

LID/WID Financial Statements

LID/WID Financial Statements

2010





Lakeview Irrigation District

Financial Statements  
Lakeview Irrigation District  
December 31, 2010

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## Independent auditors' report

To the Board of Trustees of Lakeview Irrigation District

We have audited the accompanying financial statements of Lakeview Irrigation District, which comprise the statement of financial position as at December 31, 2010, and the statement of operations and accumulated surplus, statement of changes in net financial assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Board standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lakeview Irrigation District as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Board standards.

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Kelowna, Canada  
April 18, 2011

*Grant Thornton LLP*  
Chartered accountants

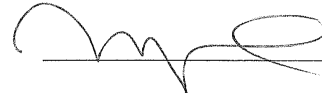
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## Lakeview Irrigation District Statement of financial position

December 31	2010	2009
<b>Financial assets</b>		
Cash and cash equivalents	\$ 2,684,546	\$ 2,846,350
Investments	-	413,315
Receivables		
Trade	80,341	56,632
District of West Kelowna	252,505	-
	<u>3,017,392</u>	<u>3,316,297</u>
<b>Financial liabilities</b>		
Payables and accruals	225,100	73,284
Deposits on taxes and tolls	9,880	9,110
	<u>234,980</u>	<u>82,394</u>
<b>Net financial assets</b>	<u>2,782,412</u>	<u>3,233,903</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	25,465,985	24,876,152
Prepays	11,109	16,324
Inventory (Note 4)	51,366	47,588
	<u>25,528,460</u>	<u>24,940,064</u>
<b>Accumulated surplus (Page 12)</b>	<u>\$ 28,310,872</u>	<u>\$ 28,173,967</u>

On behalf of the Board

  
Trustee

## Lakeview Irrigation District

### Statement of operations and accumulated surplus

Year ended December 31	2010 Actual	2010 Budget	2009 Actual
<b>Revenue</b>			
Water tolls	\$ 1,105,656	\$ 1,079,536	\$ 983,271
Water taxes	287,908	284,974	259,067
Capital charges collected	162,050	-	59,586
Contributions from developers	120,888	-	118,389
Sundry water sales	70,429	22,750	8,509
Household tax	69,595	69,090	68,128
Connection charges	28,900	15,000	22,100
Interest from investments	26,379	15,000	44,459
Water meter fees	26,100	-	42,550
Tax and toll penalties	21,059	16,000	15,975
Supervision fees	12,089	10,000	11,839
Rentals	8,852	7,500	7,763
Transfer fees	4,455	5,000	5,820
Tax conveyance	4,440	5,000	4,410
Hydrant maintenance and labour	3,825	34,050	11,568
Grant revenue	-	-	64,041
	<u>1,952,625</u>	<u>1,563,900</u>	<u>1,727,475</u>
<b>Expenditures</b>			
Administration expenditures (Note 5)	463,567	391,843	400,942
Operating expenditures (Note 6)	1,350,171	1,027,233	1,117,997
Interest and service charges	1,982	2,000	2,021
	<u>1,815,720</u>	<u>1,421,076</u>	<u>1,520,960</u>
<b>Net revenue over expenditures</b>	<b>136,905</b>	<b>142,824</b>	<b>206,515</b>
<b>Accumulated surplus, beginning of year</b>	<b>28,173,967</b>	<b>28,173,967</b>	<b>27,967,452</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 28,310,872</b>	<b>\$ 28,316,791</b>	<b>\$ 28,173,967</b>

## Lakeview Irrigation District

### Statement of changes in net financial assets

Year ended December 31	2010 Actual	2010 Budget	2009 Actual
<b>Net revenue over expenditures</b>	<b>\$ 136,905</b>	<b>\$ 142,824</b>	<b>\$ 206,515</b>
Acquisition of tangible capital assets	(1,193,047)	(848,413)	(2,374,967)
Amortization	603,214	228,822	494,632
Change in inventory	(3,778)	-	6,585
Change in prepaids	5,215	-	(2,666)
	<u>(451,491)</u>	<u>(476,767)</u>	<u>(1,669,901)</u>
<b>Net financial assets, beginning of year</b>	<b>3,233,903</b>	<b>3,233,903</b>	<b>4,903,804</b>
<b>Net financial assets, end of year</b>	<b>\$ 2,782,412</b>	<b>\$ 2,757,136</b>	<b>\$ 3,233,903</b>

