

Village of Tahsis  
Financial Statements  
For the year ended December 31, 2009

Village of Tahsis  
Financial Statements  
For the year ended December 31, 2009

Contents

---

Auditors' Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Financial Activities	4
Statement of Changes in net Financial Assets	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7 - 8
Notes to Financial Statements	9 - 17
Schedule - Government Grants to the Village and Ratepayers	18
Schedule 2 - Combined Statement of Operations by Segment - 2009	19
Schedule 3 - Combined Statement of Operations by Segment - 2008	20
Schedule 4 - Reserve Fund Transactions	21
Supplementary Financial Information	
General Fund	
Exhibit A - Statement of Financial Position	23
Exhibit B - Operating Fund Balance and Investment in Property and Equipment	24
Exhibit C - Operating Fund Financial Activities	25
Water Fund	
Exhibit D - Statement of Financial Position	26
Exhibit E - Operating Fund Balance and Investment in Property and Equipment	27
Exhibit F - Operating Fund Financial Activities	28
Sewer Fund	
Exhibit G - Statement of Financial Position	29
Exhibit H - Operating Fund Balance and Investment in Property and Equipment	30
Exhibit I - Operating Fund Financial Activities	31
Reserve Fund	
Exhibit J - Statement of Financial Position	32



Tel: 604 688 5421  
Fax: 604 688 5132  
vancouver@bdo.ca  
www.bdo.ca

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

---

## Auditors' Report

---

To the Mayor and Councilors of the  
Village of Tahsis

We have audited the Statement of Financial Position of the Village of Tahsis as at December 31, 2009 and the Statements of Operations, Statement of Net Financial Assets and Cash Flows for the year then ended. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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.

Due to the fact that the financial information is not readily available and it was not practical to obtain satisfactory audit evidence on the existence, accuracy, valuation and authorization of the unallocated expenditures (Note 2), we were not able to conclude on the existence, accuracy and valuation of the unallocated expenditures. Since expenditures enter into the determination of the results of operations and cash flows, we were unable to determine whether adjustments to accumulated surplus, annual surplus and cash provided from operating transactions that might be necessary.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to audit the unallocated expenditures, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Village of Tahsis as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Vancouver, British Columbia  
June 11, 2010

Village of Tahsis  
Statement of Financial Position

For the year ended December 31	2009	2008
		(Restated - Note 1)
 Assets		
Financial Assets		
Cash	\$ 372,549	\$ 414,167
Accounts receivable	33,645	45,924
Taxes and rates receivable	209,813	178,516
Portfolio investments (Note 3)	3,456,078	3,409,530
Nootka Sound Economic Development Corporation (Note 12)	84,264	182,452
	4,156,349	4,230,589
 Liabilities		
Accounts payable and accrued liabilities	\$ 338,154	\$ 394,142
Deferred grants (Note 4 and 5)	244,080	412,021
	582,234	806,163
Net Financial Assets	3,574,115	3,424,426
 Non-financial Assets		
Tangible Capital Assets (Note 6)	5,540,435	5,000,960
Prepaid expenses	14,837	5,000
	5,555,272	5,005,960
Accumulated Surplus (Note 11)	\$ 9,129,387	\$ 8,430,386

Contingent Liabilities (Note 8)

Economic Dependence and Future Operations (Note 10)

Commitments (Note 15)

\_\_\_\_\_ Treasurer \_\_\_\_\_ Mayor

Village of Tahsis  
Statement of Operations

For the year ended December 31	Fiscal Plan 2009 (Note 13)	2009	2008 (Restated - Note 1)
Revenue (Schedule 2 & 3)			
Taxation, net (Note 7)	\$ 450,128	\$ 448,448	\$ 405,380
Utility connection fees and user rates	205,947	183,759	194,455
Government grants (Schedule 1)	1,177,830	1,339,198	799,390
Fees and service charges	101,811	97,402	93,127
Other revenues	76,234	226,822	396,554
	<u>2,011,950</u>	<u>2,295,629</u>	<u>1,888,906</u>
Expenditures (Schedule 2 & 3)			
General departmental expenditures	1,836,005	1,289,982	1,621,313
Water system operations	110,811	112,717	99,084
Sewer system operations	142,422	118,596	142,394
Interest on long-term debt	-	-	6,451
Unallocated expenditures (Note 2)	-	75,333	-
	<u>2,089,238</u>	<u>1,596,628</u>	<u>1,869,242</u>
Annual Surplus (Deficit)	<u>(77,288)</u>	<u>699,001</u>	<u>19,664</u>
Accumulated Surplus, beginning of year	<u>8,430,386</u>	<u>8,430,386</u>	<u>8,410,722</u>
Accumulated Surplus, end of year	<u>\$ 8,353,098</u>	<u>\$ 9,129,387</u>	<u>\$ 8,430,386</u>

