

Financial Statements of

**VILLAGE OF BELCARRA**

Year ended December 31, 2017


## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Village of Belcarra ("Village") have been prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS"). Preparation and presentation of the financial statements is the responsibility of the Village.

Village Council ensures management fulfills its responsibilities for financial reporting, budgeting and internal controls by approving bylaws and policies, reviewing variance reports and financial statements, and having discussions with the Village's auditors in a closed meeting.

The audit firm of KPMG LLP, appointed by Council, has expressed its opinion that the financial statements prepared by management fairly present the financial position of the Village as at December 31, 2017, and the results of 2017 operations are in accordance with PSAS.

The Village maintains a system of internal and administrative controls designed to provide reliable and accurate financial information and to ensure assets of the Village are appropriately accounted for and adequately safeguarded. Expenditures and revenues are analyzed regularly by finance staff and updates are provided to Council at the end of the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters, and as required.



\_\_\_\_\_  
Mayor



\_\_\_\_\_  
Chief Administrative Officer



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4710 Kingsway, Suite 2400  
Burnaby BC V5H 4M2  
Canada  
Telephone (604) 527-3600  
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## INDEPENDENT AUDITORS' REPORT

To the Mayor and Council

We have audited the accompanying financial statements of the Village of Belcarra, which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes and schedules, comprising 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.

### *Auditors' 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 our 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, we consider 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 the Village of Belcarra as at December 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Comparative Information*

The financial statements of the Village of Belcarra as at and for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 10, 2017.

*KPMG LLP*

Chartered Professional Accountants

April 9, 2018

Burnaby, Canada

# VILLAGE OF BELCARRA

## Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial Assets</b>		
Cash	\$ 410,282	\$ 1,980,761
Investments (note 2)	1,237,271	219,487
Accounts receivable (note 3)	147,079	56,430
MFA debt reserve deposit (note 7)	51,945	50,951
	<u>1,846,577</u>	<u>2,307,629</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	120,706	131,308
Performance bonds and refundable deposits (note 5)	226,270	188,845
Deferred revenue (note 6)	122,122	239,210
Debt (note 7)	3,858,135	3,984,098
	<u>4,327,233</u>	<u>4,543,461</u>
<b>Net Debt</b>	<b>(2,480,656)</b>	<b>(2,235,832)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 8)	11,336,897	11,288,870
Prepaid expenses	14,374	14,650
Inventories held for consumption	21,910	5,523
	<u>11,373,181</u>	<u>11,309,043</u>
<b>Accumulated surplus (note 9)</b>	<b>\$ 8,892,525</b>	<b>\$ 9,073,211</b>

Commitments and contingencies (note 10)

See accompanying notes to financial statements.

  
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Lorna Dysart  
Chief Administrative Officer

# VILLAGE OF BELCARRA

## Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (note 1(i) and note 14)	2017	2016
<b>Revenue:</b>			
Municipal property taxes	\$ 670,439	\$ 670,628	\$ 652,324
Water parcel taxes (note 13)	233,498	233,498	233,498
Receipts in lieu of taxes	10,712	10,554	22,577
<b>Fees and charges:</b>			
Recycle and refuse levy	106,058	106,314	103,060
Water levy	193,796	192,749	186,799
Water connection fees	7,380	7,380	7,380
Transfers from other governments, conditional	157,706	248,241	51,105
Transfers from other governments, unconditional	309,300	309,396	307,693
Permits and licences	29,750	77,056	46,409
Interest income and actuarial	31,200	45,313	29,170
Other revenues	17,100	20,581	32,768
	<u>1,766,939</u>	<u>1,921,710</u>	<u>1,672,783</u>
<b>Expenses:</b>			
General government	887,334	1,036,058	612,143
Transportation	375,732	420,937	340,651
Recycle and refuse	108,661	119,746	111,478
Water system	475,157	525,655	451,472
	<u>1,846,884</u>	<u>2,102,396</u>	<u>1,515,744</u>
Annual surplus (deficit)	(79,945)	(180,686)	157,039
Accumulated surplus, beginning of year	9,073,211	9,073,211	8,916,172
<b>Accumulated surplus, end of year (note 9)</b>	<b>\$ 8,993,266</b>	<b>\$ 8,892,525</b>	<b>\$ 9,073,211</b>

See accompanying notes to financial statements.