## Lakeview Irrigation District Statement of cash flows

Year ended December 31	2010	2009
Cash provided by (used for)		
<b>Operating</b>		
Net revenue over expenditures	\$ 136,905	\$ 206,515
Adjustment for non-cash items		
Amortization	603,214	494,632
Developer contributions of tangible capital assets	(120,888)	(118,389)
Decrease (increase) in		
Receivables	(276,214)	398,238
Inventory	(3,778)	6,585
Prepays	5,215	(2,666)
Increase (decrease) in		
Payables and accruals	151,816	19,639
Deposits on taxes and tolls	770	1,119
Deferred revenue	-	(23,600)
	<u>497,040</u>	<u>982,073</u>
<b>Capital</b>		
Acquisition of tangible capital assets	<u>(1,072,159)</u>	<u>(2,256,577)</u>
<b>Investing</b>		
Proceeds from sale of investments	<u>413,315</u>	<u>1,241,383</u>
Net decrease in cash and cash equivalents	(161,804)	(33,121)
Cash and cash equivalents, beginning of year	<u>2,846,350</u>	<u>2,879,471</u>
Cash and cash equivalents, end of year	<u>\$ 2,684,546</u>	<u>\$ 2,846,350</u>
<b>Non-cash capital activities</b>		
Acquisition of tangible capital assets through developer contributions	\$ 120,888	\$ 118,389

## Lakeview Irrigation District Notes to the financial statements

December 31, 2010

### 1. Nature of business

The District is incorporated under the laws of British Columbia and is engaged in the operation of an Irrigation District in the District of West Kelowna.

### 2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The following is a summary of the District's significant accounting policies.

#### Basis of accounting

The District's financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

#### Budget figures

The budgeted figures are adopted annually at the first board meeting of the year, are provided for informational purposes only and are not subject to audit.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and money market funds.

#### Inventory

Inventory is valued at the lower of cost, determined principally on the first-in first-out basis, or net realizable value. Cost includes all expenses directly attributable to purchasing the inventory item. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(continued)

# Lakeview Irrigation District

## Notes to the financial statements

December 31, 2010

### 2. Summary of significant accounting policies (continued)

#### Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization.

Rates of amortization applied on a straight-line basis to write off the cost of tangible capital assets over their estimated lives are as follows:

Buildings	5%
Domestic system	1% to 20%
Computer equipment	33%
Computer software	100%
Office equipment	20%
Trucks	20%
Tools	10%

#### Reserve funds

- Parks and recreation reserve

The parks and recreation reserve is segregated from general operations to track the revenue and related expenditures of the parks and recreation fund.

- Capital charge reserve

The capital charge reserve are funds reserved for expenditures related to augmenting the works of the District to ensure an adequate water supply within the District and are statutorily restricted to that purpose. All charges collected and interest earned for these purposes are required to be segregated from other funds.

#### Revenue recognition

Taxation revenues are recognized in the fiscal year the services are provided. Grant revenue is recognized as the related expenses are incurred.

#### Contributions by developers

Additions to the irrigation system constructed and contributed by developers are recorded at their fair value and are capitalized into capital assets and reflected in revenue as contributions from developers.

#### Financial instruments

The District's financial instruments consist of cash and cash equivalents, receivables and payables and accruals. It is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

(continued)

# Lakeview Irrigation District

## Notes to the financial statements

December 31, 2010

### 2. Summary of significant accounting policies (continued)

#### Use of estimates

Management has made estimates and assumptions that affect the amounts reported in preparing these financial statements. Actual results could differ from those estimates.

### 3. Tangible capital assets

	<u>2010</u>	<u>2009</u>
	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 400,533	\$ 400,533
Buildings	49,382	55,882
Domestic system	24,929,977	24,347,637
Computer equipment	12,157	12,045
Computer software	27,013	-
Furniture and equipment	18,359	15,745
Trucks	22,171	36,072
Tools	6,393	8,238
	<u>\$ 25,465,985</u>	<u>\$ 24,876,152</u>

### 4. Inventory

Inventory recognized in the statement of financial position can be analyzed as follows:

	<u>2010</u>	<u>2009</u>
Fittings, clamps, couplings and sleeves	\$ 29,683	\$ 28,731
Hydrants	4,664	1,635
Pipe	14,916	15,617
Meters	2,103	1,605
	<u>\$ 51,366</u>	<u>\$ 47,588</u>

In 2010, a total of \$12,839 (2009 - \$21,204) of inventory was included in the statement of operations as an expense.