Village of Tahsis  
Statement of Change in Net Financial Assets

For the year ended December 31	Fiscal Plan 2009 (Note 13)	2009	2008 (Restated - Note 1)
Annual surplus	\$ (77,288)	\$ 699,001	\$ 19,664
Acquisition of tangible capital assets	(616,000)	(907,997)	(487,344)
Amortization of tangible capital assets	368,523	368,523	345,434
	<u>(247,477)</u>	<u>(539,474)</u>	<u>(141,910)</u>
Acquisition of prepaid expenses	-	(9,838)	(5,000)
Change in net financial assets for the year	(324,765)	149,689	(127,246)
Net financial assets, beginning of year	3,424,426	3,424,426	3,551,672
Net financial assets, end of year	<u>\$ 3,099,661</u>	<u>\$ 3,574,115</u>	<u>\$ 3,424,426</u>

Village of Tahsis  
Statement of Cash Flows

For the year ended December 31	2009	2008
		(Restated - Note 1)
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 699,001	\$ 19,664
Items not involving cash		
Equity earnings from Nootka Sound Economic Development Corporation.	(9,812)	(33,479)
Amortization	368,523	345,434
	1,057,712	331,619
Changes in non-cash operating balances		
Accounts, taxes and rates receivable and tax sale property	(19,018)	(43,167)
Accounts payable and accrued liabilities	(55,988)	299,894
Unearned revenue and deferred grants	(167,942)	(351,826)
Prepays	(9,837)	12,787
	804,927	249,307
Capital transactions		
Cash used to acquire tangible capital assets	(907,997)	(487,344)
Investing activity		
Change in portfolio investments	(46,548)	248,902
Dividends received from Nootka Sound Economic Development Corporation	108,000	12,000
	61,452	260,902
Financing activities		
Repayment of long-term debt	-	(65,556)
	-	-
Decrease in cash during year	(41,618)	(42,691)
Cash, beginning of year	414,167	456,858
Cash, end of year	\$ 372,549	\$ 414,167

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

---

Village of Tahsis  
Summary of Significant Accounting Policies

December 31, 2009

---

The Village of Tahsis (the "Village") is a municipality in the province of British Columbia and operates under the provisions of the Community Charter. The Village provides municipal services such as fire, public works, planning, parks, recreation and other general government services. The Village 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.

**Portfolio Investments** Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

**Tangible Capital Assets**

Effective January 1, 2009, the Village adopted the provisions of PSAB Accounting Handbook Section 3150 which requires that tangible capital assets be recorded at cost and amortized over their useful lives. This is a change from the policy of previous years where tangible capital assets were not amortized (Note 1).

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is put into use. Donated tangible capital assets are recorded at fair value at the time of the donation.

Estimate useful lives of tangible capital assets are as follows:

Roads and bridges	30 to 50 years
Buildings	20 to 40 years
Machinery and equipment	5 to 20 years
Water infrastructure	30 to 50 years
Sewer infrastructure	30 to 50 years
Drainage	30 to 50 years

**Collection of Taxes on Behalf of Other Taxation Authorities**

The Village collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

**Long-term Investment**

The investment in the Nootka Sound Economic Development Corporation is recorded on a modified equity basis.

---

Village of Tahsis  
Summary of Significant Accounting Policies

December 31, 2009

---

Unearned Revenue	<p>Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.</p> <p>Revenues from the sale of business licenses and rental revenues pertaining to the subsequent year have been deferred. These amounts will be recognized as revenue in the next fiscal year.</p>
Government Transfers	<p>Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.</p>
Revenue Recognition	<p>Taxes are recognized as revenue in the year they are levied.</p> <p>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 by Regional District services and general administrative services and other taxing authorities are not included.</p> <p>Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.</p> <p>Sales of service and other revenue are recognized on an accrual basis.</p>
Use of Estimates	<p>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. Areas requiring the greatest degree of estimation include useful lives of tangible capital assets and collectible of receivables.</p>

Village of Tahsis  
Notes to Financial Statements

December 31, 2009

1. Prior Period Adjustments

The Village has adopted the provisions of Section 3150 and 1200 of the PSAB Handbook and has applied these on a retroactive basis. This resulted in the restatement of the 2008 comparative figures presented in these financial statements which differ from those pre-adoption. The adoption of Section 3150 resulted in the following changes to accounting methods:

- tangible capital assets recorded only when such expenditures represent a new asset or extend the life or service capacity or improve the quality of an existing asset
- tangible capital assets amortized over their estimated useful lives
- prepaid expenses and inventories of supplies recorded and treated as non-financial assets
- operating surpluses, reserve funds and equity in tangible capital assets now grouped together and presented as "accumulated surplus"

