

VILLAGE OF BELCARRA

ANNUAL FINANCIAL STATEMENTS
For the Year Ended December 31, 2016



**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
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For the Year Ended December 31, 2016**

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Village of Belcarra

December 31, 2016

Management's Responsibility for Financial Reporting

The accompanying financial statements of Village of Belcarra ("Village") are the responsibility of management and have been approved by the Chief Administrative Officer on behalf of the Mayor and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. 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 auditor's report.

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

Mayor

Chief Administrative Officer



Independent Auditor's Report

To the Mayor and Council of Village of Belcarra

We have audited the accompanying financial statements of Village of Belcarra, which comprise the statement of financial position as at December 31, 2016 and the statement of operations, statement of change in net debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Village of Belcarra as at December 31, 2016, and the results of its operations, change in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

DRAFT FOR DISCUSSION PURPOSES

Vancouver, B.C.
April 10, 2017

Chartered Professional Accountants

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
As at December 31, 2016**

	2016	2015
FINANCIAL ASSETS		
Cash	1,980,761	1,511,450
Investments (note 2)	219,487	217,756
Accounts receivable (note 3)	56,430	131,860
MFA debt cash deposit (note 4)	50,951	49,566
	2,307,629	1,910,632
LIABILITIES		
Accounts payable & accrued liabilities (note 5)	131,308	77,599
Performance bonds & refundable deposits (note 6)	188,845	171,200
Deferred revenue (note 7)	239,210	195,564
Long-term debt (note 8)	3,984,098	4,105,225
	4,543,461	4,549,588
NET DEBT	(2,235,832)	(2,638,956)
NON-FINANCIAL ASSETS		
Prepaid expenses	14,650	14,927
Inventory held for consumption	5,523	9,072
Tangible capital assets (schedule 1)	11,288,870	11,531,129
	11,309,043	11,555,128
ACCUMULATED SURPLUS (note 9)	9,073,211	8,916,172

See Contingencies Note 10 and Commitments Note 11.
The Financial Statement Notes are an integral part of the Financial Statements.

Lorna Dysart
Chief Administrative Officer

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2016**

	2016 Budget (unaudited)	2016 Actual	2015 Actual
REVENUES			
Municipal property taxes	647,733	652,324	633,799
Water parcel taxes	235,445	233,498	233,498
Grants in lieu of taxes	21,868	22,577	21,995
Fees and charges			
Recycle & refuse levy	101,817	103,060	88,880
Water levy	187,270	186,799	182,277
Water connection fees	7,380	7,380	6,765
Penalties & interest on fees & taxes	10,300	11,257	22,259
Permits and licences	27,750	46,409	38,927
Other	7,600	21,511	6,748
Interest income	12,940	14,688	16,647
Conditional operating transfers, other govt's	85,236	51,105	46,046
Unconditional transfers, other govt's	246,386	253,263	267,155
Municipal Finance Authority actuarial	13,300	14,482	9,806
	1,605,025	1,618,353	1,574,802
EXPENSES			
Legislative	83,260	83,996	77,976
Administration	596,561	509,092	561,042
Transportation	282,988	250,672	227,696
Recycle & refuse	130,756	98,000	65,539
Water system	305,153	293,219	294,920
Amortization and loss on disposals	267,500	280,765	321,758
	1,666,218	1,515,744	1,548,931
REVENUES LESS EXPENSES BEFORE CAPITAL REVENUES	(61,193)	102,609	25,871
CAPITAL REVENUES			
Community Works Fund grant	53,000	54,430	52,662
Municipal road network grant	20,000	-	66,831
	73,000	54,430	119,493
ANNUAL SURPLUS	11,807	157,039	145,364
ACCUMULATED SURPLUS, Beginning of Year	8,916,172	8,916,172	8,770,808
ACCUMULATED SURPLUS, End of Year	8,927,979	9,073,211	8,916,172

See Note 14 Financial Plan (Budget) Reconciliation
The Financial Statement Notes are an integral part of the Financial Statements.