## Lakeview Irrigation District Notes to the financial statements

December 31, 2010

5. Administration expenditures	<u>2010</u>	<u>2009</u>
Amortization		
Buildings	\$ 6,500	\$ 6,500
Office equipment	35,783	4,279
Engineering, survey and design fees	88,035	54,798
Insurance	60,718	59,104
Miscellaneous	10,452	10,845
Office supplies	35,024	35,049
Professional fees	40,771	36,998
Salaries and benefits	132,557	130,798
Seminars and training	9,621	8,561
Trustees	15,111	22,500
Utilities and communications	21,129	20,493
Water licenses	7,039	7,024
Westside Joint Water Committee fees	827	3,993
	<u>\$ 463,567</u>	<u>\$ 400,942</u>

6. Operating expenditures	<u>2010</u>	<u>2009</u>
Amortization		
Domestic system	\$ 545,185	\$ 462,245
Tools	1,845	2,069
Trucks	13,901	19,539
Community hall	11,418	7,900
Domestic system		
Chemicals	33,125	27,384
Corrosion	4,125	4,368
Power	21,553	19,149
Water quality	33,542	55,970
Park maintenance	9,932	-
Park labour	15,283	-
Repairs and maintenance		
Corrosion	9,574	45,883
Dam	20,675	22,290
Other	104,830	22,971
Pipe	152,876	116,698
Trucks	19,935	19,714
Wages and benefits	352,372	291,817
	<u>\$ 1,350,171</u>	<u>\$ 1,117,007</u>

## Lakeview Irrigation District Notes to the financial statements

December 31, 2010

### 7. Dissolution of the District

Effective December 31, 2010, the District will be dissolved and the assets, liabilities and operations of the water system are being assumed by the District of West Kelowna.

### 8. Comparative figures

Certain of the prior year's figures have been reclassified to conform with the current year financial statement presentation.

Lakeview Irrigation District  
Schedule of tangible capital assets

Year ended December 31, 2010

Cost	Land	Buildings	Domestic system	Computer equipment	Computer software	Furniture and equipment	Trucks	Tools	Total 2010	Total 2009
Opening balance	\$ 400,533	\$ 278,009	\$ 30,035,961	\$ 34,364	\$ 30,532	\$ 109,029	\$ 144,905	\$ 23,132	\$ 31,056,465	\$ 28,681,498
Add: additions	-	-	1,127,523	5,498	54,026	6,000	-	-	1,193,047	2,374,967
Less: disposals	-	-	-	-	-	-	-	-	-	-
Closing balance	<u>400,533</u>	<u>278,009</u>	<u>31,163,484</u>	<u>39,862</u>	<u>84,558</u>	<u>115,029</u>	<u>144,905</u>	<u>23,132</u>	<u>32,249,512</u>	<u>31,056,465</u>
Accumulated amortization										
Opening balance	-	222,127	5,688,322	22,320	30,532	93,285	108,833	14,894	6,180,313	5,685,681
Add: amortization	-	6,500	545,185	5,385	27,013	3,385	13,901	1,845	603,214	494,632
Less: accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	-
Closing balance	<u>-</u>	<u>228,627</u>	<u>6,233,507</u>	<u>27,705</u>	<u>57,545</u>	<u>96,670</u>	<u>122,734</u>	<u>16,739</u>	<u>6,783,527</u>	<u>6,180,313</u>
Net book value, December 31, 2010	<u>\$ 400,533</u>	<u>\$ 49,382</u>	<u>\$ 24,929,977</u>	<u>\$ 12,157</u>	<u>\$ 27,013</u>	<u>\$ 18,359</u>	<u>\$ 22,171</u>	<u>\$ 6,393</u>	<u>\$ 25,465,985</u>	
Net book value, December 31, 2009	<u>\$ 400,533</u>	<u>\$ 55,882</u>	<u>\$ 24,347,637</u>	<u>\$ 12,045</u>	<u>\$ -</u>	<u>\$ 15,745</u>	<u>\$ 36,072</u>	<u>\$ 8,238</u>	<u>\$ 24,876,152</u>	

Lakeview Irrigation District  
Schedule of accumulated surplus

December 31, 2010

	General operations	Parks and recreation reserve	Capital charge reserve	Investment in tangible capital assets	Total 2010	Total 2009
Accumulated surplus, beginning of year	\$ 377,556	\$ 219,447	\$ 2,700,812	\$ 24,876,152	\$ 28,173,967	\$ 27,967,452
Net revenue over expenditures Transfers	95,091	41,814	-	-	136,905	206,515
- purchase of tangible capital assets	(1,193,047)	-	-	1,193,047	-	-
- amortization	603,214	-	-	(603,214)	-	-
- interest	(15,106)	-	15,106	-	-	-
- capital charges collected	(162,050)	-	162,050	-	-	-
Accumulated surplus (deficit), end of year	<u>\$ (294,342)</u>	<u>\$ 261,261</u>	<u>\$ 2,877,968</u>	<u>\$ 25,465,985</u>	<u>\$ 28,310,872</u>	<u>\$ 28,173,967</u>