In addition, changes were made to presentation to:

- reclassify prepaid expenses and supplies as non-financial assets
- reclassify portfolio investments as a separate financial asset

The impact of these changes was to:

- decrease overall accumulated surplus in the prior year by \$11,509,052 as follows:

	2008	2008
	(restated)	(prev reported)
Investment in Property and Equipment	\$ -	\$ 16,510,012
Current Fund	-	2,135,610
Reserve Fund (Note 11)	-	1,293,816
Accumulated surplus	8,430,386	-
	\$ 8,430,386	\$ 19,939,438

- decrease the carrying value of tangible capital assets in the prior year by \$11,509,052
- increase annual surplus reported in the prior year by \$207,466 as follows:

	2008	2008
	(restated)	(prev reported)
Revenues	\$ 1,888,906	\$ 1,888,906
Expenses/expenditures other than capital and amortization	1,509,634	1,509,634
Other expenditures included in capital expenditures	14,174	-
Capital expenditures	-	501,518
Amortization expense	-	345,434
	19,664	(122,246)
Debt principal repaid	-	(65,556)
Annual surplus (change in fund balance)	\$ 19,664	\$ (187,802)

Village of Tahsis  
Notes to Financial Statements

December 31, 2009

1. Prior Period Adjustments (Continued)

- impact of adjustments on cash and investments:

	2008	2008
	(restated)	(prev reported)
Cash and short-term investments	\$ -	\$ 3,823,697
Refundable deposits	-	-
Funds held in trust	-	-
Cash	414,167	-
Portfolio investments	3,409,530	-
	\$ 3,823,697	\$ 3,823,697

2. Unallocated Expenditures

These amounts represent possible misappropriation of funds and expenditures which cannot be verified.

3. Portfolio Investments

	2009	2008
Short term bonds, Money Market and Intermediate Funds		
- Municipal Finance Authority	\$ 2,181,553	\$ 3,409,530

Short term bonds, money market funds and intermediate funds include bank issued notes, bonds and Provincial bonds and debentures. Short term bond fund bears interest at 7.34% (2008 - 5.36%) with maturities ranging from March 2010 to December 2027. Money market funds bear interest at 1.07% (2008 - 3.62%) and are redeemable at any time. Intermediate funds bear interest at 2.15% (2008 - 4.98%) with maturities ranging from September 2010 to March 2016. Portfolio investments are recorded at cost unless, in the opinion of management, there has been in a decline in the market value other than temporary in nature in which case the investments are written down to market value.

Village of Tahsis  
Notes to Financial Statements

December 31, 2009

4. Deferred Grants

	2009	2008
General Fund		
Economic development	\$ 26,313	\$ 240,372
Community works grant (Note 5)	123,471	157,684
Other initiatives	94,296	13,965
	\$ 244,080	\$ 412,021

In 2003, financial assistance in the amount of \$890,687 was received from the Ministry of Community Development for the general purpose of supporting local economic development projects being led by the Village. During 2009, \$214,059 (2008 - \$385,067) of the funding was used toward economic development.

5. Community Works Grant

	2009	2008
Gas tax agreement funds		
Opening balance of unspent funds	\$ 157,684	\$ 108,111
Add:		
Amounts received in the year	64,986	45,660
Interest earned	2,123	4,433
Less:		
Project expense	100,493	-
Administration costs	829	520
Closing balance of unspent funds	\$ 123,471	\$ 157,684

Gas Tax is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Village and the Union of British Columbia Municipalities. Gas tax funding may be used towards designated community energy, water, wastewater, solid waste and capacity building projects as specified in the funding agreements.

Village of Tahsis  
Notes to Financial Statements

December 31, 2009

6. Tangible Capital Assets

	Land	Buildings	Machinery and Equipment	Roads and Bridges	Drainage	Other	Water Infrastructure	Sewer Infrastructur e	2009 Total	2008 Total
Cost, beginning of year	\$ 916,861	\$4,396,365	\$1,494,525	\$4,552,561	\$ 259,990	\$ 130,639	\$ 1,079,125	\$ 2,670,837	\$15,500,903	\$15,013,559
Additions	212,000	-	103,222	545,946	-	25,889	2,983	17,957	907,997	487,344
Cost, end of year	1,128,861	4,396,365	1,597,747	5,098,507	259,990	156,528	1,082,108	2,688,794	16,408,900	15,500,903
Accumulated amortization, beginning of year	-	2,125,211	1,242,439	3,284,327	254,725	100,108	1,037,855	2,455,278	10,499,943	10,154,509
Amortization	-	109,909	53,593	108,412	5,265	3,600	24,030	63,714	368,523	345,434
Accumulated amortization, end of year	-	2,235,120	1,296,032	3,392,739	259,990	103,708	1,061,885	2,518,992	10,868,466	10,499,943
Net carrying amount, end of year	\$1,128,861	\$2,161,245	\$ 301,715	\$1,705,768	\$ -	\$ 52,820	\$ 20,223	\$ 169,802	\$ 5,540,434	\$ 5,000,960

