

Financial Statements of

**VILLAGE OF BELCARRA**

Year ended December 31, 2018

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Village of Belcarra ("Village") have been prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS"). Preparation and fair presentation of the financial statements is the responsibility of the Village.

Village Council ensures management fulfills its responsibilities for financial reporting, budgeting and internal controls by approving bylaws and policies, reviewing variance reports and financial statements, and having discussions with the Village's auditors in a closed meeting.

The audit firm of KPMG LLP, appointed by Council, has expressed its opinion that the financial statements prepared by management fairly present, in all material respects, the financial position of the Village as at December 31, 2018, and the results of 2018 operations are in accordance with PSAS.

The Village maintains a system of internal and administrative controls designed to provide reliable and accurate financial information and to ensure assets of the Village are appropriately accounted for and adequately safeguarded. Expenditures and revenues are analyzed regularly by finance staff and updates are provided to Council at the end of the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters, and as required.



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Mayor



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Chief Administrative Officer



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## INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of the Village of Belcarra

### ***Opinion***

We have audited the financial statements of the Village of Belcarra (the "Village"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting 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.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada

April 24, 2019

# VILLAGE OF BELCARRA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets:</b>		
Cash	\$ 740,629	\$ 410,282
Investments (note 2)	959,426	1,237,271
Accounts receivable (note 3)	97,095	147,079
MFA debt reserve deposit (note 7)	53,075	51,945
	<u>1,850,225</u>	<u>1,846,577</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities (note 4)	195,646	120,706
Performance bonds and refundable deposits (note 5)	245,256	226,270
Deferred revenue (note 6)	174,597	122,122
Debt (note 7)	3,727,134	3,858,135
	<u>4,342,633</u>	<u>4,327,233</u>
<b>Net debt</b>	<b>(2,492,408)</b>	<b>(2,480,656)</b>
<b>Non-financial assets :</b>		
Tangible capital assets (note 8)	11,312,692	11,336,897
Prepaid expenses	15,498	14,374
Inventories held for consumption	16,019	21,910
	<u>11,344,209</u>	<u>11,373,181</u>
<b>Accumulated surplus (note 9)</b>	<b>\$ 8,851,801</b>	<b>\$ 8,892,525</b>

Commitments and contingencies (note 10)  
Contractual rights (note 15)

See accompanying notes to financial statements.

  
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Lorna Dysart  
Chief Administrative Officer

# VILLAGE OF BELCARRA

## Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget (notes 1(h) and note 16)	2018	2017
<b>Revenue:</b>			
Municipal property taxes	\$ 687,462	\$ 690,237	\$ 670,628
Water parcel taxes (note 14)	233,498	233,498	233,498
Grants in lieu of taxes	10,765	10,977	10,554
<b>Fees and charges:</b>			
Recycle and refuse fees	110,260	111,560	106,314
Water service fees	208,647	207,056	192,949
Water connection fees	7,380	8,115	7,380
Transfers from other governments, restricted	163,073	83,709	248,241
Transfers from other governments, unrestricted	309,300	312,263	309,397
Permits and licences	73,050	69,652	77,055
Interest income	13,000	33,117	25,994
Actuarial income	23,100	24,356	19,318
Other revenues	17,155	18,287	20,382
	<u>1,856,690</u>	<u>1,802,827</u>	<u>1,921,710</u>
<b>Expenses:</b>			
General government	836,468	883,825	1,036,058
Transportation	429,253	374,063	420,937
Recycle and refuse	111,266	115,169	119,746
Water system	503,425	470,494	525,655
	<u>1,880,412</u>	<u>1,843,551</u>	<u>2,102,396</u>
Annual deficit	(23,722)	(40,724)	(180,686)
Accumulated surplus, beginning of year	8,892,525	8,892,525	9,073,211
Accumulated surplus, end of year	<u>\$ 8,868,803</u>	<u>\$ 8,851,801</u>	<u>\$ 8,892,525</u>

See accompanying notes to financial statements.