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### Independent Auditors' Report

To the Trustees and Water Users  
 Westbank Irrigation District

We have audited the accompanying financial statements of Westbank Irrigation District which comprise the statement of financial position as at December 31, 2010 and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### Auditor's Responsibility

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

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

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

#### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Westbank Irrigation District as at December 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants

Kelowna, British Columbia

### Westbank Irrigation District Statement of Financial Position

For the year ended December 31	2010	2009
<b>Financial Assets</b>		
Cash and short term deposits	\$ 831,067	\$ 645,851
Accounts receivable	488,800	541,559
Restricted cash (Note 1)	1,521,729	1,710,890
	<u>2,841,596</u>	<u>2,898,300</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	163,027	254,450
Deferred revenue (Note 1)	1,521,729	1,710,890
Long-term debt (Note 2)	9,765,744	10,140,321
	<u>11,450,500</u>	<u>12,105,661</u>
<b>Net Debt</b>	<b>(8,608,904)</b>	<b>(9,207,361)</b>
<b>Non-Financial Assets</b>		
Prepaid insurance premiums	-	39,195
Inventory of critical supplies	31,722	31,722
Tangible capital assets (Note 3)	33,856,950	34,395,088
	<u>33,888,672</u>	<u>34,466,005</u>
<b>Accumulated Surplus (Note 4)</b>	<b>\$ 25,279,768</b>	<b>\$ 25,258,644</b>

Approved on behalf of the District:

**Westbank Irrigation District  
Statement of Operations**

For the year ended December 31	2010	2010	2009
	Actual	Budget	Actual
<b>Revenues</b>			
Water taxes	\$ 336,125	\$ 335,828	\$ 323,891
Domestic water tolls	2,083,738	2,501,371	1,851,544
Connection fees	11,200	6,000	6,320
Hydrant maintenance and sundry	67,264	54,500	73,907
Contract work	9,830	18,000	25,584
Cemetery income	60,014	25,000	20,933
Late payment charges	35,234	30,000	35,681
Interest earned	36,416	42,900	29,091
Contributions from developers and other	132,096	-	234,567
Water meter installations	25,080	-	8,114
Grant revenue	-	-	33,500
Revenue recognized from Capital Expenditure Charge deferred revenue	251,168	256,381	248,906
	<u>3,048,165</u>	<u>3,269,980</u>	<u>2,892,038</u>
<b>Expenditure</b>			
Operating			
Amortization	676,034	680,000	671,148
Cemetery maintenance	22,170	12,000	6,924
Education, workshops	4,295	7,000	4,179
Maintenance	447,653	383,400	399,600
Materials - custom work	10,105	15,000	21,610
System operations	84,407	103,600	83,132
Utilities	72,763	62,000	70,565
Vehicle	39,004	38,500	46,105
Wages and employee benefits	553,073	586,500	578,873
Water licences	10,442	12,000	11,597
Water quality initiative	9,750	10,000	7,947
Administration			
Audit, legal and consulting fees	33,232	34,000	38,824
Bank charges	695	1,000	724
Insurance	67,522	63,400	66,355
Office	79,756	71,500	61,770
Salaries and employee benefits	386,885	290,000	278,768
Utilities	12,412	13,000	13,231
Water Associations	1,595	5,000	4,904
Fiscal services	461,151	486,051	482,314
Trustee remuneration	22,680	25,000	24,710
Interest transferred to deferred revenue funds	31,417	39,900	23,813
	<u>3,027,041</u>	<u>2,938,851</u>	<u>2,897,093</u>
<b>Annual surplus (deficit), restated (Note 6)</b>	<b>\$ 21,124</b>	<b>\$ 331,129</b>	<b>\$ (5,055)</b>

**Westbank Irrigation District  
Statement of Operations**

For the year ended December 31	2010	2010	2009
	Actual	Budget	Actual
<b>Annual surplus (deficit), restated (Note 6)</b>	<b>\$ 21,124</b>	<b>\$ 331,129</b>	<b>\$ (5,055)</b>
<b>Accumulated surplus, beginning of year, as previously stated</b>	<b>25,258,644</b>	<b>25,258,644</b>	<b>25,082,835</b>
<b>Correction of error in prior period (Note 6)</b>	<b>-</b>	<b>-</b>	<b>180,864</b>
<b>Accumulated surplus, beginning of year</b>	<b><u>25,258,644</u></b>	<b><u>25,258,644</u></b>	<b><u>25,263,699</u></b>
<b>Accumulated surplus, end of year</b>	<b><u>\$ 25,279,768</u></b>	<b><u>\$ 25,589,773</u></b>	<b><u>\$ 25,258,644</u></b>