Village of Tahsis  
Notes to Financial Statements

December 31, 2009

7. Taxation - Net

	Budget 2009	Actual 2009	Actual 2008
Taxation			
General municipal purposes	\$ 450,128	\$ 455,810	\$ 419,335
Regional District	-	6,064	1,516
Collection for other governments			
Province of British Columbia - school tax	-	230,484	231,559
Regional Hospital Districts	-	36,795	30,840
Municipal Finance Authority	-	-	9
British Columbia Assessment Authority	-	3,629	3,607
Province of BC - police tax	-	13,292	13,660
	<u>450,128</u>	<u>746,074</u>	<u>700,526</u>
Transfer to other governments			
Regional District	-	6,064	1,516
Province of British Columbia - school tax	-	226,822	231,287
Regional Hospital Districts	-	36,795	30,840
Municipal Finance Authority	-	-	9
British Columbia Assessment Authority	-	3,632	3,607
Vancouver Island Regional Library	-	11,260	13,956
Province of BC - police tax	-	13,053	13,931
	<u>-</u>	<u>297,626</u>	<u>295,146</u>
Available for general municipal purposes	<u>\$ 450,128</u>	<u>\$ 448,448</u>	<u>\$ 405,380</u>

8. Contingent Liabilities

- (a) The Village is responsible as a member of the Regional District of Comox-Strathcona for its share of any operating deficits or long-term debt related to functions in which it participates.
- (c) The Village 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 Village along with the other participants, would be required to contribute towards the deficit.
- (d) From time to time the Village finds itself named in lawsuits. Management is of the opinion that any costs related to these claims, net of insurance recoveries, would not be significant. Any costs will be recorded in the period in which expenditures are made.

December 31, 2009

---

9. Pension Plan

The Village and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly-trusted pension plan. The Plan's Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 150,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local government.

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 indicates 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. The Village paid \$23,847 for employer contributions to the plan in the year ended December 31, 2009 (2008 - \$29,163) while employee contributions totaled \$16,364 (2007 - \$21,656).

---

10. Economic Dependence and Future Operations

Until 2003, the Village was a one-company resource based community. The Village derived a significant portion of its taxation and utility revenue directly from this resource company. During 2003, Doman Industries, the former operator, closed their mill in the Village permanently. This closure has resulted in a significantly reduced assessed value for the sawmill land within the Village.

---

11. Accumulated Surplus

The Village segregates its accumulated surplus in the following categories:

	<u>2009</u>	<u>2008</u>
Current Funds	\$ 2,314,428	\$ 2,135,610
Reserve Funds	1,274,525	1,293,816
Investment in non-financial assets	5,540,434	5,000,960
	<u>\$ 9,129,387</u>	<u>\$ 8,430,386</u>

December 31, 2009

11. Accumulated Surplus (Continued)

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

The Village segregates its accumulated surplus in the following categories:

Reserve funds represent funds set aside by bylaw or council resolution for specific purposes. Details of reserve funds are shown below:

	2009	2008
Capital Works, Machinery and Equipment Reserve	\$ 544,109	\$ 602,163
Fire Hall Reserve	466,876	430,965
Recreation Centre Capital Works, Machinery and Equipment Reserve	263,540	260,688
	\$ 1,274,525	\$ 1,293,816

(a) Capital Works, Machinery and Equipment Reserve

The Capital Works, Machinery and Equipment Reserve was established by Bylaw 364 to provide for new capital works, extensions or renewals of existing works and to provide for machinery and equipment necessary for capital projects for the maintenance of Municipal Property or for the protection of persons and property. Money from the sale of land, current revenue or General Operating Fund surpluses may be paid into the Reserve Fund.

(b) Fire Hall Reserve

The Fire Hall Reserve Fund was established by Bylaw 400 to provide for the cost of a new fire hall including land, buildings, machinery and equipment. Money from current revenue General Operating Fund surpluses or as otherwise provided in the Local Government Act may be paid into the Reserve Fund.

(c) Recreation Centre Capital Works, Machinery and Equipment Reserve

The Recreation Centre Capital Works, Machinery and Equipment Reserve Fund was established by Bylaw 418 to provide for the cost of a new recreation centre. Money from current revenue, General Operating fund surpluses, or as otherwise provided in the Local Government Act may be paid into the Reserve Fund.