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016**

	2016	2015
OPERATING ACTIVITIES		
Annual surplus	157,039	145,364
Non-cash items included in annual surplus:		
Amortization expense & loss on disposal	280,765	321,758
Long-term debt actuarial adjustment	(14,482)	(9,806)
Changes in non-cash operating balances:		
Accounts receivable	75,430	(21,232)
MFA debt cash deposit	(1,385)	(1,238)
Inventory held for consumption	3,549	5,522
Performance bonds and refundable deposits	17,645	(8,148)
Accounts payable and accrued liabilities	53,709	(87,662)
Prepays	277	276
Deferred revenue	43,646	(30,371)
	616,193	314,463
CAPITAL ACTIVITY		
Proceeds from sale of tangible capital assets	3,746	-
Built/purchased tangible capital assets	(42,252)	(225,961)
	(38,506)	(225,961)
FINANCING ACTIVITY		
Debt principal repaid	(106,645)	(106,645)
INVESTING ACTIVITY		
Increase in investments	(1,731)	(1,844)
INCREASE (DECREASE) IN CASH	469,311	(19,987)
CASH, Beginning of Year	1,511,450	1,531,437
CASH, End of Year	1,980,761	1,511,450

The Financial Statement Notes are an integral part of the Financial Statements.

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
STATEMENT OF CHANGE IN NET DEBT
For the Year Ended December 31, 2016**

	2016 Budget (unaudited)	2016 Actual	2015 Actual
ANNUAL SURPLUS	11,807	157,039	145,364
TANGIBLE CAPITAL ASSETS			
Acquisition of tangible capital assets	(150,250)	(42,252)	(225,961)
Amortization & loss on disposal	267,500	280,765	321,758
Proceeds on sale of tangible capital assets	-	3,746	-
	117,250	242,259	95,797
OTHER NON-FINANCIAL ASSETS			
Inventory consumed	-	3,549	5,522
Prepays consumed	-	277	276
	-	3,826	5,798
DECREASE/(INCREASE) IN NET DEBT	129,057	403,124	246,959
NET DEBT, Beginning of Year	(2,638,956)	(2,638,956)	(2,885,915)
NET DEBT, End of Year	(2,509,899)	(2,235,832)	(2,638,956)

The Financial Statement Notes are an integral part of the Financial Statements.

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
SCHEDULE 1 - TANGIBLE CAPITAL ASSETS CONTINUITY
For the Year Ended December 31, 2016**

	Land	Buildings	Vehicle Machinery & Equipment	Office Furniture & Equipment	Recycling Depot	Road Network	Storm Sewers	Water System	Assets Under Construction	2016 Actual	2015 Actual
COST											
Opening Balance	329,318	361,247	257,420	102,334	101,634	2,490,279	343,533	9,656,800	22,928	13,665,493	13,644,076
Add: Additons			7,515		48,169			1,764	3,000	60,448	334,535
Less: Disposals*				1,927	9,083				18,196	29,206	313,118
Closing Balance	329,318	361,247	264,935	100,407	140,720	2,490,279	343,533	9,658,564	7,732	13,696,735	13,665,493
ACCUMULATED AMORTIZATION											
Opening Balance		180,754	175,693	38,924	47,618	724,364	259,765	707,246	-	2,134,364	2,017,150
Add: Amortization		10,679	17,745	10,516	8,999	60,527	9,567	158,253		276,286	272,729
Less: Acc. Amortization on Disposals*				1,927	858					2,785	155,515
Closing Balance		191,433	193,438	47,513	55,759	784,891	269,332	865,499	-	2,407,865	2,134,364
Net Book Value, year ended 2016											
	329,318	169,814	71,497	52,894	84,961	1,705,388	74,201	8,793,065	7,732	11,288,870	
Net Book Value, year ended 2015											
	329,318	180,493	81,727	63,410	54,016	1,765,915	83,768	8,949,554	22,928		11,531,129

* During the 2016 year, a loss on disposal of tangible capital assets was incurred in the amount of \$4,476 (2015 - \$49,029). This amount has been included in amortization expense & loss on disposals on the Statement of Operations.