**Westbank Irrigation District**  
**Statement of Change in Net Debt**

For the year ended December 31	2010	2010	2009
	Actual	Budget	Actual
Annual surplus (deficit)	\$ 21,124	\$ 331,129	\$ (5,055)
Acquisition of tangible capital assets	(137,896)	(150,600)	(720,612)
Amortization of tangible capital assets	676,034	680,000	671,148
	<u>559,262</u>	<u>860,529</u>	<u>(54,519)</u>
Use/consumption of prepaid expenses	39,195	-	3,524
Acquisition of inventory of supplies	-	-	(31,722)
	<u>39,195</u>	<u>-</u>	<u>(28,198)</u>
Change in net debt	<u>598,457</u>	<u>860,529</u>	<u>(82,717)</u>
Net debt, beginning of year, as previously stated	(9,207,361)	(9,207,361)	(9,305,508)
Correction of error in prior period (Note 6)	-	-	180,864
Net debt, beginning of year	<u>(9,207,361)</u>	<u>(9,207,361)</u>	<u>(9,124,644)</u>
Net debt, end of year	<u>\$ (8,608,904)</u>	<u>\$ (8,346,832)</u>	<u>(9,207,361)</u>

**Westbank Irrigation District**  
**Statement of Cash Flows**

For the year ended December 31	2010	2009
<b>Operating Activities</b>		
Cash receipts from water taxes, tolls and other	\$ 3,029,274	\$ 2,766,979
Cash paid to employees and suppliers	(2,099,133)	(1,752,303)
Late payment fees and interest received	40,233	40,959
Interest paid	(461,846)	(483,038)
	<u>508,528</u>	<u>572,597</u>
<b>Investing Activities</b>		
Purchase of tangible capital assets	(137,896)	(720,612)
<b>Financing Activities</b>		
Repayment of long-term debt	(374,577)	(356,602)
Decrease in cash and short term deposits during the year	(3,945)	(504,617)
Cash and short term deposits, beginning of year	<u>2,356,741</u>	<u>2,861,358</u>
Cash and short term deposits, end of year	<u>\$ 2,352,796</u>	<u>\$ 2,356,741</u>
<b>Cash and short term deposits are represented by:</b>		
Cash and short term deposits	\$ 831,067	\$ 645,851
Restricted cash	1,521,729	1,710,890
	<u>\$ 2,352,796</u>	<u>\$ 2,356,741</u>

## Westbank Irrigation District Summary of Significant Accounting Policies

December 31, 2010

**Nature of Business** The Westbank Irrigation District was incorporated on June 14, 1922, under the Improvement District Act (part of the Local Government Act), a statute of the Province of British Columbia. The principal activities of the District include the provision of irrigation and domestic water supply services to residents of the District.

**Basis of Presentation** It is the District's policy to follow accounting principles generally accepted for municipalities in the Province of British Columbia and to apply such principles consistently. The financial statements include the account of all funds for the District. All interfund transfers have been eliminated. They have been prepared using guidelines issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

**Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	100 years
Equipment	10 to 20 years
Water treatment plant	50 to 100 years
Water systems	25 to 75 years
Reservoirs	100 years
Watermains	75 to 100 years
Intakes	50 to 100 years
Dams	125 years

**Deferred Revenue** **Cemetery Care Fund**  
The fund was established by Bylaw #652, which repealed Bylaw #611 and Bylaw #646, for the upkeep and maintenance of the property licensed, and the cemetery of which it forms a part. The use of these funds requires Ministry approval.

**Capital Expenditure Charge Reserve Fund**  
The fund was established by Bylaw #615 and amended by Bylaw #640 for the utilization of increasing source capacity, enlarging mains or otherwise in any way augmenting the capacity of the water system. The use of these funds requires Ministry approval.

## Westbank Irrigation District Summary of Significant Accounting Policies

December 31, 2010

**Revenue Recognition** Tax revenues are recognized from January 1st each year and prorated as service is provided. Toll revenues are recognized on a monthly basis as service is provided. Development cost charges are recognized when the service is applied for; the collection of these charges and the provision of service occurs upon application. Grant revenues are recognized when the funding becomes receivable. Interest revenue is recognized as it is earned. Other revenue is recognized when the service is provided.

**Financial Instruments** Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**Budget** The budget figures are from the final operating budget for 2010 that was approved by the Trustees at the April 27, 2010 Trustees meeting.