# VILLAGE OF BELCARRA

## Statement of Changes in Net Debt

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget (notes 1(h) and note 16)	2018	2017
Annual deficit	\$ (23,722)	\$ (40,724)	\$ (180,686)
Acquisition of tangible capital assets	(633,000)	(277,841)	(358,337)
Amortization of tangible capital assets	276,000	289,193	286,187
Loss on disposal of tangible capital assets	-	12,853	24,123
	(357,000)	24,205	(48,027)
Prepaid expenses (acquired) consumed	-	(1,124)	276
Inventories held for consumption acquired	-	(16,019)	(21,910)
Inventories held for consumption consumed	-	21,910	5,523
	-	4,767	(16,111)
Change in net debt	(380,722)	(11,752)	(244,824)
Net debt, beginning of year	(2,480,656)	(2,480,656)	(2,235,832)
Net debt, end of year	\$ (2,861,378)	\$ (2,492,408)	\$ (2,480,656)

See accompanying notes to financial statements.



# VILLAGE OF BELCARRA

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (40,724)	\$ (180,686)
Items not involving cash:		
Amortization of tangible capital assets	289,193	286,187
Loss on disposal of tangible capital assets	12,853	24,123
Debt actuarial adjustment	(24,356)	(19,318)
	236,966	110,306
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	49,984	(90,649)
Increase in MFA debt reserve deposit	(1,130)	(994)
Increase (decrease) in accounts payable and accrued liabilities	74,940	(10,602)
Increase in performance bonds and refundable deposits	18,986	37,425
Increase (decrease) in deferred revenue	52,475	(117,088)
Decrease (increase) in prepaid expenses	(1,124)	276
Decrease (increase) in inventories held for consumption	5,891	(16,387)
	436,988	(87,713)
Financing activity:		
Principal payments on debt	(106,645)	(106,645)
Investing activity:		
Decrease (increase) in investments	277,845	(1,017,784)
Capital activity:		
Acquisition of tangible capital assets	(277,841)	(358,337)
Increase (decrease) in cash	330,347	(1,570,479)
Cash, beginning of year	410,282	1,980,761
Cash, end of year	\$ 740,629	\$ 410,282

See accompanying notes to financial statements.

# VILLAGE OF BELCARRA

Notes to Financial Statements

Year ended December 31, 2018

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The Village of Belcarra (the "Village") is incorporated under the Local Government Act of British Columbia. The Village's principal activities include the provision of local government services to residents, businesses and visitors of the incorporated area.

## 1. Significant accounting policies:

The Village prepares its financial statements in accordance with Canadian Public Sector Accounting Standards as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada, including the following significant policies:

(a) Basis of presentation:

The financial statements present the resources and operations including all accounts and funds of the Village. All inter-fund transactions have been eliminated.

(b) Investments:

Investments are recorded at cost. When there has been a loss in value of the investment that is other than a temporary decline, the investment is written down and recognized as a loss in the statement of operations. Accrued interest is included in accounts receivable. Discounts and premiums arising on purchase are amortized on a straight-line basis over the period to maturity.

(c) Government transfers:

Restricted transfers from government are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or receivable, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Non-financial assets:

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

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings and facilities	15 to 50
Vehicles, machinery and equipment	2 to 20
Office furniture and equipment	5 to 10
Recycling depot	10 to 15
Roads and sidewalks	15 to 75
Storm sewer infrastructure	30 to 80
Water system infrastructure	10 to 100

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# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## 1. Significant accounting policies (continued):

### (e) Non-financial assets (continued):

#### (i) Tangible capital assets (continued):

Annual amortization is charged commencing when the asset is available for use. Assets under construction are not amortized until the asset is put into productive use.

When events or circumstances indicate that a tangible capital asset no longer has any long term service potential, the net carrying amount is written down to the residual value of the asset. No write-downs were determined to be necessary during the current year.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

#### (ii) Arts and heritage assets:

Arts and heritage assets are not recorded as assets in these financial statements as stipulated by PSAB standards.

