

Village of Belcarra
FINANCIAL STATEMENTS
December 31, 2004

Village of Belcarra

December 31, 2004

Management's Responsibility for Financial Reporting

The accompanying Village financial statements are the responsibility of management and have been approved by the Administrator on behalf of the Mayor and Council.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Village maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Village's assets are appropriately accounted for and adequately safeguarded.

The Village Mayor and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Village Mayor and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditors' report.

The financial statements have been audited by D&H Group LLP, Chartered Accountants in accordance with Canadian generally accepted auditing standards. D&H Group LLP has full and free access to the Mayor and Council.

"Ralph Drew"

Mayor

"Maira McGregor"

Administrator



AUDITORS' REPORT

To the Mayor and Council of the
Village of Belcarra

We have audited the balance sheet of the Village of Belcarra as at December 31, 2004 and the statement of revenue and expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Community Charter (British Columbia), we report that, in our opinion these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
March 11, 2005

"D&H Group LLP"

Chartered Accountants

Village of Belcarra

BALANCE SHEET

December 31, 2004

	2004				2003
	Operating fund	Capital fund	Reserve fund	Total	Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 6,941	\$ -	\$ 25,004	\$ 31,945	\$ 70,768
Investments	198,871	-	144,942	343,813	355,758
Accounts receivable (Note 2)	60,402	-	-	60,402	34,303
Due from reserve fund	3,731	-	-	3,731	-
Due from operating fund	-	5,855	-	5,855	69,211
	269,945	5,855	169,946	445,746	530,040
PROPERTY, PLANT AND EQUIPMENT (NOTE 3)					
	-	2,914,001	-	2,914,001	2,743,483
INTANGIBLE ASSET					
	-	664,236	-	664,236	664,236
GAS MAIN EXTENSION COSTS RECOVERABLE (NOTE 4)					
	-	-	-	-	33,339
	\$ <u>269,945</u>	\$ <u>3,584,092</u>	\$ <u>169,946</u>	\$ <u>4,023,983</u>	\$ <u>3,971,098</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 84,984	\$ -	\$ -	\$ 84,984	\$ 85,872
Due to capital fund	5,855	-	-	5,855	9,157
Due to reserve fund	-	-	-	-	60,054
Due to operating fund	-	-	3,731	3,731	-
Property taxes collected in advance	100,461	-	-	100,461	103,798
Performance bonds	38,509	-	-	38,509	29,216
Debentures payable (Note 5)	-	17,119	-	17,119	-
	229,809	17,119	3,731	250,659	288,097
DEBENTURES PAYABLE (NOTE 5)					
	-	-	-	-	50,538
	<u>229,809</u>	<u>17,119</u>	<u>3,731</u>	<u>250,659</u>	<u>338,635</u>
FUND BALANCES					
RESERVE FOR FUTURE EXPENDITURES (SCHEDULE 1)					
	40,136	-	-	40,136	73,223
EQUITY IN CAPITAL ASSETS					
	-	3,566,973	-	3,566,973	3,399,677
RESERVE FUND BALANCES (SCHEDULE 2)					
Equipment replacement	-	-	44,009	44,009	34,755
Capital works	-	-	122,206	122,206	110,406
Redevelopment of Marine Avenue	-	-	-	-	14,402
	-	-	166,215	166,215	159,563
	40,136	3,566,973	166,215	3,773,324	3,632,463
	\$ <u>269,945</u>	\$ <u>3,584,092</u>	\$ <u>169,946</u>	\$ <u>4,023,983</u>	\$ <u>3,971,098</u>