**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.

Westbank Irrigation District  
Notes to Financial Statements

December 31, 2010

1. Restricted Cash / Deferred Revenue

Cash has been externally restricted by provincial government authorities for the following:

	Capital Expenditure Charge Reserve Fund	Cemetery Care Fund	2010	2009
Balance, beginning of year	\$ 1,637,909	\$ 72,981	\$ 1,710,890	\$ 1,578,664
Contributions from developers	25,373	-	25,373	356,784
Plot & marker fees	-	5,216	5,216	2,535
Interest earned	30,953	464	31,417	23,813
Revenue Recognized	56,326 (251,167)	5,680 -	62,006 (251,167)	383,132 (250,906)
Balance, end of year	\$ 1,443,068	\$ 78,661	\$ 1,521,729	\$ 1,710,890

2. Long-term Debt

Province of BC loan and derivative product transaction payments agreement, repayable quarterly in equal blended payments with interest at 4.948%, due May 1, 2027, with the Toronto Dominion Bank issued amortizing swap and floating rate option at the three month Canadian Bankers Acceptance CDOR rate.

	2010	2009
Long-term	\$ 9,765,744	\$ 10,140,321
Less: current portion	393,458	374,577
	\$ 9,372,286	\$ 9,765,744

The estimated principal repayments for the next five years and thereafter are as follows:

2011	\$ 393,458
2012	413,291
2013	434,123
2014	456,005
2015	478,990
Thereafter	7,589,877
	\$ 9,765,744

WESTBANK IRRIGATION DISTRICT  
Notes to Financial Statements

December 31, 2010

3. Tangible Capital Assets

	Land	Buildings	Vehicles	Equipment	Water Treatment Plant	Water and other utility systems	Reservoirs and Watermains	Intakes	Dams	Total
Cost, beginning of year	\$ 2,183,537	\$ 137,296	\$ -	\$ 384,811	\$ 19,881,898	\$ 10,082,368	\$ 7,242,470	\$ 253,985	\$ 895,096	\$ 41,061,461
Reallocated	-	-	381,601	(305,125)	(3,448,974)	(1,301,629)	4,750,602	-	-	76,475
Cost, beginning of year, restated	2,183,537	137,296	381,601	79,686	16,432,924	8,780,739	11,993,072	253,985	895,096	41,137,936
Additions	17,690	-	-	-	-	120,206	-	-	-	137,896
Cost, end of year	\$ 2,201,227	\$ 137,296	\$ 381,601	\$ 79,686	\$ 16,432,924	\$ 8,900,945	\$ 11,993,072	\$ 253,985	\$ 895,096	\$ 41,275,832
Accumulated amortization, beginning of year	\$ -	\$ 54,918	\$ -	\$ 168,820	\$ 965,377	\$ 3,478,557	\$ 1,628,818	\$ 122,606	\$ 247,277	\$ 6,666,373
Reallocated	-	-	168,606	(92,130)	(103,530)	(331,923)	435,452	-	-	76,475
Accumulated amortization, beginning of year, restated	-	54,918	168,606	76,690	861,847	3,146,634	2,064,270	122,606	247,277	6,742,848
Amortization	-	1,373	35,439	214	288,763	208,373	130,878	3,833	7,161	676,034
Accumulated amortization, end of year	\$ -	\$ 56,291	\$ 204,045	\$ 76,904	\$ 1,150,610	\$ 3,355,007	\$ 2,195,148	\$ 126,439	\$ 254,438	\$ 7,418,882
Net carrying amount, end of year	\$ 2,201,227	\$ 81,005	\$ 177,556	\$ 2,782	\$ 15,282,314	\$ 5,545,938	\$ 9,797,924	\$ 127,546	\$ 640,658	\$ 33,856,950

**WESTBANK IRRIGATION DISTRICT**  
Notes to Financial Statements

December 31, 2010

## 3. Tangible Capital Assets (continued)

	2009						
	Land	Buildings	Equipment	Water Treatment Plant	Water Systems	Reservoirs and Watermains	Total
Cost, beginning of year	\$ 2,183,537	\$ 137,296	\$ 344,511	\$ 19,745,200	\$ 9,540,315	\$ 7,242,470	\$ 40,340,849
Additions	-	-	40,300	136,698	542,053	-	720,612
Cost, end of year	\$ 2,183,537	\$ 137,296	\$ 384,811	\$ 19,881,898	\$ 10,082,368	\$ 7,242,470	\$ 41,061,461
Accumulated amortization, beginning of year	-	\$ 53,545	\$ 133,167	\$ 642,184	\$ 3,257,659	\$ 1,549,781	\$ 5,995,225
Amortization	-	1,373	35,653	323,193	220,898	79,037	671,148
Accumulated amortization, end of year	-	\$ 54,918	\$ 168,820	\$ 965,377	\$ 3,478,557	\$ 1,628,818	\$ 6,666,373
Net carrying amount, end of year	\$ 2,183,537	\$ 82,378	\$ 215,991	\$ 18,916,521	\$ 6,603,811	\$ 5,613,652	\$ 34,395,088