#### (iii) Interest capitalization:

The Village does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

#### (iv) Leased tangible capital assets:

Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

#### (v) Inventories held for consumption:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

### (f) Revenue recognition:

Revenue is recognized when it is earned and measurable. Unearned amounts are reported on the statement of financial position as deferred revenue, performance bonds, or deposits.

Annual taxation revenues are recognized in the year they are levied, calculated using the approved tax rates in the annual tax rates bylaw.

Property taxes imposed by other taxing authorities are not included as taxes for municipal purposes.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## 1. Significant accounting policies (continued):

### (g) Expense recognition:

Expenses are recorded on the accrual basis and are recognized upon the receipt of goods or services. Interest expense on debt is recorded on an accrual basis in accounts payable and accrued liabilities.

### (h) Budget reporting:

The budget figures reported in the statement of operations and statement of changes in net debt represent the 2018 component of Financial Plan (2018-2022) Bylaw, 2017, No. 512 adopted by the Village Council on December 11, 2017.

### (i) Debt:

Debt is recorded net of related sinking fund balances held by the Municipal Finance Authority of BC ("MFA").

### (j) Employee future benefits:

The Village and its employees make contributions to the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. These contributions are expensed as incurred.

The Village also accrues sick leave. The liability relating to these benefits is actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liability under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

### (k) Use of accounting estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of tangible capital assets for amortization, valuation of receivables, accrued sick and other post-employment benefits and provision for contingencies. Adjustments, if any, will be reflected in the financial statements in the period of settlement or change in the amount of the estimate.

### (l) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Village has provided definitions of segments as well as presented financial information in segmented format (note 18).

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

### (m) Contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for contaminated sites is recognized net of any expected recoveries when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The Village is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site. The Village has no liability for contaminated sites as at year-end.

## 2. Investments:

	2018	2017
MFA short term bond fund	\$ 959,426	\$ 1,237,271

The market value of investments as at December 31, 2018 is \$936,961 (2017 - \$1,220,243). In 2018, the Village recorded a write-down totaling nil (2017 - \$4,082).

## 3. Accounts receivable:

	2018	2017
Municipal property taxes and user fees	\$ 31,755	\$ 80,781
Trade accounts receivable	28,989	40,218
Goods and services tax	36,351	26,080
	\$ 97,095	\$ 147,079

## 4. Accounts payable and accrued liabilities:

	2018	2017
Trade accounts payables and accruals	\$ 132,923	\$ 61,272
MFA debt interest expense accrual	31,053	31,053
Payroll expenses	31,670	28,381
	\$ 195,646	\$ 120,706

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 5. Performance bonds and refundable deposits:

	2018	2017
Performance bonds	\$ 239,807	\$ 220,821
Refundable deposits	5,449	5,449
	<b>\$ 245,256</b>	<b>\$ 226,270</b>

## 6. Deferred revenue:

	Balance, beginning of year	Contributions received	Restricted interest income	Revenue recognized	Balance, end of year
Municipal Insurance Association	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Major road network grant (a)	15,166	108,000	697	(56,389)	67,474
UBCM Grant	-	11,450	-	(11,450)	-
Major road network capital grant	-	15,870	-	(15,870)	-
Property taxes paid in advance (b)	104,956	202,290	1,379	(203,502)	105,123
	<b>\$ 122,122</b>	<b>\$ 337,610</b>	<b>\$ 2,076</b>	<b>\$ (287,211)</b>	<b>\$ 174,597</b>

### (a) Major road network ("MRN") grant:

Annually, the Village receives a grant from the South Coast British Columbia Transportation ("TransLink") intended to cover the operating and maintenance costs of Bedwell Bay Road as it is designated as part of the MRN. Grants received in excess of actual costs incurred are carried forward for use in future years.