Approved by: “Moira Mcgregor” Administrator

Village of Belcarra

STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended December 31, 2004

	2004			2003	
	Operating fund	Capital fund	Reserve fund	Total	Total
REVENUE					
Taxation – net (Note 6)	\$ 411,198	\$ –	\$ –	\$ 411,198	\$ 387,723
Government grants (Schedule 3)	179,218	–	–	179,218	155,327
Garbage collection	41,000	–	–	41,000	41,625
Sundry	18,655	–	–	18,655	3,940
Penalties and interest on taxes	5,870	–	–	5,870	4,064
Licenses and permits	32,132	–	–	32,132	26,140
Main Avenue septic lease fees	4,200	–	–	4,200	4,200
Interest	22,755	–	2,523	25,278	27,873
Donations	2,000	–	–	2,000	–
	<u>717,028</u>	<u>–</u>	<u>2,523</u>	<u>719,551</u>	<u>650,892</u>
EXPENDITURES					
General government (Schedule 4)	290,750	–	–	290,750	235,918
Public works	198,976	–	–	198,976	127,289
Capital expenditures	167,296	–	–	167,296	106,597
Garbage disposal	31,850	–	–	31,850	31,598
Goods and Services Tax, net of recoveries	–	–	–	–	6,573
Interest and bank charges	18,734	–	–	18,734	20,292
Planning	21,724	–	–	21,724	11,943
Septic lease fees – G.V.R.D.	2,100	–	–	2,100	961
	<u>731,430</u>	<u>–</u>	<u>–</u>	<u>731,430</u>	<u>541,171</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR					
	<u>(14,402)</u>	<u>–</u>	<u>2,523</u>	<u>(11,879)</u>	<u>109,721</u>
INTER-FUND TRANSFERS					
Transfer to (from) fund	(18,685)	–	18,685	–	–
Contributions received for acquisition of capital assets from operating fund	–	152,740	–	152,740	106,597
Contributions received for acquisition of capital assets from reserve fund	–	14,556	(14,556)	–	–
	(18,685)	167,296	4,129	152,740	106,597
FUND BALANCE , beginning of year	<u>73,223</u>	<u>3,399,677</u>	<u>159,563</u>	<u>3,632,463</u>	<u>3,416,145</u>
FUND BALANCE, end of year	\$ <u>40,136</u>	\$ <u>3,566,973</u>	\$ <u>166,215</u>	\$ <u>3,773,324</u>	\$ <u>3,632,463</u>

Village of Belcarra

CHANGES IN RESERVE FOR FUTURE EXPENDITURES (OPERATING FUND)

Year ended December 31, 2004

	<u>2004</u>	<u>2003</u>
BALANCE, beginning of year	\$ 73,223	\$ 32,958
LESS		
Amounts used during the year	<u>54,522</u>	<u>—</u>
	18,701	32,958
ADD		
Contribution – General	16,235	—
Appropriation from reserve fund - GVTA	—	15,065
Appropriation from reserve fund – future paving	—	20,000
Appropriation from reserve – gas main debenture	<u>5,200</u>	<u>5,200</u>
BALANCE, end of year	\$ <u><u>40,136</u></u>	\$ <u><u>73,223</u></u>
FUND COMPRISED OF:		
Future paving	\$ —	\$ 20,000
GVTA – Highway maintenance	3,400	31,885
Gas main extension debenture	20,800	15,600
Historical book fund proceeds	—	5,738
West Nile virus grant	4,662	—
UBCM Grant	3,274	—
Fire protection	6,000	—
Ground water protection grant	<u>2,000</u>	<u>—</u>
	\$ <u><u>40,136</u></u>	\$ <u><u>73,223</u></u>

CHANGES IN RESERVE FUND

Year ended December 31, 2004

	<u>Equipment replacement</u>	<u>Capital works</u>	<u>Redevelopment of Marine Avenue</u>	<u>2004</u>	<u>2003</u>
BALANCE, beginning of year	\$ 34,755	\$ 110,406	\$ 14,402	\$ 159,563	\$ 90,107
INTEREST ON INVESTMENTS	569	1,800	154	2,523	2,905
TRANSFER TO CAPITAL FUND	<u>—</u>	<u>—</u>	<u>(14,556)</u>	<u>(14,556)</u>	<u>—</u>
	35,324	112,206	—	147,530	93,012
APPROPRIATION FROM OPERATIONS	<u>8,685</u>	<u>10,000</u>	<u>—</u>	<u>18,685</u>	<u>66,551</u>
BALANCE, end of year	\$ <u><u>44,009</u></u>	\$ <u><u>122,206</u></u>	\$ <u><u>—</u></u>	\$ <u><u>166,215</u></u>	\$ <u><u>159,563</u></u>