Village of Tahsis  
Notes to Financial Statements

December 31, 2009

12. Nootka Sound Economic Development Corporation

	2009	2008
Cost of investment	\$ 42,090	\$ 42,090
Accumulated net equity income, beginning of year	140,362	118,883
Share of increase in shareholders' equity during the year	9,812	33,479
Dividends received during the year	(108,000)	(12,000)
	\$ 84,264	\$ 182,452

On February 21, 1996, the Village received approval of the Inspector of Municipalities to acquire shares in the Nootka Sound Economic Development Corporation ("NSEDC"). This corporation was formed by the Villages of Tahsis, Gold River, and Zeballos for the purpose of acquiring and managing a community-based forest licence. NSEDC has been granted a forest license that represents non-replaceable quota of 35,766 cubic metres per year until 2013.

The Village holds one of the three common shares of NSEDC and 42,089 of 140,300 preferred shares. Each shareholder has the right to elect an equal number of directors to the board of NSEDC. The Village's shares in NSEDC are recorded on a modified equity basis.

NSEDC has entered into an agreement with Western Forest Products to log the quantities allotted to NSEDC pursuant to its forest licence. NSEDC will receive \$2.50 per thousand cubic metres of wood logged over the term of the agreement which runs until December 2009. Subsequent to year end, this agreement was extended to December 2011.

During 2009, the Village received \$108,000 (2008 - \$12,000) in dividends from NSEDC as a result of owning the aforementioned preferred shares.

13. Fiscal Plan

Fiscal plan represent the financial Plan Bylaw adopted by Council on May 4, 2009 at the adoption of the Annual Taxation Bylaw.

The budget anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues.

In addition, the budget anticipated capital expenditures rather than amortization expense.

	2009
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	616,000
Less:	
Budgeted transfers from accumulated surplus	(324,765)
Amortization	(368,523)
	\$ (77,288)

December 31, 2009

---

#### 14. Segmented Information

The Village is a diversified municipal government institution that provides a wide range of services to its citizens such as recreation, fire and water. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

##### General Government

This item related to the revenues and expenses that relate to the operations of the Village itself and cannot be directly attributed to a specific segment.

##### Protective Services

Protection is comprised of fire protection services. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers.

##### Transportation Services

Public works and transportation is responsible for the maintenance of roads and outdoor lighting.

##### Environmental Treatment Services

Environmental services consists of providing waste disposal to citizens.

##### Environmental Development Services

This department develops outside awareness of the surrounding economic area.

##### Recreation and Cultural Services

This service area provides services meant to improve the health and development of the Village's citizens. Recreational programs and cultural programs are provided at aquatic centre and community centre.

---

#### 15. Commitment

The Village has entered into an agreement with a promoter to jointly produce a music festival and to share in the net revenues generated by the festival which is being held on August 13 and 14, 2010. The Village's total costs towards the production of the festival are unknown.

Village of Tahsis  
Schedule 1 - Government Grants to the Village and Ratepayers

For the year ended December 31	Budget 2009	2009	2008
Federal Government			
Grants in lieu of taxes	\$ 4,000	\$ 7,534	\$ 6,865
Province of British Columbia and Federal/Provincial Programs			
General Fund			
Small Communities Protection	300,749	568,752	300,749
Infrastructure and other	248,012	19,578	46,868
	548,761	588,330	347,617
Water Fund			
Infrastructure and other	1,485	-	-
Sewer Fund			
Sewer capital grants	2,052	-	3,091
General Capital			
Infrastructure (Provincial)	621,532	743,334	441,817
	1,173,830	1,339,198	799,390
Provincial Home Owners' Grants to Ratepayers	-	79,678	78,457
	\$ 1,177,830	\$ 1,426,410	\$ 884,712