### (b) Property taxes paid in advance:

Property tax overpayments and advance payments by property owners who choose to participate in the Village's Tax Prepayment Plan are carried forward for use in future years.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 7. Debt:

The Village obtained debt instruments through the MFA pursuant to security issuing bylaws under authority of the Community Charter to finance capital expenditures for the installation of a potable water system serving most of the Village. Principal payments and actuarial adjustments included in sinking fund assets managed by MFA are netted against related debts. Details are as follows:

Bylaw number	Maturity Date	Interest Rate	Authorized	Sinking fund assets	2018	2017
413	2037	2.90%	\$ 4,441,330	\$ 714,196	\$ 3,727,134	\$ 3,858,135

Total interest expense on the debt for the year was \$128,799 (2017 - \$128,799).

As a condition of these borrowings, a portion of the debt proceeds is withheld by the MFA in a debt reserve deposit. The Village has also executed a demand note in connection with the debt. These demand notes are contingent in nature and are not reflected in the accounts. The details of the debt reserve deposit and contingent demand notes at December 31 are as follows:

	2018	2017
Debt reserve deposit	\$ 53,075	\$ 51,945
Demand note	73,309	73,309

Future principal payments, net of estimated actuarial adjustments on the sinking fund asset, on the outstanding debt over the next five years and thereafter are as follows:

	Total
2019	\$ 134,939
2020	140,338
2021	145,951
2022	151,789
2023	151,861
Future years	2,996,256
	<b>\$ 3,727,134</b>

The Village has a revolving credit facility of \$230,000, payable on demand, bearing interest at the lender's prime rate of interest per annum and is not collateralized. The revolving credit facility was unused as at December 31, 2018 and 2017.

# VILLAGE OF BELCARRA

Notes to Financial Statements

Year ended December 31, 2018

## 8. Tangible capital assets:

	Land	Buildings & facilities	Vehicle machinery & equipment	Office furniture & equipment	Recycling depot	Road & sidewalks	Storm sewer infrastructure	Water system infrastructure	Assets under construction	2018 Total	2017 Total
Cost:											
Opening balance	\$ 329,318	\$ 388,265	\$ 268,356	\$ 112,656	\$ 157,190	\$ 2,601,184	\$ 343,526	\$ 9,682,708	\$ 68,143	\$ 13,951,346	\$ 13,696,734
Add: Additions, net of transfers	-	95,181	137,717	10,219	-	66,811	-	-	(32,087)	277,841	358,337
Less: Disposals	-	(12,005)	(11,706)	(2,966)	-	-	-	-	-	(26,677)	(103,725)
	329,318	471,441	394,367	119,909	157,190	2,667,995	343,526	9,682,708	36,056	14,202,510	13,951,346
Accumulated amortization:											
Opening balance	-	187,764	207,517	47,081	60,770	808,141	278,730	1,024,446	-	2,614,449	2,407,864
Add: Amortization	-	12,886	12,732	16,133	9,904	68,530	9,460	159,548	-	289,193	286,187
Less: Accumulated amortization on disposals	-	(2,567)	(8,291)	(2,966)	-	-	-	-	-	(13,824)	(79,602)
	-	198,083	211,958	60,248	70,674	876,671	288,190	1,183,994	-	2,889,818	2,614,449
Net book value, end of year	\$ 329,318	\$ 273,358	\$ 182,409	\$ 59,661	\$ 86,516	\$ 1,791,324	\$ 55,336	\$ 8,498,714	\$ 36,056	\$ 11,312,692	\$ 11,336,897



# VILLAGE OF BELCARRA

Notes to Financial Statements

Year ended December 31, 2018

## 9. Accumulated surplus:

	General fund	Waste & Recycling Depot fund	Water fund	2018 Total	2017 Total
<b>Reserves:</b>					
Statutory (a)	\$ 453,332	\$ 13,848	\$ 55,898	\$ 523,078	\$ 613,570
Non-statutory (b)	372,887	-	79,665	452,552	383,229
Unappropriated surplus (deficit) (c)	264,663	62,993	(53,062)	274,594	395,054
	1,090,882	76,841	82,501	1,250,224	1,391,853
Investment in TCA and inventories (d)	2,730,816	86,517	4,784,244	7,601,577	7,500,672
	\$ 3,821,698	\$ 163,358	\$ 4,866,745	\$ 8,851,801	\$ 8,892,525

### (a) Statutory reserves:

The Village establishes statutory reserves by bylaw in accordance with the Community Charter and their use is restricted by the related bylaw and legislation. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated. The Village has established the Operating reserve and Capital reserve.