Village of Belcarra
GOVERNMENT GRANTS
Year ended December 31, 2004

	Actual 2004	Budget 2004	Actual 2003
OPERATING FUND			
Revenue sharing	\$ 102,889	\$ 102,889	\$ 102,889
GVTA Major Roads - capital	-	-	5,321
GVTA Major Roads - maintenance	45,400	45,400	38,592
Ground Water Protection Project	10,000	-	-
Belcarra water users	9,719	-	-
West Nile Virus grant	5,000	-	-
Union of B.C. Municipalities	3,750	-	-
Joint Emergency Preparedness Program	<u>2,460</u>	<u>7,500</u>	<u>8,525</u>
	\$ <u>179,218</u>	\$ <u>155,789</u>	\$ <u>155,327</u>

Schedule 4

GENERAL GOVERNMENT EXPENDITURES
Year ended December 31, 2004

	Actual 2004	Budget 2004	Actual 2003
ADMINISTRATION SALARIES AND BENEFITS	\$ 153,037	\$ 145,340	\$ 131,866
COUNCIL INDEMNITIES	34,500	34,500	33,686
DUES, CONVENTIONS AND ADVERTISING	17,843	11,550	11,304
INSURANCE	14,948	17,000	15,599
LEGAL AND AUDIT	17,143	13,700	12,774
MAINTENANCE, HEAT AND LIGHT OF OFFICES AND EQUIPMENT	6,153	6,700	6,583
OFFICE SUPPLIES AND PRINTING	15,924	12,000	11,084
SUNDRY	18,450	27,855	2,714
TELEPHONE AND POSTAGE	<u>12,752</u>	<u>11,000</u>	<u>10,308</u>
	\$ <u>290,750</u>	\$ <u>279,645</u>	\$ <u>235,918</u>

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2004

1. ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which necessarily involves the use of estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

Basis of accounting

The Village uses the modified accrual basis of accounting, which is full accrual except for accrued interest on long-term debt.

Revenue recognition

Property taxes are recognized as revenue in the year in which they are assessable.

Government grant revenue is recognized in the year that the respective grant agreement becomes effective, except that amounts to be expended subsequent to year end are deferred and recognized in the period the related expenditures are incurred. Government cost-sharing contributions are recognized in the year related costs are incurred to the extent collection of the contribution is reasonably assured.

Investments

Investments are recorded at cost and are comprised of money market funds held with the Municipal Finance Authority of B.C. The market value of the investments approximate their carrying amount.

Property, plant and equipment

Property, plant and equipment are recorded at cost. In accordance with Ministry of Municipal Affairs guidelines, amortization is not recorded.

Intangible asset

Intangible asset is comprised of the gas main extension costs and is recorded at cost. In accordance with Ministry of Community, Aboriginal and Women's Services guidelines, amortization is not recorded.

2. ACCOUNTS RECEIVABLE

	<u>2004</u>	<u>2003</u>
Taxes	\$ 15,781	\$ 19,012
GST rebate receivable	26,620	9,792
Provincial grant receivable	10,000	-
Other	<u>8,001</u>	<u>5,499</u>
	\$ <u>60,402</u>	\$ <u>34,303</u>

