |
|---|---|--|---|--|---|--|---|--|---|
| <b>Sources of Capital Financing</b>     |   |  |   |  |   |  |   |  |   |
| Interfund transfers                     |   |  |   |  |   |  |   |  |   |
| From Current Fund                       |   |  | 87,988                                  | 17,282                                     | 7,378                                     |  | 3,782                                       | <b>116,430</b>                                       | 15,502                                    |
| Return on investments (Note 15)         |   |  | 173                                     |  |   |  |   | <b>173</b>   | 214                                       |
| Grants (Note 14)                        |   |  | 18,118                                  |  |   |  |   | <b>18,118</b>  | 66,854                                    |
| Other (Note 15)                         |   |  | 6,831                                   | 17,016                                     |   |  |   | <b>23,847</b>  | 25,023                                    |
|   | -   | -  | 113,110                                 | 34,298                                     | 7,378                                     | -  | 3,782                                       | <b>158,568</b>                                       | 107,593                                   |
| Capital Expenditures                    |   |  | 112,937                                 | 34,298                                     | 7,378                                     |  | 3,782                                       | <b>158,395</b>                                       | 107,379                                   |
|   | -   | -  | 112,937                                 | 34,298                                     | 7,378                                     | -  | 3,782                                       | <b>158,395</b>                                       | 107,379                                   |
| Change in Capital Fund balance          | -   | -  | 173                                     | -  | -   | -  | -   | <b>173</b>   | 214                                       |
| Capital Fund balance, beginning of year | -   | -  | 5,441                                   | -  | -   | -  | -   | <b>5,441</b>   | 5,227                                     |
| Capital Fund balance, end of year       | -   | -  | 5,614                                   | -  | -   | -  | -   | <b>5,614</b>   | 5,441                                     |

**Bowen Island Municipality**  
**Schedule of Investment in Property and Equipment**

**Schedule 6**

For year ended December 31, 2007

|   | <b>General<br/>Capital</b> | <b>Water<br/>Capital</b> | <b>Sewer<br/>Capital</b> | <b>Total<br/>2007</b>   | Total<br>2006    |
|---|----------------------------|--------------------------|--------------------------|-------------------------|------------------|
| <b>Additions</b>  |                            |                          |                          |                         |                  |
| Property and equipment acquired                         | 490,099                    | 158,395                  | 15,434                   | <b>663,928</b>          | 401,787          |
| Debt write down   | 3,509                      |                          |                          | <b>3,509</b>            | -                |
| Debt repayment  | 3,334                      | 69,484                   | 3,708                    | <b>76,526</b>           | 84,628           |
| Debt actuarial adjustment                               | -                          | 8,326                    | 4,000                    | <b>12,326</b>           | 11,001           |
|   | <u>496,942</u>             | <u>236,205</u>           | <u>23,142</u>            | <b><u>756,289</u></b>   | <u>497,416</u>   |
| <b>Reductions</b>                                       |                            |                          |                          |                         |                  |
| New debt including capital leases                       | (18,448)                   | -                        |                          | <b>(18,448)</b>         | -                |
| Write down obsolete assets                              | (25,752)                   | -                        |                          | <b>(25,752)</b>         | (20,327)         |
|   | <u>(44,200)</u>            | <u>-</u>                 | <u>-</u>                 | <b><u>(44,200)</u></b>  | <u>(20,327)</u>  |
| Change in Investment in Property and Equipment          | 452,742                    | 236,205                  | 23,142                   | <b>712,089</b>          | 477,089          |
| Investment in Property and Equipment, beginning of year | 2,843,107                  | 3,981,069                | 316,251                  | <b>7,140,427</b>        | 6,663,338        |
| Investment in Property and Equipment, end of year       | <u>3,295,849</u>           | <u>4,217,274</u>         | <u>339,393</u>           | <b><u>7,852,516</u></b> | <u>7,140,427</u> |

Actuarial additions represent earnings on sinking fund deposits contributed to debt principal reduction

**Bowen Island Municipality**  
**Schedule of Investment in Property and Equipment - Water**

**Schedule 6 (b)**

**For year ended December 31, 2007**

|   | Bluewater<br>Park<br>Water<br>Capital Fund | Bowen<br>Bay<br>Water<br>Capital Fund | Cove<br>Bay<br>Water<br>Capital Fund | Eagle<br>Cliff<br>Water<br>Capital Fund | Hood<br>Point<br>Water<br>Capital Fund | King Edward<br>Bay<br>Water<br>Capital Fund | Tunstall<br>Bay<br>Water<br>Capital Fund | <b>Total<br/>Water<br/>Capital Fund<br/>2007</b> | Total<br>Water<br>Capital Fund<br>2006 |
|---|--|---------------------------------------|--------------------------------------|---|--|---|--|--|--|
| <b>Additions</b>  |  |                                       |                                      |   |  |   |  |  |  |
| Additions   |  |                                       |                                      |   |  |   |  |  |  |
| Property and equipment acquired                         | -  | -                                     | 112,937                              | 34,298                                  | 7,378                                  | -   | 3,782                                    | <b>158,395</b>                                   | 107,379                                |
| Debt repayment  | -  | -                                     | 13,202                               | 2,233                                   | 54,049                                 | -   | -  | <b>69,484</b>                                    | 77,753                                 |
| Debt actuarial adjustment                               | -  | -                                     | 5,375                                | 2,951                                   | -                                      | -   | -  | <b>8,326</b>                                     | 7,368                                  |
| Change in Investment in Property and equipment          | -  | -                                     | 131,514                              | 39,482                                  | 61,427                                 | -   | 3,782                                    | <b>236,205</b>                                   | 192,500                                |
| Investment in Property and equipment, beginning of year | 460,062                                    | 127,417                               | 2,136,075                            | 195,022                                 | 1,020,911                              | -   | 41,582                                   | <b>3,981,069</b>                                 | 3,788,569                              |
| Investment in Property and equipment, end of year       | 460,062                                    | 127,417                               | 2,267,589                            | 234,504                                 | 1,082,338                              | -   | 45,364                                   | <b>4,217,274</b>                                 | 3,981,069                              |

Actuarial additions represent earnings on sinking fund deposits contributed to debt principal reduction