	General fund	Waste & Recycling Depot fund	Water fund	2018 Total	2017 Total
<b>Operating:</b>					
Multi-purpose courts	\$ 32,018	\$ -	\$ -	\$ 32,018	\$ 44,319
Election costs	-	-	-	-	10,093
	32,018	-	-	32,018	54,412
<b>Capital:</b>					
Transportation	411,043	-	-	411,043	352,774
Buildings	86,255	-	-	86,255	115,871
Equipment	(75,984)	-	-	(75,984)	57,504
Refuse and recycling	-	13,848	-	13,848	2,379
Water	-	-	55,898	55,898	30,630
	421,314	13,848	55,898	491,060	559,158
	\$ 453,332	\$ 13,848	\$ 55,898	\$ 523,078	\$ 613,570

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 9. Accumulated surplus (continued):

### (b) Non-statutory reserves:

The following reserves are accumulated surplus that has been set aside by decision of Council for a specified purpose. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

	2018	2017
General Fund:		
Community Works Fund	\$ 279,398	\$ 218,058
Strategic Communities Investment Advances	33,420	32,862
Climate change	60,069	52,290
	<u>372,887</u>	<u>303,210</u>
Water Fund:		
Water debt repayment	26,590	28,074
MFA cash deposit	53,075	51,945
	<u>79,665</u>	<u>80,019</u>
	<u>\$ 452,552</u>	<u>\$ 383,229</u>

### (c) Unappropriated surplus (deficit):

Unappropriated surplus (deficit) is the amount of accumulated surplus remaining after deducting the other appropriated surplus balances. It is available to temporarily finance operations until planned revenues (i.e. property taxes, fees, grants etc.) are received, or for other operating or capital purposes as determined by Council, to the extent that it is available.

### (d) Investment in tangible capital assets and inventories:

Investment in tangible capital assets and inventories is equal to the book value of the tangible capital assets and inventories held for consumption less related debt. In the normal course of operations the tangible capital assets and inventories held for consumption will not be available to finance operations, but will be consumed to provide services, and the debt will be repaid by future period revenues.

	2018	2017
Tangible capital assets	\$ 11,312,692	\$ 11,336,897
Inventories held for consumption	16,019	21,910
	<u>11,328,711</u>	<u>11,358,807</u>
Deduct: Debt	(3,727,134)	(3,858,135)
	<u>\$ 7,601,577</u>	<u>\$ 7,500,672</u>

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## 10. Commitments and contingencies:

(a) Operating lease:

The Village leases a photocopier under an operating lease which expires in March 2019. The total remaining commitment, net of applicable taxes, is approximately \$1,042.

(b) Contingent liability:

The loan agreements with the Greater Vancouver Regional District ("GVRD"), Greater Vancouver Water District ("GVWD"), Greater Vancouver Sewerage and Drainage District ("GVWSDD"), and the MFA provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect of such borrowing, the resulting deficiency becomes a joint and several liability of the Village and the other parties. Management does not consider payment under this contingency to be likely and therefore no liability has been recorded.

(c) Third party claims:

There is a lawsuit and claim pending by and against the Village. The outcome of this claim is undeterminable and it is the opinion of management that final determination of this claim will not materially affect the financial statements of the Village.

## 11. Pension plan:

The Village and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 11. Pension plan (continued):

The Village paid \$32,541 (2017 - \$29,679) for employer contributions while employees contributed \$28,580 (2017 - \$25,664) to the plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

## 12. Employee future benefits:

The Village provides certain post-employment benefits, compensated absences, and termination benefits to its employees. These benefits include accumulated non-vested sick leave. Accrued benefit liability is included in accounts payable and accrued liabilities.

