

Village of Belcarra
FINANCIAL STATEMENTS
December 31, 2006

Village of Belcarra

December 31, 2006

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, 2006 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, 2006 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 2, 2007



Chartered Accountants

Village of Belcarra

BALANCE SHEET

December 31, 2006

	2006				2005
	Operating fund	Capital fund	Reserve fund	Total	Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 258,894	\$ -	\$ 31,610	\$ 290,504	\$ 128,076
Investments	46	-	121,638	121,684	117,020
Accounts receivable (Note 2)	90,577	-	-	90,577	127,339
Due from capital fund	11,264	-	-	11,264	11,264
Due from reserve fund	-	-	-	-	-
Due from operating fund	-	-	120,207	120,207	21,171
	<u>360,781</u>	<u>-</u>	<u>273,455</u>	<u>634,236</u>	<u>404,870</u>
PROPERTY, PLANT AND EQUIPMENT (Note 3)	-	3,311,210	-	3,311,210	3,222,278
INTANGIBLE ASSET	-	664,236	-	664,236	664,236
	<u>\$ 360,781</u>	<u>\$ 3,975,446</u>	<u>\$ 273,455</u>	<u>\$ 4,609,682</u>	<u>\$ 4,291,384</u>
LIABILITIES					
CURRENT LIABILITES					
Accounts payable and accrued liabilities	\$ 49,960	\$ -	\$ -	\$ 49,960	\$ 78,703
Due to reserve fund	120,207	-	-	120,207	21,171
Due to operating fund	-	11,264	-	11,264	11,264
Property taxes collected in advance	122,730	-	-	122,730	118,551
Performance bonds	54,028	-	-	54,028	40,684
	<u>346,925</u>	<u>11,264</u>	<u>-</u>	<u>358,189</u>	<u>270,373</u>
COMMITMENTS AND CONTINGENT LIABILITY (Notes 5, 6 and 7)					
FUND BALANCES (DEFICIENCY)					
OPERATING FUND					
Fund balance (deficiency)	6,243	-	-	6,243	(62,965)
Reserve for future expenditure (Schedule 1)	7,613	-	-	7,613	40,000
	<u>13,856</u>	<u>-</u>	<u>-</u>	<u>13,856</u>	<u>(22,965)</u>
EQUITY IN CAPITAL ASSETS	-	3,964,182	-	3,964,182	3,875,250
RESERVE FUND (Schedule 2)					
Equipment replacement	-	-	106,400	106,400	44,674
Capital works	-	-	158,055	158,055	124,052
Building replacement	-	-	5,000	5,000	-
Climate change contingency	-	-	4,000	4,000	-
	<u>-</u>	<u>-</u>	<u>273,455</u>	<u>273,455</u>	<u>168,726</u>
	<u>13,856</u>	<u>3,964,182</u>	<u>273,455</u>	<u>4,251,493</u>	<u>4,021,011</u>
	<u>\$ 360,781</u>	<u>\$ 3,975,446</u>	<u>\$ 273,455</u>	<u>\$ 4,609,682</u>	<u>\$ 4,291,384</u>

Approved by: "Lynda Floyd"

Administrator

Village of Belcarra

STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCES Year ended December 31, 2006