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
SEGMENTED INFORMATION - GENERAL FUND
For the Year Ended December 31, 2016**

	2016 Budget (unaudited)	2016 Actual	2015 Actual
REVENUE			
Municipal property taxes	647,733	652,324	633,799
Grants in lieu of taxes	21,868	22,577	21,995
Fees and charges	16,400	28,385	29,007
Permits and licences	27,700	46,379	38,852
Interest income	11,000	12,676	14,783
Conditional operating transfers, other gov't	85,236	51,105	46,046
Unconditional transfers from other gov't	246,386	253,263	267,155
	1,056,323	1,066,709	1,051,637
EXPENSES			
Legislative			
Indemnities & benefits	60,306	61,136	59,730
Council other	6,682	9,101	3,365
Grants & projects	16,272	13,759	14,881
	83,260	83,996	77,976
Administration			
Salaries & benefits	290,951	268,403	291,863
Human resources	22,441	19,064	21,427
Information systems	28,211	35,978	32,311
Municipal hall	110,044	115,828	112,207
Planning	90,000	50,633	27,573
Support services	64,758	24,116	83,969
Interest and bank charges	1,100	3,795	2,084
Other	900	2,115	2,060
Administration allocation recovery	(11,844)	(10,840)	(12,452)
	596,561	509,092	561,042
Transportation (non-municipal road network)			
Salaries & benefits	287,005	283,434	275,599
Vehicles, equipment & supplies	34,721	33,428	32,282
Public works allocation recovery	(147,529)	(144,163)	(140,884)
Roads, bridges etc. (contracts)	23,015	20,485	10,664
Trails & public spaces	7,971	1,825	29
	205,183	195,009	177,690
Transportation (municipal road network)	75,236	51,105	46,046
Fire protection & emergency preparedness	2,569	4,558	3,960
Amortization & loss on disposal of capital assets	105,000	109,034	156,989
	1,067,809	952,794	1,023,703
REVENUES LESS EXPENSES BEFORE CAPITAL	(11,486)	113,915	27,934
CAPITAL REVENUES			
Community Works Fund grant	53,000	54,430	52,662
Conditional capital transfers	20,000	-	66,831
	73,000	54,430	119,493
ANNUAL SURPLUS	61,514	168,345	147,427

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
SEGMENTED INFORMATION - WASTE AND RECYCLING DEPOT FUND
For the Year Ended December 31, 2016**

	2016 Budget (unaudited)	2016 Actual	2015 Actual
REVENUE			
Recycling & refuse fee	101,817	103,060	88,880
Permits and licences	50	30	75
Other fees and revenues	1,500	4,383	-
Interest income	540	627	627
	103,907	108,100	89,582
EXPENSES			
Public works allocation	26,534	24,622	23,989
Grant	-	3,624	-
Utilities	1,200	857	497
Labour contracts	41,130	24,357	8,253
Greenwaste promotion	3,000	46	317
Materials & equipment	2,092	7,524	325
Processing & hauling fees	56,800	36,970	32,158
Amortization & loss on disposal of capital a	6,500	13,478	7,008
	137,256	111,478	72,547
ANNUAL SURPLUS/(DEFICIT)	(33,349)	(3,378)	17,035

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
SEGMENTED INFORMATION - WATER FUND
For the Year Ended December 31, 2016**