	2018	2017
Accrued benefit obligation, beginning of year	\$ 11,100	\$ 8,800
Current service cost	2,800	2,000
Interest cost	400	300
Benefits paid	-	-
Actuarial (gain) loss	-	-
Accrued benefit obligation, end of year	14,300	11,100
Unamortized actuarial (loss) gain	-	-
Accrued benefit liability, end of year	\$ 14,300	\$ 11,300

Actuarial gains and losses are amortized over the expected average remaining service period of the related employee group commencing the year after the gain or loss arises. A full update to the actuarial valuation of the accrued benefit liability was performed to determine the Village's accrued benefit obligation as at December 31, 2017 and extrapolated to December 31, 2018. Actuarial assumptions used to determine the Village's accrued benefit obligation are as follows:

	2018	2017
Discount rate	2.8%	2.8%
Expected future inflation rate	2.5%	3.0%
Expected wage and salary range increases	2.0 %	2.0%
Expected average remaining service period	6 years	6 years

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## 13. Collections for other governments:

The Village collects certain taxation revenue on behalf of other government bodies. These funds are excluded from the Village's financial statements as they are not revenue of the Village. Such taxes collected and remitted to other government bodies during the year are as follows:

	2018	2017
Province of British Columbia - school tax	\$ 800,731	\$ 777,543
TransLink	143,313	134,244
Greater Vancouver Regional District	143,438	141,564
Police tax	98,309	92,282
BC Assessment and MFA	27,387	26,584
	<hr/>	<hr/>
	\$ 1,213,178	\$ 1,172,217

## 14. Water parcel taxes:

Water parcel taxes are collected each year to pay the annual interest and principal debt payments on debt incurred by the Village for the potable water system construction project. The water parcel tax commenced with the first debt payment requirement in 2013, and will continue for the twenty-five year term of the related debt (note 7), provided the debt is not otherwise repaid.

The water parcel charge is adjusted annually and is charged to all taxable parcels that benefit from the construction of the potable water system, with the exception of those parcels that have paid the water parcel charge in full, as defined in the Village of Belcarra Water Supply and Distribution Local Area Service No. 1 Establishment and Loan Authorization Bylaw No. 413, 2008.

## 15. Contractual rights:

The Village's contractual rights arise from rights to receive payments under grant and other agreements. However, the revenue from these agreements is difficult to quantify and has not been recorded.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 16. Budget:

Legislatively, the budget must balance planned revenue sources with planned expenditures or use of funds (referred to as the balanced budget requirement). The table below demonstrates how the legislative requirement for a balanced budget has been met.

	2018 Budget	2018	2017
Annual surplus (deficit), statement of operations	\$ (23,722)	\$ (40,724)	\$ (180,686)
Adjustments for non-cash items:			
Add back: Amortization of tangible capital asset	276,000	289,193	286,187
Add back: Loss on disposal of tangible capital assets	-	12,853	24,123
Add back: Inventory consumed	-	21,910	5,523
Deduct: Inventory acquired	-	(16,019)	(21,910)
Deduct: MFA actuarial interest	(23,100)	(24,356)	(19,318)
Adjustments for cash items that are not revenues or expenses, but are sources or uses of funds:			
Less: capital expenditures	(633,000)	(277,841)	(358,337)
Less: debt principal repayment	(106,645)	(106,645)	(106,645)
Net transfers for operating or capital purposes:			
From statutory reserves	463,791	90,492	52,263
To non-statutory reserves	(55,900)	(69,323)	(61,474)
From unappropriated surplus	102,576	120,460	380,274
	\$ -	\$ -	\$ -

## 17. Comparative information:

Certain components of the comparative information have been reclassified to conform to the financial statement presentation adopted in the current year.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## 18. Segment reporting:

The Village is a diversified municipal government that provides a variety of services to its citizens such as community planning & development, roads transportation network, refuse and recycling collection and disposal, and potable water services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass, and financial information are as follows:

### **General Fund – General Government and Transportation.**

General Government – Services provided to operate the Village government such as: finance and administrative services (property taxation administration and collection, human resources, reception, records management, legal, audit, information systems support etc.), mayor and council support and expenses, community events and grants, services necessary to operate and maintain the Municipal Hall and the Public Works Yard, bylaw development, administration and enforcement and services provided to update and maintain the Official Community Plan, Zoning Bylaw and related documents and bylaws, and building and other related inspections and approvals.