	2006			2005	
	Operating fund	Capital fund	Reserve fund	Total	Total
REVENUE					
Taxation – net (Note 4)	\$ 473,081	\$ –	\$ –	\$ 473,081	\$ 446,177
Government grants (Schedule 3)	188,979	–	–	188,979	267,259
Garbage collection	46,530	–	–	46,530	41,252
Sundry	14,680	–	–	14,680	8,828
Penalties and interest on taxes	5,997	–	–	5,997	3,378
Licenses and permits	29,770	–	–	29,770	19,255
Main Avenue septic lease fees	4,200	–	–	4,200	4,200
Interest	<u>9,613</u>	<u>–</u>	<u>5,729</u>	<u>15,342</u>	<u>47,171</u>
	<u>772,850</u>	<u>–</u>	<u>5,729</u>	<u>778,579</u>	<u>837,520</u>
EXPENDITURES					
General government (Schedule 4)	310,159	–	–	310,159	336,755
Public works	152,526	–	–	152,526	158,028
Capital expenditures	88,932	–	–	88,932	308,277
Garbage disposal and recycling	49,275	–	–	49,275	39,180
Interest and bank charges	2,098	–	–	2,098	13,926
Planning and consulting	31,939	–	–	31,939	40,273
Septic lease fees – G.V.R.D.	<u>2,100</u>	<u>–</u>	<u>–</u>	<u>2,100</u>	<u>1,671</u>
	<u>637,029</u>	<u>–</u>	<u>–</u>	<u>637,029</u>	<u>898,110</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR					
	135,821	–	5,729	141,550	(60,590)
INTER-FUND TRANSFERS					
Contributions received for acquisition of capital assets from operating fund	–	88,932	–	88,932	308,277
Appropriation from operations	<u>(99,000)</u>	<u>–</u>	<u>99,000</u>	<u>–</u>	<u>–</u>
	36,821	88,932	104,729	230,482	247,687
FUND BALANCE (DEFICIENCY), beginning of year					
	<u>(22,925)</u>	<u>3,875,250</u>	<u>168,726</u>	<u>4,021,011</u>	<u>3,773,324</u>
NET FUND BALANCE, end of year					
	\$ <u>13,856</u>	\$ <u>3,964,182</u>	\$ <u>273,455</u>	\$ <u>4,251,493</u>	\$ <u>4,021,011</u>
NET OPERATING FUND BALANCE (DEFICIENCY) COMPRISED OF:					
RESERVE FOR FUTURE EXPENDITURE (Schedule 1)					
	\$ 7,613				\$ 40,000
OPERATING FUND BALANCE (DEFICIENCY)					
	<u>6,243</u>				<u>(62,965)</u>
	\$ <u>13,856</u>				\$ <u>(22,965)</u>

Village of Belcarra

CHANGES IN RESERVE FOR FUTURE EXPENDITURES (OPERATING FUND)

Year ended December 31, 2006

	<u>2006</u>	<u>2005</u>
BALANCE, beginning of year	\$ 40,000	\$ 40,136
LESS		
Amounts expended during the year	<u>48,170</u>	<u>40,136</u>
	(8,170)	-
ADD		
Contribution – General	<u>15,783</u>	<u>40,000</u>
BALANCE, end of year	\$ <u><u>7,613</u></u>	\$ <u><u>40,000</u></u>
FUND COMPRISED OF:		
Joint Emergency Preparedness Program	\$ 176	\$ -
Tsunami grant	4,860	10,000
Water use efficiency grant	2,577	-
Regional water source grant	-	10,000
Local water source grant	-	10,000
Distribution infrastructure grant	<u>-</u>	<u>10,000</u>
	\$ <u><u>7,613</u></u>	\$ <u><u>40,000</u></u>

Schedule 2

CHANGES IN RESERVE FUND

Year ended December 31, 2006

	<u>Equipment replacement</u>	<u>Capital works</u>	<u>Building Replacement</u>	<u>Climate change Contingency</u>	<u>Total 2006</u>	<u>Total 2005</u>
BALANCE, beginning of year	\$ 44,674	\$ 124,052	\$ -	\$ -	\$ 168,726	\$ 166,215
INTEREST ON INVESTMENTS	<u>1,726</u>	<u>4,003</u>	<u>-</u>	<u>-</u>	<u>5,729</u>	<u>2,511</u>
	46,400	128,055	-	-	174,455	168,726
APPROPRIATION FROM OPERATIONS	<u>60,000</u>	<u>30,000</u>	<u>5,000</u>	<u>4,000</u>	<u>99,000</u>	<u>-</u>
BALANCE, end of year	\$ <u><u>106,400</u></u>	\$ <u><u>158,055</u></u>	\$ <u><u>5,000</u></u>	\$ <u><u>4,000</u></u>	\$ <u><u>273,455</u></u>	\$ <u><u>168,726</u></u>