December 31, 2010

## 4. Accumulated Surplus

The District segregates its accumulated surplus in the following categories:

	2010	2009
Investment in tangible capital assets (Note 5)	\$ 24,091,208	\$ 24,254,769
Financial equity		Restated (see Note 6)
Current fund	557,717	533,717
Capital fund	-	44,105
Reserve fund	630,843	426,053
	<u>\$ 25,279,768</u>	<u>\$ 25,258,644</u>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by the Board for specific purposes.

## 5. Equity in Capital Assets

	2010	2009
Balance, beginning of year	\$ 24,254,769	\$ 23,848,702
Add: Contributions received from operating fund		
For debt reduction	374,577	356,603
For capital assets	111,193	645,217
Contribution from system improvement fund	26,703	75,395
Deduct:		
Amortization	(676,034)	(671,148)
Balance, end of year	<u>\$ 24,091,208</u>	<u>\$ 24,254,769</u>

**Westbank Irrigation District**  
Notes to Financial Statements

Westbank Irrigation District  
Notes to Financial Statements

December 31, 2010

6. Correction of Error in Prior Period

The District has reclassified the Capital Works Renewal Reserve from deferred revenue to surplus. The effects of the District's restatement on previously reported financial statements for the year ended December 31, 2009 are summarized below:

		2009
Annual surplus (deficit), as previously stated	\$	(53,744)
Add:		
Interest earned on reserve funds		885
Contributions to reserve		47,804
Annual surplus (deficit), restated		<u>(5,055)</u>
Accumulated surplus, beginning of year		25,082,835
Reclassification of Capital Works Renewal Reserve from deferred revenue to surplus		180,864
Accumulated surplus beginning of year, restated		<u>25,263,699</u>
Accumulated surplus, end of year, restated	\$	<u>25,258,644</u>

7. Expenditures by Object

		2010		2009
Amortization	\$	676,034	\$	671,148
Education and training		4,295		4,179
Fuel and oil		20,385		20,241
Insurance		75,156		74,668
Interest		31,417		23,813
Fiscal services		695		724
Licences and memberships		12,037		16,501
Long-term debt interest		461,151		482,314
Office and administration		79,756		61,770
Professional fees		33,232		38,824
Repairs and maintenance		570,915		513,526
Materials - custom work		10,105		21,610
Small tools		4,050		1,628
Telephone and utilities		85,175		83,796
Trustees remuneration		22,680		24,710
Wages and benefits		939,958		857,641
	\$	<u>3,027,041</u>	\$	<u>2,897,093</u>

Westbank Irrigation District  
Notes to Financial Statements

December 31, 2010

8. Comparative Figures

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

9. Contingencies

Due to the nature of its operations the District may be subject to legal action. It is impossible, at this time, for the District to predict with any certainty the outcome of such actions. Management is of the opinion, based upon information presently available, that it is unlikely that any liability, to the extent not provided for through insurance or otherwise, would be material in relation to the District's financial position.

10. Subsequent Event

As a result of the incorporation of the District of West Kelowna as a municipality and as required by the Ministry of Community Services, Westbank Irrigation District was dissolved on December 31, 2010. Subsequent to dissolution, Westbank Irrigation District is included in the Municipality's Letters Patent and is considered a local service area.



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### Auditors' Comments on Supplementary Financial Information

To the Trustees and Water Users  
 Westbank Irrigation District

The audited financial statements of the organization as at December 31, 2010 and our report thereon dated May 24, 2011 are presented in the preceding section of this annual report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

