

Village of Belcarra
FINANCIAL STATEMENTS
December 31, 2008

Village of Belcarra

December 31, 2008

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Village of Belcarra ("Village") 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 judgments. 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 statement of financial position of the Village of Belcarra as at December 31, 2008 and the statements of operations, change in net financial assets and cash flows 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, 2008 and the results of its operations and its cash flows 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 4, 2009



Chartered Accountants

Village of Belcarra
STATEMENT OF FINANCIAL POSITION
December 31, 2008

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ 645,214	\$ 517,696
Investments	131,786	127,139
Accounts receivable (Note 3)	<u>144,216</u>	<u>63,702</u>
	<u>921,216</u>	<u>708,537</u>
LIABILITIES		
Accounts payable and accrued liabilities	66,809	85,030
Property taxes collected in advance	140,111	127,257
Performance bonds	98,028	81,038
Deferred revenue	<u>51,969</u>	<u>17,775</u>
	<u>356,917</u>	<u>311,100</u>
COMMITMENTS AND CONTINGENT LIABILITY (Notes 5, 6 and 7)		
VILLAGE EQUITY		
NET FINANCIAL ASSETS (Note 8)	564,299	397,437
NON-FINANCIAL ASSETS (Note 4)	<u>3,608,603</u>	<u>3,425,331</u>
	\$ <u>4,172,902</u>	\$ <u>3,822,768</u>

Approved by "Lynda Floyd" Administrator

Village of Belcarra
STATEMENT OF OPERATIONS
Year ended December 31, 2008

	2008 <u>Actual</u>	2008 <u>Budget</u>	2007 <u>Actual</u>
REVENUE			
Taxation – net (Note 9)	\$ 504,225	\$ 502,044	\$ 482,724
Government grants (Schedule 1)	316,218	263,038	220,119
Recycle and refuse	55,695	55,583	53,081
Sundry	25,166	9,550	24,032
Penalties and interest	13,805	4,000	7,170
Licenses and permits	27,145	31,000	36,302
Septic lease	4,200	4,200	4,200
Interest	<u>22,203</u>	<u>8,000</u>	<u>23,345</u>
	<u>968,657</u>	<u>877,415</u>	<u>850,973</u>
EXPENDITURES			
General government (Schedule 2)	458,334	485,704	421,660
Public works	90,000	107,905	98,127
Recycle and refuse	56,316	53,787	47,766
Interest and bank charges	2,112	3,000	2,809
Planning and consulting	9,661	59,000	43,000
Septic lease	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>
	<u>618,523</u>	<u>711,496</u>	<u>615,462</u>
ANNUAL SURPLUS	350,134	165,919	235,511
VILLAGE EQUITY, beginning of year	<u>3,822,768</u>	<u>4,385,441</u>	<u>3,587,257</u>
VILLAGE EQUITY, end of year	\$ <u>4,172,902</u>	\$ <u>4,551,360</u>	\$ <u>3,822,768</u>

Village of Belcarra

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year ended December 31, 2008

	<u>2008 Actual</u>	<u>2008 Budget</u>	<u>2007 Actual</u>
ANNUAL SURPLUS	\$ 350,134	\$ 165,919	\$ 235,511
ACQUISITION OF CAPITAL ASSETS	<u>(183,272)</u>	<u>(143,506)</u>	<u>(114,121)</u>
CHANGE IN NET FINANCIAL ASSETS	166,862	22,413	121,390
NET FINANCIAL ASSETS, beginning of year	<u>397,437</u>	<u>276,108</u>	<u>276,047</u>
NET FINANCIAL ASSETS, end of year	\$ <u>564,299</u>	\$ <u>298,521</u>	\$ <u>397,437</u>

Village of Belcarra
STATEMENT OF CASH FLOWS
Year ended December 31, 2008

	<u>2008</u>	<u>2007</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Annual surplus	\$ 350,134	\$ 235,511
Net change in		
Accounts receivable	(80,514)	26,875
Accounts payable and accrued liabilities	(18,221)	35,070
Property taxes collected in advance	12,854	4,527
Performance bonds	16,990	27,010
Deferred revenue	<u>34,194</u>	<u>17,775</u>
	<u>315,437</u>	<u>346,768</u>
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		
Purchase of capital assets	(183,272)	(114,121)
Purchase of investment	<u>(4,647)</u>	<u>(5,455)</u>
	<u>(187,919)</u>	<u>(119,576)</u>
INCREASE IN CASH DURING THE YEAR	127,518	227,192
CASH, beginning of year	<u>517,696</u>	<u>290,504</u>
CASH, end of year	\$ <u><u>645,214</u></u>	\$ <u><u>517,696</u></u>

Village of Belcarra
GOVERNMENT GRANTS
Year ended December 31, 2008

	Actual 2008	Budget 2008	Actual 2007
OPERATING FUND			
Revenue sharing	\$ 221,430	\$ 200,000	\$ 183,060
GVTA Major Roads – maintenance	29,619	63,038	35,698
Joint Emergency Preparedness Program	–	–	1,865
Police tax implementation	–	–	1,000
Water use efficiency (recovery)	–	–	(1,504)
Municipal Rural Infrastructure Fund	62,477	–	–
Other	<u>2,692</u>	<u>–</u>	<u>–</u>
	<u>\$ 316,218</u>	<u>\$ 263,038</u>	<u>\$ 220,119</u>