Village of Belcarra
GOVERNMENT GRANTS
Year ended December 31, 2006

	Actual 2006	Budget 2006	Actual 2005
OPERATING FUND			
Revenue sharing	\$ 143,254	\$ 102,889	\$ 102,889
GVTA Major Roads – maintenance	20,930	10,877	116,441
West Nile Virus grant	–	–	3,666
Joint Emergency Preparedness Program	5,783	–	4,263
Distribution infrastructure (recovery)	(500)	–	10,000
Regional water source (recovery)	(304)	–	10,000
Local water source (recovery)	(184)	–	10,000
Tsunami	–	–	10,000
Potable water supply	10,000	–	–
Water use efficiency	10,000	–	–
	<u>\$ 188,979</u>	<u>\$ 113,766</u>	<u>\$ 267,259</u>

Schedule 4

GENERAL GOVERNMENT EXPENDITURES
Year ended December 31, 2006

	Actual 2006	Budget 2006	Actual 2005 (Note 9)
ADMINISTRATION SALARIES AND BENEFITS	\$ 156,782	\$ 157,239	\$ 163,246
COUNCIL INDEMNITIES	41,745	41,816	37,950
DUES, CONVENTIONS AND ADVERTISING	22,329	19,459	15,976
INSURANCE	22,647	24,955	18,716
LEGAL AND AUDIT	25,755	26,300	55,772
MAINTENANCE, TELEPHONE HEAT AND LIGHT OF OFFICES AND EQUIPMENT	14,756	13,319	14,899
OFFICE SUPPLIES AND PRINTING	15,617	23,701	16,910
POSTAGE AND COURIER	4,614	6,964	5,026
SUNDRY	<u>5,914</u>	<u>9,400</u>	<u>8,260</u>
	<u>\$ 310,159</u>	<u>\$ 323,153</u>	<u>\$ 336,755</u>

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

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 the 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 the Ministry of Community Services guidelines, amortization is not recorded.

2. ACCOUNTS RECEIVABLE

	<u>2006</u>	<u>2005</u>
Taxes	\$ 7,913	\$ 7,546
GST rebate receivable	16,859	38,244
Provincial grant receivable	65,054	80,923
Other	<u>751</u>	<u>626</u>
	\$ <u>90,577</u>	\$ <u>127,339</u>

3. PROPERTY, PLANT AND EQUIPMENT

	<u>2006</u>	<u>2005</u>
Land	\$ 81,500	\$ 81,500
Buildings	289,803	289,696
Office equipment	95,550	85,160
Vehicles	117,684	117,684
Engineering structures	267,487	215,916
Roads	1,466,021	1,464,420
Machinery and equipment	117,572	98,171
Fire protection water main	<u>875,593</u>	<u>869,731</u>
	\$ <u>3,311,210</u>	\$ <u>3,222,278</u>

Village of Belcarra
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

4. TAXATION - NET

Taxation revenue comprises the following amounts raised less transfers:

	<u>2006</u>	<u>2005</u> (Note 9)
General municipal purposes *	\$ 468,447	\$ 445,397
Collections for other governments		
School District - School tax	593,420	565,975
Greater Vancouver Regional District	92,238	93,006
Greater Vancouver Transit Authority	112,234	99,529
B.C. Assessment	19,523	19,245
Municipal Finance Authority	<u>70</u>	<u>60</u>
	<u>1,285,932</u>	<u>1,223,212</u>
Transfers to other governments		
School District - School tax	588,786	565,245
Greater Vancouver Regional District	92,238	92,995
Greater Vancouver Transit Authority	112,234	99,489
B.C. Assessment	19,523	19,246
Municipal Finance Authority	<u>70</u>	<u>60</u>
	<u>812,851</u>	<u>777,035</u>
	\$ <u>473,081</u>	\$ <u>446,177</u>

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

5. 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, 2007	\$ 3,618
December 31, 2008	3,618
December 31, 2009	3,618
December 31, 2010	<u>1,507</u>
	\$ <u>12,361</u>

6. 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, 2006

6. 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 April, 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The Village paid \$ 22,087 (2005 - \$ 20,373) for employer contributions to the plan in fiscal 2006.

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.

8. 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.

9. COMPARATIVE FIGURES

Certain 2005 comparative figures have been reclassified to conform to the presentation used in the current year.