*BDO Canada LLP*

Chartered Accountants

Kelowna, British Columbia  
 May 24, 2011

### Westbank Irrigation District Current Fund - Statement of Operations

For the year ended December 31	2010		2009
	Actual	Budget	Actual
<b>Revenue</b>			
Water taxes	\$ 336,125	\$ 335,828	\$ 323,891
Domestic water tolls	2,083,738	2,501,371	1,851,544
Connection fees	11,200	6,000	6,320
Hydrant maintenance and sundry	67,264	54,500	76,087
Contract work	9,830	18,000	25,584
Cemetery income	60,014	25,000	20,933
Late payment charges	35,234	30,000	35,681
Interest earned	33,923	42,900	26,901
Water meter installations	25,080	-	8,114
Grant revenue	-	-	33,500
Contribution from developers and other	132,096	-	234,567
Contributions from CEC Reserve Fund	251,168	256,381	248,906
	<b>3,045,672</b>	<b>3,269,980</b>	<b>2,892,028</b>
<b>Expenditure</b>			
Operating			
Cemetery maintenance	22,170	12,000	6,924
Education, workshops	4,295	7,000	4,179
Maintenance	447,653	383,400	399,600
Materials - custom work	10,105	15,000	21,610
System operations	84,407	103,600	83,132
Utilities	72,763	62,000	70,565
Vehicle	39,004	38,500	46,105
Wages and employee benefits	553,073	586,500	578,873
Water licences	10,442	12,000	11,597
Water quality initiatives	9,750	10,000	7,947
Administration			
Audit, legal and consulting fees	33,232	34,000	38,824
Bank charges	695	1,000	724
Insurance	67,522	63,400	66,355
Office	79,756	71,500	61,770
Salaries and employee benefits	386,885	290,000	278,768
Utilities	12,412	13,000	13,231
Westside Joint Water Committee	1,595	5,000	4,904
Trustee remuneration	22,680	25,000	24,710
Interest on debt	461,151	486,051	482,314
Contributions to Equipment Reserve Fund	29,000	29,000	28,285
Contributions to Capital Works Renewal Reserve	200,000	200,000	47,804
Interest transferred to deferred revenue funds	31,417	39,900	23,813
	<b>2,580,007</b>	<b>2,487,851</b>	<b>2,302,034</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 465,665</b>	<b>\$ 782,129</b>	<b>\$ 589,994</b>

Westbank Irrigation District  
Current Fund - Statement of Operations

For the year ended December 31	2010		2009
	Actual	Budget	Actual
Excess of revenues over expenditures	\$ 465,665	\$ 782,129	\$ 589,994
Interfund transfers			
Capital	(441,665)	(525,177)	(356,602)
Change in current fund	24,000	256,952	233,392
Balance, beginning of year	533,717	533,717	300,325
Balance, end of year	\$ 557,717	\$ 790,669	\$ 533,717

Westbank Irrigation District  
Capital Fund - Statement of Operations

For the year ended December 31	2010		2009
	Actual	Budget	Actual
<b>Revenue</b>			
Net interfund transfers			
Contribution from current fund operations	\$ 441,665	\$ 525,177	\$ 356,602
Contribution received from reserve fund operations	26,703	-	75,395
	468,368	525,177	431,997
<b>Expenditure</b>			
Acquisition of tangible capital assets	137,896	150,600	720,612
Debt reduction	374,577	374,577	356,603
	512,473	525,177	1,077,215
Change in capital fund	(44,105)	-	(645,218)
Capital Fund Surplus, beginning of year	44,105	44,105	689,323
Capital Fund Surplus, end of year	\$ -	\$ 44,105	\$ 44,105

**Westbank Irrigation District  
Reserve Fund - Statement of Operations**

For the year ended December 31	2010		2009
	Actual	Budget	Actual
<b>Revenue</b>			
Transfers from current fund	\$ 229,000	\$ 229,000	\$ 76,089
Interest earned	2,493	-	2,190
	<u>231,493</u>	<u>229,000</u>	<u>78,279</u>
<b>Expenditure</b>			
Contributions to current fund	-	-	2,180
Contributions to capital fund	26,703	-	75,395
	<u>26,703</u>	<u>-</u>	<u>77,575</u>
Change in reserve fund	204,790	229,000	704
Balance, beginning of year	426,053	426,053	425,349
Balance, end of year	\$ 630,843	\$ 655,053	\$ 426,053
<b>Summary of Reserve Funds positions</b>			
Capital works renewal reserve	\$ 430,969		\$ 229,553
Developer contribution	47		47
Equipment reserve	199,815		169,791
Systems improvement	12		26,662
	<u>\$ 630,843</u>		<u>\$ 426,053</u>

**Westbank Irrigation District  
Reserve Fund Continuity Schedule**

	Balance December 31 2009	Contributions		Interest	Balance December 31 2010
		Developers & Other	Operating Fund		
Capital Works Renewal Reserve Fund	\$ 229,553	\$ -	\$ 200,000	\$ 1,416	\$ 430,969
Developer Contribution Fund	47	-	-	-	47
Equipment Reserve Fund	169,791	-	29,000	1,024	199,815
Systems Improvement Fund	26,662	-	-	53	12
	\$ 426,053	\$ -	\$ 229,000	\$ 2,493	\$ 630,843
				\$ (26,703)	





**District of West Kelowna**

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**General Inquiry**

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