

Village of Belcarra
FINANCIAL STATEMENTS
December 31, 2009

Village of Belcarra

December 31, 2009

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"

Chief Administrative Officer

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, 2009 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, 2009 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.
April 6, 2010



Chartered Accountants

Village of Belcarra
STATEMENT OF FINANCIAL POSITION
December 31, 2009

	<u>2009</u>	<u>2008</u> (Restated – Note 2)
ASSETS		
Cash	\$ 387,846	\$ 645,214
Investments	705,958	131,786
Accounts receivable (Note 3)	<u>173,094</u>	<u>144,216</u>
	<u>1,266,898</u>	<u>921,216</u>
LIABILITIES		
Accounts payable and accrued liabilities	87,408	66,809
Property taxes collected in advance	156,934	140,111
Performance bonds	98,212	98,028
Deferred revenue	<u>195,550</u>	<u>51,969</u>
	<u>538,104</u>	<u>356,917</u>
COMMITMENTS AND CONTINGENT LIABILITY (Notes 5, 6 and 7)		
VILLAGE EQUITY		
NET FINANCIAL ASSETS (Note 8)	<u>728,794</u>	<u>564,299</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 4)	2,819,489	2,723,897
Prepaid expenses	<u>3,641</u>	<u>–</u>
	<u>2,823,130</u>	<u>2,723,897</u>
	\$ <u>3,551,924</u>	\$ <u>3,288,196</u>

See accompanying notes to the financial statements.

Approved by “Lynda Floyd” Chief Administrative Officer

Village of Belcarra
STATEMENT OF OPERATIONS
Year ended December 31, 2009

	2009 <u>Actual</u>	2009 <u>Budget</u>	2008 <u>Actual</u> (Restated – Notes 2 and 11)
REVENUE			
Taxation – net (Note 9)	\$ 524,460	\$ 523,709	\$ 504,225
Government grants	412,020	414,824	316,218
Recycle and refuse levy	63,135	63,783	55,695
Sundry	9,388	9,650	25,166
Penalties and interest	7,723	4,000	13,805
Licenses and permits	15,851	23,490	27,145
Septic lease	4,200	4,200	4,200
Interest	<u>3,885</u>	<u>8,000</u>	<u>22,203</u>
	<u>1,040,662</u>	<u>1,051,656</u>	<u>968,657</u>
EXPENDITURES			
General government	511,347	548,781	458,334
Amortization of tangible capital assets	105,031	–	87,013
Public works	83,557	127,264	90,000
Recycle and refuse	58,163	65,578	56,316
Planning and consulting	15,355	59,000	9,661
Septic lease	2,100	2,100	2,100
Interest and bank charges	<u>1,381</u>	<u>2,500</u>	<u>2,112</u>
	<u>776,934</u>	<u>805,223</u>	<u>705,536</u>
ANNUAL SURPLUS	263,728	246,433	263,121
VILLAGE EQUITY, beginning of year			
As previously reported	3,288,196	4,551,360	3,822,768
Prior period adjustment (Note 2)	<u>–</u>	<u>(797,693)</u>	<u>(797,693)</u>
VILLAGE EQUITY, end of year	\$ <u>3,551,924</u>	\$ <u>4,000,100</u>	\$ <u>3,288,196</u>

See accompanying notes to the financial statements.

Village of Belcarra

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year ended December 31, 2009

	<u>2009 Actual</u>	<u>2009 Budget</u>	<u>2008 Actual</u> (Restated – Note 2)
ANNUAL SURPLUS	\$ 263,728	\$ 299,533	\$ 263,121
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	105,031	–	87,013
PROCEEDS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	12,500	–	–
INCREASE IN PREPAID EXPENSES	(3,641)	–	–
ACQUISITION OF TANGIBLE CAPITAL ASSETS	<u>(213,123)</u>	<u>(259,360)</u>	<u>(183,272)</u>
CHANGE IN NET FINANCIAL ASSETS	164,495	40,173	166,862
NET FINANCIAL ASSETS, beginning of year	<u>564,299</u>	<u>298,521</u>	<u>397,437</u>
NET FINANCIAL ASSETS, end of year	\$ <u><u>728,794</u></u>	\$ <u><u>338,694</u></u>	\$ <u><u>564,299</u></u>

See accompanying notes to the financial statements.