Transportation – These services comprise the Public Works department that provides a number of services including maintenance of the road and drainage/storm sewer networks, snow removal, and trail maintenance.

**Waste and Recycling Depot Fund** – This segment provides refuse and recycling collection (by resident drop-off) and disposal of refuse and various recyclable materials.

**Water Fund** – This segment provides potable water services to the community.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 18. Segment reporting (continued):

	General Fund (Schedule 1)		Waste & Recycling Depot Fund (Schedule 2)	Water Fund (Schedule 3)	2018	2017
	General government	Transpor- tation				
<b>Revenue:</b>						
Municipal property taxes	\$ 690,237	\$ -	\$ -	\$ -	\$ 690,237	\$ 670,628
Water parcel taxes	-	-	-	233,498	233,498	233,498
Grants in lieu of taxes	10,977	-	-	-	10,977	10,554
<b>Fees and charges:</b>						
Recycle and refuse fees	-	-	111,560	-	111,560	106,314
Water service fees	-	-	-	207,056	207,056	192,949
Water connection fees	-	-	-	8,115	8,115	7,380
Transfers from other governments	266,566	129,406	-	-	395,972	557,638
Interest income and Other revenues	118,707	-	1,219	1,130	121,056	123,431
Actuarial	-	-	-	24,356	24,356	19,318
	<u>1,086,487</u>	<u>129,406</u>	<u>112,779</u>	<u>474,155</u>	<u>1,802,827</u>	<u>1,921,710</u>
<b>Expenses:</b>						
Salaries, wages and benefits	410,402	186,465	25,883	91,335	714,085	702,749
Contracted services	282,471	-	74,872	69,269	426,612	665,797
Supplies and other	154,636	91,320	4,510	21,543	272,009	294,741
Interest on debt	-	-	-	128,799	128,799	128,799
Amortization	26,878	92,863	9,904	159,548	289,193	286,187
Loss on disposal of TCA	9,438	3,415	-	-	12,853	24,123
	<u>883,825</u>	<u>374,063</u>	<u>115,169</u>	<u>470,494</u>	<u>1,843,551</u>	<u>2,102,396</u>
<b>Annual surplus (deficit)</b>	<b>\$ 202,662</b>	<b>\$ (244,657)</b>	<b>\$ (2,390)</b>	<b>\$ 3,661</b>	<b>\$ (40,724)</b>	<b>\$ (180,686)</b>