	2016 Budget (unaudited)	2016 Actual	2015 Actual
REVENUE			
Water levy	187,270	186,797	182,276
Water parcel taxes	235,445	233,498	233,498
Water connection fees	7,380	7,380	6,765
MFA actuarial	13,300	14,482	9,806
Interest	1,400	1,385	1,237
	444,795	443,542	433,582
EXPENSES			
Administration			
Administration allocation	11,844	10,840	12,452
Water purchases from GVWD	55,621	56,246	49,742
Other (environmental monitoring & VPA Lease)	3,277	276	1,856
	70,742	67,362	64,050
Water system operations			
Public works allocation	78,494	81,142	78,856
Utilities	9,418	6,558	11,028
Water mains repair & maintenance	5,350	-	-
Station repair & maintenance	3,500	-	2,639
Reservoir repair & maintenance	1,030	-	-
Materials & equipment	7,304	9,357	9,547
Water quality	515	-	-
	105,611	97,057	102,070
Debt interest expense	128,800	128,799	128,799
Amortization	156,000	158,253	157,761
	461,153	451,471	452,680
ANNUAL (DEFICIT)	(16,358)	(7,929)	(19,098)

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The Financial Statements have been prepared in accordance with Canadian public sector accounting standards for local government as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Budget information has been aggregated to comply with these reporting standards. Certain comparative figures have been reclassified to conform to the current year's presentation.

(b) Accrual Accounting

Items recognized in the Financial Statements are accounted for in accordance with the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which they occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Liabilities are recognized until the obligation or condition(s) underlying the liability is partly or wholly satisfied. Assets are recognized until the future economic benefit underlying the asset is partly or wholly used or lost.

(c) Revenue Recognition

Taxation

Taxation levies for Village services are recognized as revenue when authorized at the time of issuing the tax notice. Taxation levies imposed by other taxing authorities are not included in these statements.

Fees and Charges (including permits and licenses)

Fees and charges are recognized as revenue when the service or product is provided by the Village.

Government Transfers (conditional and unconditional grants)

Unconditional transfer revenue is recognized when it has been authorized by the transferor. Conditional transfer revenue is recognized when the transfer has been authorized by the transferor and the Village has met all the eligibility criteria, unless the transfer creates a liability (conditions on the use of the funds that have not yet been fulfilled by the Village). Such transfers are recognized as revenue when the conditions of the transfer are satisfied. For conditional transfers for capital expenditures revenue is typically recognized when eligible expenditures are incurred by the Village.

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Cash & Equivalents

Cash and equivalents include liquid investments with maturities of three months or less at acquisition.

(e) Investments

Investments are recorded at cost, except Municipal Finance Authority (MFA) Pooled Investment Funds which are recorded at market value. The carrying value of investments is reduced to its net realizable value if, in management's opinion, there is a permanent decline in value.

(f) Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement, and are not available for general municipal purposes are accounted for as deferred revenue on the Statement of Financial Position. The revenue is recognized in the Statement of Operations in the year in which it is used for the specified purpose.

(g) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Intangible capital assets are not recorded as assets and are expensed when incurred.

Tangible Capital Assets (see Schedule 1)

Tangible Capital Assets are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight line basis over the estimated useful life of the asset commencing when the asset is put into service.

Carrying costs directly attributable to the acquisition, construction or development activity, including interest costs, are capitalized to the point in time when the asset is substantially complete and ready for use. Contributions or donations of tangible capital assets are recorded at fair value at the date of contribution/donation.

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Non-Financial Assets (continued)

Estimated useful lives are as follows:

Type	Functional Use Category	Useful Life Range (years)
General:	Land	Not amortized
	Buildings	15-50
	Vehicles, machinery & equipment	2-20
	Office furniture & equipment	5-10
	Recycling depot	10-15
Infrastructure:	Road Network	35-50 Roads 75 Bridges 15-20 Other (signage, bank stabilization, etc.)
	Storm Sewer	40
	Water System	80-100 (mains), 10-50 (components)

(h) Use of Estimates

The preparation of Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the period. Significant areas requiring estimates include the determination of provisions for contingencies, net book value for tangible capital assets capitalized prior to 2009, and amortization expense. As such, actual amounts could differ from the estimates. If actual results differ, adjustments are reflected in operations when known.

2. INVESTMENTS

	<u>2016</u>	<u>2015</u>
MFA Money Market Fund	<u>\$ 219,487</u>	<u>\$ 217,756</u>

All funds bear interest at variable rates and can be accessed on demand. The annualized average rate of return for 2016 was 0.79% (2015 – 0.85%).

