

**Village of Belcarra**  
**FINANCIAL STATEMENTS**  
**December 31, 2005**

# Village of Belcarra

December 31, 2005

---

## 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

***"Lynda Floyd"***

---

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, 2005 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, 2005 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 23, 2006

**Chartered Accountants**

# Village of Belcarra

## BALANCE SHEET

December 31, 2005

	2005			2004	
	Operating fund	Capital fund	Reserve fund	Total	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 97,530	\$ -	\$ 30,546	\$ 128,076	\$ 31,945
Investments	11	-	117,009	117,020	343,813
Accounts receivable (Note 2)	127,339	-	-	127,339	60,402
Due from capital fund	11,264	-	-	11,264	-
Due from reserve fund	-	-	-	-	3,731
Due from operating fund	-	-	21,171	21,171	5,855
	<u>236,144</u>	<u>-</u>	<u>168,726</u>	<u>404,870</u>	<u>445,746</u>
<b>PROPERTY, PLANT AND EQUIPMENT (NOTE 3)</b>	-	3,222,278	-	3,222,278	2,914,001
<b>INTANGIBLE ASSET</b>	<u>-</u>	<u>664,236</u>	<u>-</u>	<u>664,236</u>	<u>664,236</u>
	<u>\$ 236,144</u>	<u>\$ 3,886,514</u>	<u>\$ 168,726</u>	<u>\$ 4,291,384</u>	<u>\$ 4,023,983</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITES</b>					
Accounts payable and accrued liabilities	\$ 78,703	\$ -	\$ -	\$ 78,703	\$ 84,984
Due to capital fund	-	-	-	-	5,855
Due to reserve fund	21,171	-	-	21,171	-
Due to operating fund	-	11,264	-	11,264	3,731
Property taxes collected in advance	118,551	-	-	118,551	100,461
Performance bonds	40,684	-	-	40,684	38,509
Debentures payable (Note 4)	-	-	-	-	17,119
	<u>259,109</u>	<u>11,264</u>	<u>-</u>	<u>270,373</u>	<u>250,659</u>
<b>COMMITMENTS AND CONTINGENT LIABILITY (Notes 6, 7 and 8)</b>					
<b>FUND BALANCES (DEFICIENCY)</b>					
<b>OPERATING FUND</b>					
Fund balance (deficiency)	(62,965)	-	-	(62,965)	-
Reserve for future expenditure (Schedule 1)	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>40,136</u>
	(22,965)	-	-	(22,965)	40,136
<b>EQUITY IN CAPITAL ASSETS</b>	<u>-</u>	<u>3,875,250</u>	<u>-</u>	<u>3,875,250</u>	<u>3,566,973</u>
<b>RESERVE FUND (SCHEDULE 2)</b>					
Equipment replacement	-	-	44,674	44,674	44,009
Capital works	-	-	124,052	124,052	122,206
	-	-	168,726	168,726	166,215
	<u>(22,965)</u>	<u>3,875,250</u>	<u>168,726</u>	<u>4,021,011</u>	<u>3,773,324</u>
	<u>\$ 236,144</u>	<u>\$ 3,886,514</u>	<u>\$ 168,726</u>	<u>\$ 4,291,384</u>	<u>\$ 4,023,983</u>