Village of Belcarra
STATEMENT OF CASH FLOWS
Year ended December 31, 2009

	<u>2009</u>	<u>2008</u> (Restated – Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 263,728	\$ 263,121
Amortization of tangible capital assets	105,031	87,013
Net change in		
Accounts receivable	(28,878)	(80,514)
Accounts payable and accrued liabilities	20,599	(18,221)
Property taxes collected in advance	16,823	12,854
Performance bonds	184	16,990
Deferred revenue	143,581	34,194
Prepaid expenses	<u>(3,641)</u>	<u>–</u>
	<u>517,427</u>	<u>315,437</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Purchase of tangible capital assets	(213,123)	(183,272)
Proceeds on disposal of tangible capital	<u>12,500</u>	<u>–</u>
	<u>(200,623)</u>	<u>(183,272)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITY		
Purchase of investment	<u>(574,172)</u>	<u>(4,647)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	(257,368)	127,518
CASH, beginning of year	<u>645,214</u>	<u>517,696</u>
CASH, end of year	\$ <u>387,846</u>	\$ <u>645,214</u>

See accompanying notes to the financial statements.

Village of Belcarra
SCHEDULE OF OPERATING FUND
Year ended December 31, 2009

	2009 Actual	2009 Budget	2008 Actual
REVENUE			
Taxation	\$ 513,991	\$ 513,240	\$ 457,434
Government grants	412,020	414,824	316,218
Sundry	8,562	9,650	22,879
Penalties and interest	7,723	4,000	13,805
Licenses and permits	14,781	21,695	25,905
Septic lease	4,200	4,200	4,200
Interest	<u>3,885</u>	<u>8,000</u>	<u>22,203</u>
	<u>965,162</u>	<u>975,609</u>	<u>862,644</u>
EXPENDITURES			
Salaries and benefits	365,963	366,814	300,989
Amortization of tangible capital assets	98,770	-	84,132
Public works	81,263	127,264	90,000
Council indemnities	50,109	50,109	50,109
Dues, conventions and advertising	30,332	28,336	23,905
Maintenance, telephone, heat and light for offices and equipment	16,210	19,104	20,390
Planning and consulting	15,355	59,000	9,661
Office supplies and printing	13,723	13,811	12,762
Insurance	13,482	13,482	14,170
Legal and audit	9,027	42,000	27,114
Sundry	8,061	10,025	4,070
Postage and courier	4,440	5,100	4,825
Septic lease	2,100	2,100	2,100
Interest and bank charges	<u>1,381</u>	<u>2,500</u>	<u>2,112</u>
	<u>710,216</u>	<u>739,645</u>	<u>646,339</u>
ANNUAL SURPLUS	254,946	235,964	\$ 216,305
FUND EQUITY, beginning of year	<u>3,241,380</u>	<u>3,706,851</u>	<u>3,025,075</u>
FUND EQUITY, end of year	\$ <u>3,496,326</u>	\$ <u>3,942,815</u>	\$ <u>3,241,380</u>

Village of Belcarra
SCHEDULE OF RECYCLE AND REFUSE FUND
Year ended December 31, 2009

	2009 Actual	2009 Budget	2008 Actual
REVENUE			
Taxation	\$ 10,469	\$ 10,469	\$ 46,791
Recycle and refuse levy	63,135	63,783	55,695
Sundry	826	-	2,287
Licenses and interest	<u>1,070</u>	<u>1,795</u>	<u>1,240</u>
	<u>75,500</u>	<u>76,047</u>	<u>106,013</u>
EXPENDITURES			
Processing and hauling	45,712	65,578	47,784
Equipment and supplies	7,965	-	1,488
Amortization of tangible capital assets	6,261	-	2,881
Contractors	3,988	-	5,374
Public works	2,294	-	-
Utilities	306	-	779
Sundry	149	-	412
Office supplies and printing	43	-	460
Postage and courier	<u>-</u>	<u>-</u>	<u>19</u>
	<u>66,718</u>	<u>65,578</u>	<u>59,197</u>
ANNUAL SURPLUS	8,782	10,469	46,816
FUND EQUITY, beginning of year	<u>46,816</u>	<u>46,816</u>	<u>-</u>
FUND EQUITY, end of year	\$ <u><u>55,598</u></u>	\$ <u><u>57,285</u></u>	\$ <u><u>46,816</u></u>

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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.

Tangible capital assets

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

Buildings	- 15 to 20 years
Office equipment	- 5 to 10 years
Vehicles	- 10 years
Roads	- 15 to 75 years
Machinery and equipment	- 5 to 20 years
Water and networks	
Water storage tanks	- 35 years
Fire protection watermains	- 100 years
Storm sewer	- 40 years
Bridge	- 75 years

Contributions of tangible capital assets

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

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions, particularly as they relate to useful lives of long-lived assets and contingencies. Actual results may differ from these estimates.