Village of Tahsis  
Schedule 2 - Combined Statement of Operations by Segment

For the year ended December 31, 2009

	General Government	Protective Services	Transportation Services	Environmental Treatment Services	Environmental Development Services	Recreation and Cultural Services	Unallocated	Water Utility	Sewer Utility	Total 2009 Actual	2009 Budget
<b>Revenues</b>											
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 448,448	\$ -	\$ -	\$ 448,448	\$ 450,128
Utility connection fees and user rates	-	-	-	-	-	-	-	87,156	96,603	183,759	205,947
Government grants (Schedule 2)	1,319,620	-	-	-	19,578	-	-	-	-	1,339,198	1,177,830
Fees and service charges	-	-	-	57,462	-	39,940	-	-	-	97,402	101,811
Other revenues	218,105	8,717	-	-	-	-	-	-	-	226,822	76,234
<b>Total revenue</b>	<b>1,537,725</b>	<b>8,717</b>	<b>-</b>	<b>57,462</b>	<b>19,578</b>	<b>39,940</b>	<b>448,448</b>	<b>87,156</b>	<b>96,603</b>	<b>2,295,629</b>	<b>2,011,950</b>
<b>Expenses</b>											
<b>Operating</b>											
Goods and services	224,480	41,801	118,086	2,277	17,164	87,416	75,333	38,484	39,584	644,625	984,739
Labour	201,246	13,728	114,024	19,097	-	169,884	-	50,203	15,298	583,480	735,976
Amortization	425,726	55,529	232,110	21,374	17,164	257,300	75,333	88,687	54,882	1,228,105	1,720,715
	19,935	17,718	136,538	5,265	6,381	65,288	29,654	24,030	63,714	368,523	368,523
<b>Total expenses</b>	<b>445,661</b>	<b>73,247</b>	<b>368,648</b>	<b>26,639</b>	<b>23,545</b>	<b>322,588</b>	<b>104,987</b>	<b>112,717</b>	<b>118,596</b>	<b>1,596,628</b>	<b>2,089,238</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 1,092,064</b>	<b>\$ (64,530)</b>	<b>\$ (368,648)</b>	<b>\$ 30,823</b>	<b>\$ (3,967)</b>	<b>\$ (282,648)</b>	<b>\$ 343,461</b>	<b>\$ (25,561)</b>	<b>\$ (21,993)</b>	<b>\$ 699,001</b>	<b>\$ (77,288)</b>

Village of Tahsis  
Schedule 3 - Combined Statement of Operations by Segment

For the year ended December 31, 2008

	General Government	Protective Services	Transportation Services	Environmental Treatment Services	Environmental Development Services	Recreation and Cultural Services	Unallocated	Water Utility	Sewer Utility	Total 2008 Actual	2008 Budget
<b>Revenues</b>											
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,380	\$ -	\$ -	\$ 405,380	\$ 407,360
Utility connection fees and user rates	-	-	-	-	-	-	-	94,668	99,787	194,455	175,504
Government grants (Schedule 2)	693,667	-	-	-	46,868	55,764	-	-	3,091	799,390	678,920
Fees and service charges	-	-	-	50,700	-	42,427	-	-	-	93,127	101,706
Other revenues	272,600	24,223	-	-	-	4,127	-	95,604	-	396,554	209,329
<b>Total revenue</b>	<b>966,267</b>	<b>24,223</b>	<b>-</b>	<b>50,700</b>	<b>46,868</b>	<b>102,318</b>	<b>405,380</b>	<b>94,668</b>	<b>102,878</b>	<b>1,888,906</b>	<b>1,572,819</b>
<b>Expenses</b>											
Operating											
Goods and services	210,886	43,868	127,593	2,007	56,701	102,983	-	28,193	50,754	622,985	1,008,997
Labour	506,435	21,336	143,027	23,237	3,922	149,927	-	35,134	11,356	894,374	736,261
Debt charges - interest	-	-	-	-	-	-	-	6,451	-	6,451	-
Internal recoveries	(25,999)	-	-	-	-	-	-	11,801	14,198	-	-
Amortization	-	65,204	270,620	25,244	60,623	252,910	-	81,579	76,308	1,523,810	1,745,258
	19,938	17,723	108,675	5,265	4,210	65,288	37,382	23,956	62,995	345,432	345,432
<b>Total expenses</b>	<b>19,938</b>	<b>82,927</b>	<b>379,295</b>	<b>30,509</b>	<b>64,833</b>	<b>318,198</b>	<b>37,382</b>	<b>105,535</b>	<b>139,303</b>	<b>1,869,242</b>	<b>2,090,690</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 946,329</b>	<b>\$ (58,704)</b>	<b>\$ (379,295)</b>	<b>\$ 20,191</b>	<b>\$ (17,965)</b>	<b>\$ (215,880)</b>	<b>\$ 367,998</b>	<b>\$ (10,867)</b>	<b>\$ (36,425)</b>	<b>\$ 19,664</b>	<b>\$ (517,871)</b>

Village of Tahsis  
Schedule 4 - Reserve Fund Transactions

For the year ended December 31, 2009

	Capital Works Machinery and Equipment	Fire Hall	Rec Centre	Total 2009	Total 2008
Balance, beginning of year	\$ 602,163	\$ 430,965	\$ 260,688	\$1,293,816	\$ 1,193,948
Interest earned	19,946	30,911	2,852	53,709	63,842
Deposit of MFA surplus	-	-	-	-	39,121
Transfer from general fund	-	5,000	-	5,000	5,000
Expenditures	(78,000)	-	-	(78,000)	(8,095)
Balance, end of year	\$ 544,109	\$ 466,876	\$ 263,540	\$1,274,525	\$ 1,293,816



Tel: 604 688 5421  
Fax: 604 688 5132  
vancouver@bdo.ca  
www.bdo.ca

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

---

## Auditors' Report

---

To the Mayor and Councilors of the  
Village of Tahsis

We have audited the Statement of Financial Position of the Village of Tahsis as at December 31, 2009 and the Statements of Operations, Changes of Net Financial Assets and Cash Flows for the year then ended.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Exhibits A - J 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.