# VILLAGE OF BELCARRA

## Schedule 1 - General Fund

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget	2018	2017
<b>Revenue:</b>			
Municipal property taxes	\$ 687,462	\$ 690,237	\$ 670,628
Grants in lieu of taxes	10,765	10,977	10,554
Major Road Network operating transfer	76,073	56,389	210,766
Major Road Network capital transfer	32,000	15,870	-
UBCM transfer	15,000	11,450	-
FCM transfer	40,000	-	37,475
Small Community Investment Fund transfer	252,000	251,678	252,071
Community Works Fund transfer	54,500	57,147	54,456
Other transfer	2,800	3,438	2,870
Building permits	65,000	55,691	63,864
Other permits and licences	8,000	13,846	13,146
Interest income	11,000	30,883	24,286
Fees and charges	17,155	18,287	20,382
	1,271,755	1,215,893	1,360,498
<b>Expenses:</b>			
<b>General government:</b>			
Council indemnities and benefits	63,420	63,455	62,292
Council other	6,230	10,534	3,981
Election	20,000	27,497	-
Grants and projects	16,447	20,925	16,025
Salaries and benefits	290,042	301,229	294,309
Human resources	24,197	20,678	22,188
Information systems	38,687	42,580	30,417
Legal	17,000	40,564	39,983
Audit	16,500	15,612	28,728
Municipal hall	79,871	81,190	89,765
Planning	125,200	115,009	305,835
Support services	125,747	121,689	109,505
Interest and bank charges	3,700	4,279	3,783
Other	957	(4,269)	7,730
Administration allocation recovery	(13,810)	(13,463)	(12,614)
Amortization of tangible capital assets	22,280	26,878	22,280
Loss on disposal of tangible capital assets	-	9,438	11,851
	836,468	883,825	1,036,058
<b>Transportation:</b>			
<b>Non-major road network:</b>			
Salaries and benefits	296,113	291,211	288,063
Vehicles, equipment and supplies	35,179	30,363	57,839
Public works allocation recovery	(150,699)	(144,567)	(155,754)
Roads, bridges etc. (contracts)	73,240	37,427	22,347
Trails and public spaces	7,981	4,126	11,395
Major road network	76,073	56,389	84,656
Fire protection and emergency preparedness	4,646	2,836	5,240
Amortization of tangible capital assets	86,720	92,863	94,879
Loss on disposal of tangible capital assets	-	3,415	12,272
	429,253	374,063	420,937
<b>Annual surplus (deficit)</b>	<b>\$ 6,034</b>	<b>\$ (41,995)</b>	<b>\$ (96,497)</b>

# VILLAGE OF BELCARRA

## Schedule 2 - Waste and Recycling Depot Fund

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget	2018	2017
<b>Revenue:</b>			
Recycling and refuse fee	\$ 110,260	\$ 111,560	\$ 106,314
Permits and licences	50	115	45
Interest income	600	1,104	715
	<u>110,910</u>	<u>112,779</u>	<u>107,074</u>
<b>Expenses:</b>			
Recycle and refuse:			
Public works allocation	27,109	25,883	27,467
Utilities	(1,500)	1,008	1,140
Depot attendants	30,273	19,752	24,802
Curbside chipping	1,000	4,981	5,342
Materials and equipment	4,000	3,502	5,691
Processing and hauling fees	41,384	50,139	45,223
	<u>102,266</u>	<u>105,265</u>	<u>109,665</u>
Amortization of tangible capital assets	9,000	9,904	10,081
	<u>111,266</u>	<u>115,169</u>	<u>119,746</u>
Annual deficit	\$ (356)	\$ (2,390)	\$ (12,672)

# VILLAGE OF BELCARRA

## Schedule 3 - Water Fund

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget	2018	2017
<b>Revenue:</b>			
Water service fees	\$ 208,647	\$ 207,056	\$ 192,949
Water parcel taxes	233,498	233,498	233,498
Water connection fees	7,380	8,115	7,380
MFA actuarial interest	23,100	24,356	19,318
Interest	1,400	1,130	993
	<u>474,025</u>	<u>474,155</u>	<u>454,138</u>
<b>Expenses:</b>			
Water system:			
Administration allocation	13,810	13,463	12,614
Water purchases from GVWD	68,002	67,491	75,287
Environmental monitoring & VPA lease	15,277	566	276
Public works allocation	80,822	77,872	88,191
Utilities	6,441	6,154	7,075
Water mains repair and maintenance	5,400	151	19,513
Station repair and maintenance	13,520	6,742	3,245
Reservoir repair and maintenance	1,050	-	13,400
Scada system	3,535	2,474	11,346
Materials and equipment	8,768	7,234	6,962
Debt interest expense	128,800	128,799	128,799
	<u>345,425</u>	<u>310,946</u>	<u>366,708</u>
Amortization of tangible capital assets	158,000	159,548	158,947
	<u>503,425</u>	<u>470,494</u>	<u>525,655</u>
<b>Annual surplus (deficit)</b>	<b>\$ (29,400)</b>	<b>\$ 3,661</b>	<b>\$ (71,517)</b>