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

3. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Municipal property taxes & user fees	\$ 56,430	\$ 82,597
Goods & Service Tax (GST)	-	32,727
Other	-	16,536
	<u>\$ 56,430</u>	<u>\$ 131,860</u>

4. MFA DEBT CASH DEPOSIT

	<u>2016</u>	<u>2015</u>
MFA Debt Reserve Fund - Cash Deposit*	<u>\$ 50,951</u>	<u>\$ 49,566</u>
MFA Debt Reserve Fund - Demand Note	<u>\$ 73,309</u>	<u>\$ 73,309</u>

* Only the cash portion of the Debt Reserve Fund is reported in the Financial Statements.

The Municipal Finance Authority of British Columbia (“MFA”) provides capital financing for regional districts and their member municipalities. The MFA is required to establish a Debt Reserve Fund, composed of cash deposits and demand notes. The MFA must then use this fund if at any time there are insufficient funds to meet payments on its obligations; this event has not occurred since the inception of MFA in 1970. If this occurs, the regional districts and their member municipalities may be called upon to restore the fund.

Each member municipality, who shares in the proceeds of a debt issue, is required to execute a demand note in favour of the MFA and pay into the MFA cash reserve fund (cash deposit) certain amounts set out in the financing agreements. The interest earned on the cash deposit, less administrative expenses, becomes an obligation of MFA to the member municipalities. Upon the maturity of a debt issue, the demand note will be extinguished and the unused portion of the cash deposit will be paid to the municipality, including interest earned. Use of the cash deposit is restricted by legislation.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2016</u>	<u>2015</u>
Payroll expenses	\$ 10,647	\$ 11,943
MFA debt interest expense accrual	31,053	31,053
Goods and Services Tax (GST)	21,977	-
Other accounts payables and accruals	67,631	34,603
	<u>\$ 131,308</u>	<u>\$ 77,599</u>

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

6. PERFORMANCE BONDS & REFUNDABLE DEPOSITS

	2016	2015
Performance bonds	\$ 183,396	\$ 165,751
Refundable deposits	5,449	5,449
	\$ 188,845	\$ 171,200

7. DEFERRED REVENUE

	Balance Jan/1/2016	Contributions Received	Restricted Interest Income	Contributions Used (Revenue)	Balance Dec/31/2016
MIA grant (handicap access)*	2,000	-	-	-	2,000
GVTA grant (Bedwell Bay Road)*	67,643	103,000	739	51,105	120,277
Property Taxes paid in advance	125,921	232,941	-	241,929	116,933
	\$ 195,564	\$ 335,941	\$ 739	\$ 293,034	\$ 239,210

* These funds are externally restricted and must be used for the purposes for which they were collected.

GVTA (Greater Vancouver Transit Authority) Grant

Annually the Village receives a grant from the GVTA intended to cover the operating and maintenance costs of Bedwell Bay Road as it is designated as part of the Regions road network. Grants received in excess of actual costs are carried forward for use in future years.

Property Taxes Paid in Advance

Includes property tax overpayments and advance payments by property owners who choose to pay for the coming year's (2017) property taxes in advance of when they will be due (July 2017) under the Village's Tax Prepayment Plan. Forty-four, or about 10% (2015 – 47) of the Village's property owners currently participate in the Property Tax Prepayment Plan.

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

8. LONG-TERM DEBT

	2016	2015
Municipal Finance Authority Issue 121 (25 year term), Loan Authorization Bylaw 413-2008 & 432-2011, Potable Water Project, 2.90% (fixed 10 year rate), due October 4, 2037.	<u>\$ 3,984,098</u>	<u>\$ 4,105,225</u>

Interest expense on the long-term debt is \$128,799 (2015 - \$128,799). Interest accrued on the long-term debt is \$31,053 (2015 - \$31,053).