Approved by: "Lynda Floyd" Administrator

# Village of Belcarra

## STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCES Year ended December 31, 2005

	2005			2004	
	Operating fund	Capital fund	Reserve fund	Total	Total
<b>REVENUE</b>					
Taxation – net (Note 5)	\$ 446,177	\$ –	\$ –	\$ 446,177	\$ 411,198
Government grants (Schedule 3)	267,259	–	–	267,259	179,218
Garbage collection	41,252	–	–	41,252	41,000
Sundry	8,828	–	–	8,828	18,655
Penalties and interest on taxes	3,378	–	–	3,378	5,870
Licenses and permits	19,255	–	–	19,255	32,132
Main Avenue septic lease fees	4,200	–	–	4,200	4,200
Interest	44,660	–	2,511	47,171	25,278
Donations	–	–	–	–	2,000
	<u>835,009</u>	<u>–</u>	<u>2,511</u>	<u>837,520</u>	<u>719,551</u>
<b>EXPENDITURES</b>					
General government (Schedule 4)	336,755	–	–	336,755	290,750
Public works	158,028	–	–	158,028	198,976
Capital expenditures	308,277	–	–	308,277	167,296
Garbage disposal	39,180	–	–	39,180	31,850
Interest and bank charges	13,926	–	–	13,926	18,734
Planning	40,273	–	–	40,273	21,724
Septic lease fees – G.V.R.D.	1,671	–	–	1,671	2,100
	<u>898,110</u>	<u>–</u>	<u>–</u>	<u>898,110</u>	<u>731,430</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>					
	<u>(63,101)</u>	<u>–</u>	<u>2,511</u>	<u>(60,590)</u>	<u>(11,879)</u>
<b>INTER-FUND TRANSFERS</b>					
Transfer to (from) fund	–	–	–	–	–
Contributions received for acquisition of capital assets from operating fund	–	308,277	–	308,277	152,740
	–	308,277	2,511	247,687	152,740
<b>FUND BALANCE , beginning of year</b>					
	<u>40,136</u>	<u>3,566,973</u>	<u>166,215</u>	<u>3,773,324</u>	<u>3,632,463</u>
<b>NET FUND BALANCE (DEFICIENCY), end of year</b>					
	\$ <u>(22,965)</u>	\$ <u>3,875,250</u>	\$ <u>168,726</u>	\$ <u>4,021,011</u>	\$ <u>3,773,324</u>
<b>NET OPERATING FUND BALANCE (DEFICIENCY) COMPRISED OF:</b>					
<b>RESERVE FOR FUTURE EXPENDITURE (Schedule 1)</b>					
	\$ 40,000				
<b>OPERATING FUND BALANCE (DEFICIENCY)</b>					
	<u>(62,965)</u>				
	\$ <u>(22,965)</u>				

# Village of Belcarra

## CHANGES IN RESERVE FOR FUTURE EXPENDITURES (OPERATING FUND)

Year ended December 31, 2005

	<u>2005</u>	<u>2004</u>
BALANCE, beginning of year	\$ 40,136	\$ 73,223
LESS		
Amounts used during the year	<u>40,136</u>	<u>54,522</u>
	-	18,701
ADD		
Contribution – General	40,000	16,235
Appropriation from reserve fund – GVTA	-	-
Appropriation from reserve – gas main debenture	<u>-</u>	<u>5,200</u>
BALANCE, end of year	\$ <u><u>40,000</u></u>	\$ <u><u>40,136</u></u>
FUND COMPRISED OF:		
Future paving	\$ -	\$ -
GVTA – Highway maintenance	-	3,400
Gas main extension debenture	-	20,800
Historical book fund proceeds	-	-
West Nile virus grant	-	4,662
UBCM Grant	-	3,274
Fire protection	-	6,000
Ground water protection grant	-	2,000
Regional water source grant	10,000	-
Local water source grant	10,000	-
Distribution infrastructure grant	10,000	-
Tsunami grant	<u>10,000</u>	<u>-</u>
	\$ <u><u>40,000</u></u>	\$ <u><u>40,136</u></u>

## Schedule 2

## CHANGES IN RESERVE FUND

Year ended December 31, 2005

	<u>Equipment replacement</u>	<u>Capital works</u>	<u>2005</u>	<u>2004</u>
BALANCE, beginning of year	\$ 44,009	\$ 122,206	\$ 166,215	\$ 159,563
INTEREST ON INVESTMENTS	665	1,846	2,511	2,523
TRANSFER TO CAPITAL FUND	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,556)</u>
	44,674	124,052	168,726	147,530
APPROPRIATION FROM OPERATIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,685</u>
BALANCE, end of year	\$ <u><u>44,674</u></u>	\$ <u><u>124,052</u></u>	\$ <u><u>168,726</u></u>	\$ <u><u>166,215</u></u>

**Village of Belcarra**  
**GOVERNMENT GRANTS**  
**Year ended December 31, 2005**

	Actual 2005	Budget 2005	Actual 2004
<b>OPERATING FUND</b>			
Revenue sharing	\$ 102,889	\$ 102,889	\$ 102,889
GVTA Major Roads - maintenance	116,441	58,890	45,400
Ground Water Protection Project	-	-	10,000
Belcarra water users	-	-	9,719
West Nile Virus grant	3,666	-	5,000
Union of B.C. Municipalities	-	-	3,750
Joint Emergency Preparedness Program	4,263	4,800	2,460
Distribution infrastructure	10,000	-	-
Regional water source	10,000	-	-
Local water source	10,000	-	-
Tsunami	10,000	-	-
	<u>\$ 267,259</u>	<u>\$ 166,579</u>	<u>\$ 179,218</u>