Village of Belcarra
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

2. PRIOR PERIOD ADJUSTMENTS

The Village has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires governments to record and amortize their tangible capital assets on their financial statements. These adjustments are as follows:

Adjustment to 2008 annual surplus

Annual surplus, as previously reported	\$ 350,134
Less: Increase in amortization expense	<u>(87,013)</u>
Annual surplus, as restated	\$ <u>263,121</u>

Adjustment to 2008 tangible capital assets

Cost (net book) of tangible capital assets, as previously recorded	\$ 3,608,603
Increase in tangible capital assets	\$ 1,244,533
Decrease in tangible capital assets for assets retired	(856,423)
Accumulated amortization up to December 31, 2007	<u>(1,185,803)</u>
	2,810,910
Amortization for the year ended December 31, 2008	<u>(87,013)</u>
	\$ <u>2,723,897</u>

3. ACCOUNTS RECEIVABLE

	<u>2009</u>	<u>2008</u>
Property taxes	\$ 40,312	\$ 54,514
GST rebate	11,454	16,998
Provincial grant	90,714	67,596
Other	<u>30,614</u>	<u>5,108</u>
	\$ <u>173,094</u>	\$ <u>144,216</u>

4. TANGIBLE CAPITAL ASSETS

	<u>2009</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
Land	\$ 329,318	\$ —	\$ 329,318
Buildings	293,235	124,085	169,150
Office equipment	28,297	15,608	12,689
Vehicles	174,270	30,585	143,685
Roads	1,694,229	712,388	981,841
Machinery and equipment	130,483	60,928	69,555
Water storage tanks and fire protection watermains	971,765	154,442	817,323
Storm sewer	295,596	213,477	82,119
Bridge	<u>48,646</u>	<u>27,242</u>	<u>21,404</u>
	3,965,839	1,338,755	2,627,084
Construction in progress on Potable Water Project	<u>192,405</u>	<u>—</u>	<u>192,405</u>
	\$ <u>4,158,244</u>	\$ <u>1,338,755</u>	\$ <u>2,819,489</u>

Village of Belcarra
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

4. TANGIBLE CAPITAL ASSETS - continued	2008		
	Cost	(Restated – Note 2) Accumulated amortization	Net
Land	\$ 329,318	\$ –	\$ 329,318
Buildings	289,803	116,236	173,567
Office equipment	22,064	10,691	11,373
Vehicles	134,779	46,311	88,468
Roads	1,662,076	679,390	982,686
Machinery and equipment	92,617	49,398	43,219
Water storage tanks and fire protection watermains	971,765	138,110	833,655
Storm sewer	295,596	206,087	89,509
Bridge	<u>48,646</u>	<u>26,593</u>	<u>22,053</u>
	3,846,664	1,272,816	2,573,848
Construction in progress on Potable Water Project	<u>150,049</u>	<u>–</u>	<u>150,049</u>
	<u>\$ 3,996,713</u>	<u>\$ 1,272,816</u>	<u>\$ 2,723,897</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 a minimum lease payment under the operating lease of \$ 5,125.

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 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 \$ 26,275 (2008 – \$ 22,283) for employer contributions to the plan in fiscal 2009.

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.

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

8. RESERVE FUNDS

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

	Equipment replacement	Capital works	Building replacement	Climate change contingency	Total 2009	Total 2008
BALANCE, beginning of year	\$ 101,917	\$ 173,518	\$ 20,000	\$ 4,000	\$ 299,435	\$ 287,148
INTEREST ON INVESTMENTS	<u>528</u>	<u>1,002</u>	<u>129</u>	<u>26</u>	<u>1,685</u>	<u>5,503</u>
	102,445	174,520	20,129	4,026	301,120	292,651
EXPENDED DURING YEAR	-	-	-	-	-	(84,656)
APPROPRIATION FROM OPERATIONS	<u>2,000</u>	<u>58,000</u>	<u>12,000</u>	<u>5,000</u>	<u>77,000</u>	<u>91,440</u>
BALANCE, end of year	\$ <u>104,445</u>	\$ <u>232,520</u>	\$ <u>32,129</u>	\$ <u>9,026</u>	\$ <u>378,120</u>	\$ <u>299,435</u>

9. TAXATION - NET

Taxation revenue comprises the following amounts raised less transfers:

	2009	2008 (Note 11)
General municipal purposes *	\$ 524,461	\$ 504,159
Collections for other governments		
School District - School tax	671,338	642,925
Greater Vancouver Regional District	92,393	90,768
Greater Vancouver Transit Authority	127,465	116,152
B.C. Assessment	22,275	21,108
Municipal Finance Authority	69	67
Police tax	<u>49,521</u>	<u>48,650</u>
	<u>1,487,522</u>	<u>1,423,829</u>
Transfers to other governments		
School District - School tax	671,336	642,924
Greater Vancouver Regional District	92,393	90,750
Greater Vancouver Transit Authority	127,465	116,111
B.C. Assessment	22,276	21,101
Municipal Finance Authority	69	67
Police tax	<u>49,523</u>	<u>48,651</u>
	<u>963,062</u>	<u>919,604</u>
	\$ <u>524,460</u>	\$ <u>504,225</u>

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

10. BANK INDEBTEDNESS

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 is unused as at December 31, 2009.

11. COMPARATIVE FIGURES

Certain 2008 figures have been reclassified to conform with the presentation used in the current year.