Principal and interest payments payable, and estimated actuarial earnings on sinking funds (held by the Municipal Finance Authority) to be attributed against the debt payable in future years are:

	Interest	Principal	Actuarial	Total
2017	\$ 128,798	\$ 106,645	\$ 18,115	\$ 253,558
2018	128,798	106,645	23,105	258,548
2019	128,798	106,645	28,295	263,738
2020	128,798	106,645	33,692	269,135
2021	128,798	106,645	39,306	274,749
Future years:	2,060,777	1,706,320	1,602,039	5,369,136
	<u>\$ 2,704,767</u>	<u>\$ 2,239,545</u>	<u>\$ 1,744,552</u>	<u>\$ 6,688,864</u>

**VILLAGE OF BELCARRA
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

9. ACCUMULATED SURPLUS

Accumulated surplus is represented by:

	2016	2015
Unappropriated Surplus/(Deficit)		
General Fund	\$713,500	\$658,711
Water Fund	(18,875)	(27,620)
Refuse & Recycling Fund	80,705	81,605
	775,330	712,696
Non-Statutory Reserves		
Community Works Fund	161,767	32,291
Strategic Communities Investment Advance	32,547	106,284
Climate Change	46,746	41,229
Water Debt Repayment	29,742	31,447
MFA Cash Deposit	50,951	49,565
	321,753	260,816
Statutory Reserves		
Operating	46,923	39,583
Transportation Capital (roads, bridges etc.)	321,258	200,838
Buildings Capital	145,086	123,828
Equipment Capital	79,062	71,947
Water Capital	63,811	43,715
Refuse & Recycling Capital	9,693	27,772
	665,833	507,683
Subtotal	1,762,916	1,481,195
Investment in Tangible Capital Assets & Inventory	7,310,295	7,434,977
	\$9,073,211	\$8,916,172

The Unappropriated Surplus is the amount of Accumulated Surplus remaining after deducting the other appropriated surplus balances (see below). It is available to temporarily finance operations until planned revenues (i.e. property taxes, fees, grants etc.) are received, or for other operating or capital purposes as determined by Council, to the extent that it is available as cash.

The Non-Statutory and Statutory Reserves are Accumulated Surplus that has been set aside by decision of Council for a specified purpose. The Statutory Reserves have been established by bylaw in accordance with the *Community Charter* and their use is restricted by the related bylaw and legislation. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

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9. ACCUMULATED SURPLUS (continued)

Investment in Tangible Capital Assets & Inventory is equal to the book value of the tangible capital assets and inventory less related long-term debt. In the normal course of operations the tangible capital assets and inventory will not be available to finance operations, but will be consumed/used to provide services, and the debt will be repaid by future period revenues.

10. CONTINGENCIES

(a) Municipal Pension Plan

The employer and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan. The Village paid \$31,211 for employer contributions and \$23,820 for employee contributions to the Plan in fiscal 2016 (\$32,618 and \$43,514 respectively in 2015).

(b) Regional District Debt

Debt of the Greater Vancouver Regional District (operating as Metro Vancouver) are, under the provisions of the *Community Charter*, a direct, joint and several liability of the Regional District and each member municipality, including the Village.

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11. COMMITMENT UNDER OPERATING LEASE

The Village leases a photocopier under an operating lease which expires in March 2019. The Village is obligated to make the following minimum lease payments under this operating lease in the fiscal years ending:

2017	\$4,168
2018	4,168
2019	<u>1,042</u>
	<u>\$9,378</u>

12. PROPERTY TAXATION REVENUE

The Village is legislatively required to collect, and pay, property taxes on behalf of other governments. The amounts collected and paid are not recognized as revenues or expenses of the Village. Details of gross property taxes collected less amounts remitted to other governments and credits provided to taxpayers for the Home Owner Grant, are as follows:

	<u>2016</u>	<u>2015</u>
Municipal Property Taxes	\$ 652,324	\$ 633,584
Other Government Property Taxes		
School District - School Tax	733,020	784,279
Police Tax	77,673	77,203
Greater Vancouver Regional District	121,155	114,304
Greater Vancouver Transit Authority	129,586	140,040
BC Assessment & MFA	<u>24,958</u>	<u>26,445</u>
Total Other Government Property Taxes	<u>1,086,392</u>	<u>1,142,271</u>
Gross Property Taxes	<u>1,738,716</u>	<u>1,775,855</u>
Less: Provincial Home Owner Grant	83,597	79,696
Less: Transfers to Other Governments	<u>1,002,795</u>	<u>1,062,360</u>
	<u>1,086,392</u>	<u>1,142,056</u>
Municipal Property Taxes	<u>\$ 652,324</u>	<u>\$ 633,799</u>

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13. WATER PARCEL TAXES

Water parcel taxes are collected each year to pay the annual interest and principal debt payments on long-term debt incurred by the Village for the potable water system construction project. The water parcel tax commenced with the first debt payment requirement in 2013, and will continue for the twenty-five year term of the related debt (see long-term debt note 8), provided the debt is not otherwise repaid.

The water parcel charge is adjusted annually and is charged to all taxable parcels that benefit from the construction of the potable water system as defined in the Village of Belcarra Water Supply and Distribution Local Area Service No. 1 Establishment and Loan Authorization Bylaw No. 413, 2008.

14. FINANCIAL PLAN (BUDGET) RECONCILIATION

The Financial Plan (Budget) was adopted by Council on November 13th, 2015. Legislatively, the Financial Plan must balance planned revenue sources with planned expenditures or use of funds (referred to as the balanced budget requirement). The table below demonstrates how the legislative requirement for a balanced budget has been met.

	2016 Budget (unaudited)	2016 Actual	2015 Actual
Surplus, Statement of Operations	\$ 11,807	\$ 157,039	\$ 145,364
Adjustments for non-cash items:			
Add back: Amortization expense & loss on disposal	267,500	280,765	321,758
Add back: Disposal proceeds netted in above		3,745	
Add back: Inventory consumed	4,728	3,550	5,522
Deduct: MFA actuarial interest revenue	(13,300)	(14,482)	(9,806)
Adjustments for cash items that are not revenues or expenses, but are sources or uses of funds:			
Less: capital expenditures	(150,250)	(42,252)	(225,961)
Less: debt principal repayment	(106,645)	(106,645)	(106,645)
Net transfers for operating or capital purposes:			
-(To)/from Statutory Reserves	(62,108)	(158,149)	(28,644)
-(To)/from Non-Statutory Reserves	(52,454)	(60,937)	(60,429)
-(To)/from Unappropriated Surplus	100,722	(62,634)	(41,159)
Financial Plan (Budget) Balance	\$ -	\$ -	\$ -

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15. SEGMENTED REPORTING (see Schedules 2, 3, and 4)

The Village is a diversified municipal government that provides a variety of services to its citizens such as community planning & development, roads transportation network, refuse and recycling collection and disposal, and potable water services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows.

General Government Services

This segment comprises:

- Services necessary to operate the Village government such as finance and administrative services (property taxation administration and collection, human resources, reception, records management, legal, audit, information systems support etc.) and mayor and council support and expenses
- Services necessary to operate and maintain the Municipal Hall and the Public Works Yard
- Community planning & development services, including updating and maintenance of the Official Community Plan and related documents and bylaws, subdivision approval and building and other related inspections and approvals
- Bylaw development, administration and enforcement
- Community events (Belcarra Day) and community/council grants
- Public Works Operations, which comprises a number of services including maintenance of the road and storm sewer networks, snow removal, and trail maintenance

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15. SEGMENTED REPORTING (continued)

Refuse & Recycling Services

This segment provides refuse and recycling collection (by resident drop-off) and disposal of refuse and various recyclable materials. Staff expenses incurred directly related to this service are included in the Public Works Allocation.

Water Services

This segment provides potable water services provided to the community.

16. 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, 2016.