## Schedule 4

**GENERAL GOVERNMENT EXPENDITURES**  
**Year ended December 31, 2005**

	Actual 2005	Budget 2005	Actual 2004
ADMINISTRATION SALARIES AND BENEFITS	\$ 163,246	\$ 154,250	\$ 153,037
COUNCIL INDEMNITIES	37,950	37,950	34,500
DUES, CONVENTIONS AND ADVERTISING	15,976	16,500	17,843
INSURANCE	18,716	15,000	14,948
LEGAL AND AUDIT	55,772	23,700	17,143
MAINTENANCE, HEAT AND LIGHT OF OFFICES AND EQUIPMENT	7,283	6,500	6,153
OFFICE SUPPLIES AND PRINTING	16,910	17,849	15,924
SUNDRY	8,260	19,317	18,450
TELEPHONE AND POSTAGE	<u>12,642</u>	<u>13,000</u>	<u>12,752</u>
	<u>\$ 336,755</u>	<u>\$ 304,066</u>	<u>\$ 290,750</u>

# Village of Belcarra

## NOTES TO THE FINANCIAL STATEMENTS

### December 31, 2005

---

#### 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 Community Services 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 Services guidelines, amortization is not recorded.

#### 2. ACCOUNTS RECEIVABLE

	<u>2005</u>	<u>2004</u>
Taxes	\$ 7,546	\$ 15,781
GST rebate receivable	38,244	26,620
Provincial grant receivable	80,923	10,000
Other	<u>626</u>	<u>8,001</u>
	\$ <u>127,339</u>	\$ <u>60,402</u>

#### 3. PROPERTY, PLANT AND EQUIPMENT

	<u>2005</u>	<u>2004</u>
Land	\$ 81,500	\$ 81,500
Buildings	289,696	289,696
Office equipment	85,160	74,390
Vehicles	117,684	117,684
Engineering structures	215,916	215,916
Roads	1,464,420	1,181,947
Machinery and equipment	98,171	83,137
Fire protection water main	<u>869,731</u>	<u>869,731</u>
	\$ <u>3,222,278</u>	\$ <u>2,914,001</u>



**Village of Belcarra**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2005**

<b>4. DEBENTURES PAYABLE</b>	<u>2005</u>	<u>2004</u>
Municipal Finance Authority – repaid during year	\$ –	\$ 1,218
Municipal Finance Authority – repaid during year	<u>–</u>	<u>15,901</u>
	\$ <u>–</u>	\$ <u>17,119</u>

**5. TAXATION - NET**

Taxation revenue comprises the following amounts raised less transfers:

	<u>2005</u>	<u>2004</u>
General municipal purposes *	\$ 445,397	\$ 414,232
Collections for other governments		
School District - School tax	565,975	520,443
Greater Vancouver Regional District	93,006	88,441
Greater Vancouver Transit Authority (GVTA)	99,529	46,633
B.C. Assessment Authority	<u>19,305</u>	<u>17,575</u>
	<u>1,223,212</u>	<u>1,087,324</u>
Transfers to other governments		
School District - School tax	565,245	522,730
Greater Vancouver Regional District	92,995	89,082
Greater Vancouver Transit Authority (GVTA)	99,489	46,691
B.C. Assessment Authority	19,246	17,574
Municipal Finance Authority	<u>60</u>	<u>49</u>
	<u>777,035</u>	<u>676,126</u>
	\$ <u>446,177</u>	\$ <u>411,198</u>

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

**6. COMMITMENT UNDER OPERATING LEASE**

The Village leases a photocopier under an operating lease expiring during the fiscal year ending December 31, 2010. The Village is obligated to make the following minimum lease payments under the operating lease in each of the following fiscal years ending:

December 31, 2006	\$ 3,618
December 31, 2007	3,618
December 31, 2008	3,618
December 31, 2009	3,618
December 31, 2010	<u>1,507</u>
	\$ <u>15,979</u>

**7. 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 48,000 retired members. Active members include approximately 30,000 contributors from local governments.

# Village of Belcarra

## NOTES TO THE FINANCIAL STATEMENTS

### December 31, 2005

---

#### 7. PENSION LIABILITY- continued

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 \$ 20,373 for employer contributions to the plan in fiscal 2005.

#### 8. 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.

#### 9. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, property taxes collected in advance, and performance bonds.

##### **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.

##### **Interest rate risk**

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 government grants, GST refunds receivable from the government of Canada and property taxes and related arrears interest and penalties. Collection of the government grants and 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.