The supplemental information included in the Exhibit section has not been subject to audit and, accordingly, we express no opinion on the information in that section.

*BDO Canada LLP*

Chartered Accountants

Vancouver, British Columbia  
June 11, 2010

Village of Tahsis  
Supplementary Financial Information - Exhibit A  
General Fund - Statement of Financial Position

December 31	2009	2008
<b>Assets</b>		
<b>Operating fund</b>		
Cash and short-term deposits	\$ 2,554,102	\$ 2,625,217
Accounts receivable		
Provincial government	6,780	20,927
Taxes receivable	180,816	155,480
Trade receivables	1,772	4,224
Utilities receivables	28,997	23,036
GST recoverable	2,110	7,742
Other	22,983	13,031
Other assets	14,837	5,000
Nootka Sound Economic Development Corporation	84,264	182,452
	<u>2,896,661</u>	<u>3,037,109</u>
<b>Capital fund</b>		
Tangible capital assets	<u>5,350,410</u>	<u>4,744,131</u>
	<u>\$ 8,247,071</u>	<u>\$ 7,781,240</u>
<b>Liabilities</b>		
<b>Operating fund</b>		
Accounts payable	\$ 338,155	\$ 394,143
Deferred grants	244,080	412,021
Due to other funds	431,668	503,240
Surplus		
Provision for future expenditures	815,289	655,648
Operating fund	<u>1,067,470</u>	<u>1,072,057</u>
	<u>2,896,662</u>	<u>3,037,109</u>
<b>Capital fund</b>		
Investment in property and equipment	<u>5,350,409</u>	<u>4,744,131</u>
	<u>5,350,409</u>	<u>4,744,131</u>
	<u>\$ 8,247,071</u>	<u>\$ 7,781,240</u>

Village of Tahsis  
 Supplementary Financial Information - Exhibit B  
 General Fund - Operating Fund Balance and  
 Investment in Property and Equipment

For the year ended December 31	2009	2008
Operating fund balance		
Balance, beginning of year	\$ 1,072,057	\$ 1,363,509
Appropriation to current year's revenue	<u>(4,587)</u>	<u>(291,452)</u>
<b>Balance, end of year</b>	<b><u>\$ 1,067,470</u></b>	<b><u>\$ 1,072,057</u></b>
Investment in property and equipment		
Balance, beginning of year	\$ 4,744,131	\$ 4,547,824
Contributions received from		
Operating fund for:		
Acquisition of tangible capital assets	56,644	12,973
Reserve fund for:		
Acquisition of tangible capital assets	78,000	-
Grants	743,334	441,817
Other	9,080	-
Amortization	<u>(280,780)</u>	<u>(258,483)</u>
<b>Balance, end of year</b>	<b><u>\$ 5,350,409</u></b>	<b><u>\$ 4,744,131</u></b>

Village of Tahsis  
 Supplementary Financial Information - Exhibit C  
 General Fund - Operating Fund Financial Activities

For the year ended December 31	2009	2008
<b>Revenue</b>		
Taxation, net	\$ 448,448	\$ 405,380
Grants		
Federal government	7,534	6,865
Provincial government	588,330	347,617
Fees and service charges		
Garbage collection and disposal	57,461	50,699
Recreation	39,941	42,428
Licences and permits	8,717	24,223
Rents	27,558	25,849
Interest on investments	23,877	89,943
Investment income	9,812	35,010
Penalties and interest	22,875	23,365
Sundry	68,955	37,352
Proceeds on sale of assets	2,240	1,367
Appropriation of prior years' surplus	4,587	291,452
	<u>1,310,335</u>	<u>1,381,550</u>
<b>Expenditures</b>		
General departmental expenditures		
General government	425,726	683,681
Protection to persons and property	55,529	65,204
Transportation	232,110	270,620
Environmental health	21,374	25,244
Environmental development	17,164	60,623
Recreation and cultural facilities	257,300	252,910
Unallocated expenditures and possible misappropriation of funds	75,333	-
Debt charges		
Capital expenditures	56,644	17,523
Transfers		
Water operating fund	4,514	745
Provision for future expenditures	159,641	-
Reserve fund	5,000	5,000
	<u>1,310,335</u>	<u>1,381,550</u>
<b>Surplus for the year</b>	<b>\$ -</b>	<b>\$ -</b>