Schedule 2

GENERAL GOVERNMENT EXPENDITURES
Year ended December 31, 2008

	Actual 2008	Budget 2008	Actual 2007
SALARIES AND BENEFITS	\$ 300,989	\$ 304,534	\$ 279,304
COUNCIL INDEMNITIES	50,109	50,109	45,226
DUES, CONVENTIONS AND ADVERTISING	23,905	32,203	27,471
INSURANCE	14,170	14,134	15,129
LEGAL AND AUDIT	27,114	35,500	17,313
MAINTENANCE, TELEPHONE, HEAT AND LIGHT OF OFFICES AND EQUIPMENT	20,390	18,396	14,761
OFFICE SUPPLIES AND PRINTING	12,762	13,778	11,312
POSTAGE AND COURIER	4,825	5,000	4,064
SUNDRY	<u>4,070</u>	<u>12,050</u>	<u>7,080</u>
	<u>\$ 458,334</u>	<u>\$ 485,704</u>	<u>\$ 421,660</u>

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

1. ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities. 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

Expenditures are recorded in the period the goods or services are acquired and a liability is incurred.

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.

2. NEW ACCOUNTING STANDARDS

The Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants has issued accounting standard Section 3150 "Tangible Capital Assets" that the Village is required to adopt effective on January 1, 2009. Section 3150 establishes standards on how to account for and report tangible capital assets in government financial statements. As a result, in 2009, the Village will begin to amortize its tangible capital assets over their estimated useful lives.

3. ACCOUNTS RECEIVABLE

	<u>2008</u>	<u>2007</u>
Property taxes receivable	\$ 54,514	\$ 22,256
GST rebate receivable	16,998	19,870
Provincial grant receivable	67,596	1,813
Other	<u>5,108</u>	<u>19,763</u>
	<u>\$ 144,216</u>	<u>\$ 63,702</u>

Village of Belcarra
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

4. NON-FINANCIAL ASSETS

Non-financial assets are comprised of the following tangible capital assets:

	<u>2008</u>	<u>2007</u>
Land	\$ 81,500	\$ 81,500
Buildings	289,803	289,803
Office equipment	100,471	99,563
Vehicles	117,684	117,684
Engineering structures	269,562	269,562
Roads	1,467,746	1,467,745
Machinery and equipment	216,053	126,306
Fire protection water main	<u>973,168</u>	<u>973,168</u>
	3,515,987	3,425,331
Construction in progress on Potable Water Project	<u>92,616</u>	<u>—</u>
	\$ <u>3,608,603</u>	\$ <u>3,425,331</u>

Tangible capital assets are accounted for as non-financial assets by the Village because they can be used to provide services in future periods, but do not normally provide resources to discharge the liabilities of the Village unless they are sold.

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, 2009	\$ 3,618
December 31, 2010	<u>1,507</u>
	\$ <u>5,125</u>

6. PENSION LIABILITY

The Village and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteed 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 pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 contributors from local government.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$ 438 million for basic pension benefits. The next valuation will be as at December 31, 2009, with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The Village paid \$ 22,283 (2008 - \$ 20,299) for employer contributions to the plan in fiscal 2008.

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

7. CONTINGENT LIABILITY

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

8. RESERVE FUNDS

Included in the net financial assets are the following internally designated reserves:

	<u>Equipment replacement</u>	<u>Capital works</u>	<u>Building replacement</u>	<u>Climate change contingency</u>	<u>Total 2008</u>	<u>Total 2007</u>
BALANCE, beginning of year	\$ 108,363	\$ 164,785	\$ 10,000	\$ 4,000	\$ 287,148	\$ 273,455
INTEREST ON INVESTMENTS	<u>1,770</u>	<u>3,733</u>	<u>—</u>	<u>—</u>	<u>5,503</u>	<u>6,693</u>
	110,133	168,518	10,000	4,000	292,651	280,148
EXPENDED DURING YEAR	(84,656)	—	—	—	(84,656)	—
APPROPRIATION FROM OPERATIONS	<u>76,440</u>	<u>5,000</u>	<u>10,000</u>	<u>—</u>	<u>91,440</u>	<u>7,000</u>
BALANCE, end of year	\$ <u>101,917</u>	\$ <u>173,518</u>	\$ <u>20,000</u>	\$ <u>4,000</u>	\$ <u>299,435</u>	\$ <u>287,148</u>

9. TAXATION - NET

Taxation revenue comprises the following amounts raised less transfers:

	<u>2008</u>	<u>2007</u>
General municipal purposes *	\$ 504,159	\$ 479,779
Collections for other governments		
School District - School tax	642,925	613,199
Greater Vancouver Regional District	90,768	89,419
Greater Vancouver Transit Authority	116,152	109,003
B.C. Assessment	21,108	20,009
Municipal Finance Authority	67	87
Police tax	<u>48,650</u>	<u>44,845</u>
	<u>1,423,829</u>	<u>1,356,341</u>
Transfers to other governments		
School District - School tax	642,924	610,360
Greater Vancouver Regional District	90,750	89,383
Greater Vancouver Transit Authority	116,111	108,959
B.C. Assessment	21,101	20,000
Municipal Finance Authority	67	87
Police tax	<u>48,651</u>	<u>44,828</u>
	<u>919,604</u>	<u>873,617</u>
	\$ <u>504,225</u>	\$ <u>482,724</u>

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

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

10. 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.