3. PROPERTY, PLANT AND EQUIPMENT

	<u>2004</u>	<u>2003</u>
Land	\$ 81,500	\$ 81,500
Buildings	289,696	243,327
Office equipment	74,390	69,757
Vehicles	117,684	117,684
Engineering structures	215,916	215,492
Roads	1,181,947	1,169,747
Machinery and equipment	83,137	83,137
Fire protection water main	<u>869,731</u>	<u>762,839</u>
	\$ <u>2,914,001</u>	\$ <u>2,743,483</u>

Village of Belcarra
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

4. GAS MAIN EXTENSION COSTS RECOVERABLE

In 1995 the Village paid and incurred costs towards the construction of a gas distribution pipeline to properties within the Village's boundaries. Certain property owners opted to pay their share of the cost over ten years. During the year, the Village recovered \$33,339 (2003 - \$ 22,375), leaving \$ Nil to be recovered over the next year. Village management anticipates that a portion of the amount recoverable will come from the Reserve for Future Expenditures (Schedule I).

5. DEBENTURES PAYABLE

	<u>2004</u>	<u>2003</u>
Municipal Finance Authority – requiring annual principal and interest payments totalling \$ 1,478 with interest calculated at the rate of 6.5%, due May 15, 2005	\$ 1,218	\$ 2,378
Municipal Finance Authority – requiring annual principal and interest payments totalling \$ 31,701 with interest calculated at 7.0% semi-annually, in each and every year during the term of the debenture, due December 1, 2005	<u>15,901</u>	<u>48,160</u>
	\$ <u><u>17,119</u></u>	\$ <u><u>50,538</u></u>

6. TAXATION - NET

Taxation revenue comprises the following amounts raised less transfers:

	<u>2004</u>	<u>2003</u>
General municipal purposes *	\$ 414,232	\$ 383,929
Collections for other governments		
School District - School tax	520,443	507,813
Greater Vancouver Regional District	88,441	88,769
Greater Vancouver Transit Authority (GVTA)	46,633	42,968
B.C. Assessment Authority	<u>17,575</u>	<u>16,961</u>
	<u>1,087,324</u>	<u>1,040,440</u>
Transfers to other governments		
School District - School tax	522,730	502,824
Greater Vancouver Regional District	89,082	89,629
Greater Vancouver Transit Authority (GVTA)	46,691	43,148
B.C. Assessment Authority	17,574	17,072
Municipal Finance Authority	<u>49</u>	<u>44</u>
	<u>676,126</u>	<u>652,717</u>
	\$ <u><u>411,198</u></u>	\$ <u><u>387,723</u></u>

* General municipal taxation includes the 1% levy on gross revenue of utility companies.

7. CONTINGENT LIABILITY

The Village is responsible, as a member of the Greater Vancouver Regional District, for its proportion of any operating deficit or capital debt relating to functions in which it participates.

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2004

8. PENSION LIABILITY

The Village and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration of benefits. The plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 130,000 active members and approximately 45,000 retired members. Active members include approximately 29,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of \$ 789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The Village paid \$ 14,492 for employer contributions to the plan in fiscal 2004.

9. FINANCIAL INSTRUMENTS

Fair value

The fair value of the Village's cash, investments, accounts receivable, accounts payable and accrued liabilities, property taxes collected in advance and performance bonds are believed to equal their carrying amounts due to their short terms to maturity.

The fair value of the Village's debentures payable are believed to equal its carrying amount, as the debentures payable are believed to bear a fair market rate of interest.

Interest rate risk

The Village's debentures payable bear interest at fixed rates. These debentures payable are therefore subject to interest rate price risk as fluctuations in market rates of interest may increase or decrease their fair value.

The Village's investments bear interest at a floating rate of interest. Therefore the interest earned and the related cash flow will vary according to changes in the rate of interest.

Credit risk

The Village's primary accounts receivable relate to GST refunds receivable from the government of Canada and property taxes and related arrears interest and penalties. Collection of the GST refunds is reasonably assured. The potential loss on property taxes owed, including arrears interest and penalties, is not considered significant because of the Village's authority to sell a property in order to collect the property taxes, interest and penalties owed on that property.