Village of Tahsis  
 Supplementary Financial Information - Exhibit D  
 Water Fund - Statement of Financial Position

December 31	2009	2008
Assets		
Operating Fund		
Due from other funds	\$ 20,798	\$ 20,798
Capital Fund		
Tangible capital assets	20,223	41,270
	\$ 41,021	\$ 62,068
Liabilities		
Operating Fund		
Surplus	\$ 20,798	\$ 20,798
Capital Fund		
Investment in property and equipment	20,223	41,270
	\$ 41,021	\$ 62,068

Village of Tahsis  
 Supplementary Financial Information - Exhibit E  
 Water Fund - Operating Fund Balance and  
 Investment in Property and Equipment

For the year ended December 31	2009	2008
Operating Fund balance		
Balance, beginning and end of year	\$ 20,798	\$ 20,798
Investment in Property and Equipment		
Balance, beginning of year	\$ 41,270	\$ (13,186)
Contributions received from		
Operating fund for:		
Reduction of long-term debt	-	9,073
Acquisition of equipment	2,983	4,761
Reserve fund for:		
Acquisition of physical assets	-	8,095
Provincial government for:		
Municipal Finance Authority sinking fund	-	56,483
Amortization	(24,030)	(23,956)
Balance, end of year	\$ 20,223	\$ 41,270

Village of Tahsis  
 Supplementary Financial Information - Exhibit F  
 Water Fund - Operating Fund Financial Activities

For the year ended December 31	2009	2008
Revenue		
User rates	\$ 87,156	\$ 94,668
Transfer from general operating fund	4,514	745
	91,670	95,413
Expenditures		
Administration	88,687	13,100
Common services apportioned	-	11,801
Supply and distribution	-	50,227
Debt charges		
Principal	-	9,073
Interest	-	6,451
Contribution to capital fund	2,983	4,761
	91,670	95,413
Surplus for the year	\$ -	\$ -

Village of Tahsis  
 Supplementary Financial Information - Exhibit G  
 Sewer Fund - Statement of Financial Position

December 31	2009	2008
Assets		
Operating Fund		
Accounts receivable		
Due from other funds	\$ 410,869	\$ 387,105
Capital Funds		
Tangible capital assets	169,802	215,559
	\$ 580,671	\$ 602,664
Liabilities		
Operating Fund		
Surplus	\$ 410,869	\$ 387,105
Capital Fund		
Investment in property and equipment	169,802	215,559
	\$ 580,671	\$ 602,664

Village of Tahsis  
 Supplementary Financial Information - Exhibit H  
 Sewer Fund - Operating Fund Balance  
 and Investment in Property and Equipment

For the year ended December 31	2009	2008
Operating Fund balance		
Balance, beginning of year	\$ 387,105	\$ 383,324
Surplus for the year	<u>23,764</u>	<u>3,781</u>
Balance, end of year	<u>\$ 410,869</u>	<u>\$ 387,105</u>
Investment in Property and Equipment		
Balance, beginning of year	\$ 215,559	\$ 258,856
Contributions received from		
Operating fund for:		
Acquisition of physical assets	17,957	19,698
Reserve fund for:		
Provincial government for:		
Amortization	<u>(63,714)</u>	<u>(62,995)</u>
Balance, end of year	<u>\$ 169,802</u>	<u>\$ 215,559</u>

Village of Tahsis  
 Supplementary Financial Information - Exhibit I  
 Sewer Fund - Operating Fund Financial Activities

For the year ended December 31	2009	2008
Revenue		
User rates	\$ 96,603	\$ 99,787
Provincial Government Grants	-	3,091
	96,603	102,878
Expenditures		
Administration	400	14,811
Common services apportioned	-	14,198
Operating costs	54,482	50,390
Contribution to capital fund	17,957	19,698
	72,839	99,097
Surplus for the year	\$ 23,764	\$ 3,781

Village of Tahsis  
 Supplementary Financial Information - Exhibit J  
 Reserve Fund - Statement of Financial Position

December 31	2009	2008
<b>Assets</b>		
Cash and short-term deposits	\$ 1,274,525	\$ 1,198,480
Due from General Fund	-	95,336
	\$ 1,274,525	\$ 1,293,816
<b>Liabilities</b>		
Capital works, machinery and equipment fund balance	\$ 544,109	\$ 602,163
Fire Hall fund balance	466,876	430,965
Recreation Centre fund balance	263,540	260,688
	\$ 1,274,525	\$ 1,293,816