# VILLAGE OF BELCARRA

## Statement of Changes in Net Debt

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (note 1(i))	2017	2016
Annual surplus (deficit)	\$ (79,945)	\$ (180,686)	\$ 157,039
Acquisition of tangible capital assets	(549,800)	(358,337)	(42,249)
Amortization of tangible capital assets	276,000	286,187	276,286
Loss on disposal of tangible capital assets	-	24,123	4,476
Proceeds on sale of tangible capital assets	-	-	3,746
	(273,800)	(48,027)	242,259
Inventory acquired	-	(21,910)	-
Inventory consumed	-	5,523	3,549
Prepaid expenses consumed	-	276	277
	-	(16,111)	3,826
Change in net debt	(353,745)	(244,824)	403,124
Net debt, beginning of year	(2,235,832)	(2,235,832)	(2,638,956)
Net debt, end of year	\$ (2,589,577)	\$ (2,480,656)	\$ (2,235,832)

See accompanying notes to financial statements.

# VILLAGE OF BELCARRA

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ (180,686)	\$ 157,039
Items not involving cash:		
Amortization of tangible capital assets	286,187	276,286
Loss on disposal of tangible capital assets	24,123	4,476
Debt actuarial adjustment	(19,318)	(14,482)
	110,306	423,319
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	(90,649)	75,430
Increase in MFA debt cash deposit	(994)	(1,385)
Decrease in accounts payable and accrued liabilities	(10,602)	53,709
Increase in performance bonds and refundable deposits	37,425	17,645
Decrease (increase) in deferred revenue	(117,088)	43,646
Decrease in prepaid expenses	276	277
Increase (decrease) in inventory held for consumption	(16,387)	3,549
	(87,713)	616,190
Financing activity:		
Principal payments on debt	(106,645)	(106,645)
Investing activity:		
Increase in investments	(1,017,784)	(1,731)
Capital activities:		
Proceeds from sale of tangible capital assets	-	3,746
Acquisition of tangible capital assets	(358,337)	(42,249)
	(358,337)	(38,503)
Increase (decrease) in cash	(1,570,479)	469,311
Cash, beginning of year	1,980,761	1,511,450
Cash, end of year	\$ 410,282	\$ 1,980,761

See accompanying notes to financial statements.



# VILLAGE OF BELCARRA

## Notes to Financial Statements

Year ended December 31, 2017

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The Village of Belcarra (the "Village") is incorporated under the Local Government Act of British Columbia. The Village's principal activities include the provision of local government services to residents, businesses and visitors of the incorporated area.

### 1. Significant accounting policies:

The Village follows Canadian Public Sector Accounting Standards as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada, including the following significant policies:

(a) Basis of presentation:

The financial statements present the resources and operations including all accounts and funds of the Village. All inter-fund transactions, assets and liabilities have been eliminated.

(b) Cash:

Cash includes short-term highly liquid investments with maturity dates within three months of acquisition that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(c) Investments:

Investments are recorded at cost. When there has been a loss in value of the investment that is other than a temporary decline, the investment is written down and recognized as a loss in the statement of operations. Accrued interest is included in accounts receivable. Discounts and premiums arising on purchase are amortized on a straight-line basis over the period to maturity.

(d) Government transfers:

Restricted transfers from government are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or receivable, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

(e) 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.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (e) Non-financial assets (continued):

#### (i) Tangible capital assets:

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

Asset	Useful life – Years
Buildings and facilities	15 to 50
Vehicles, machinery and equipment	2 to 20
Office furniture and equipment	5 to 10
Recycling depot	10 to 15
Roads and sidewalks	15 to 75
Storm sewer infrastructure	30 to 80
Water system infrastructure	10 to 100

Annual amortization is charged commencing when the asset is available for use. Assets under construction are not amortized until the asset is put into productive use.

#### (ii) 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.

#### (iii) Arts and heritage assets:

Arts and heritage assets are not recorded as assets in these financial statements as stipulated by PSAB standards.

#### (iv) Interest capitalization:

The Village does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

#### (v) Leased tangible capital assets:

Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

#### (vi) Inventories held for consumption:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (f) Revenue recognition:

Revenue is recognized when it is earned and measurable. Unearned amounts are reported on the statement of financial position as deferred revenue or deposits.

Annual taxation revenues are recognized in the year they are levied, calculated using the approved tax rates in the annual tax rates bylaw.

Property taxes imposed by other taxing authorities are not included as taxes for municipal purposes.

### (g) Expense recognition:

Expenses are recorded on the accrual basis and are recognized upon the receipt of goods or services. Interest expense on debenture and other debt is accrued.

### (h) Budget reporting:

The budget figures reported in the statement of operations represent the 2017 component of Financial Plan (2017-2021) Bylaw, 2017, No. 506 adopted by the Village Council on April 24, 2017.

### (i) Debt:

Debt is recorded net of cumulative payments to the Municipal Finance Authority ("MFA") and actuarial adjustments relating to the MFA's sinking fund. Payments made and cumulative actuarial adjustments are calculated such that, combined, they reduce the amount of the debt to nil at its maturity date.

### (j) Employee future benefits:

The Village and its employees make contributions to the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. These contributions are expensed as incurred.

The Village also accrues sick leave. The liability relating to these benefits is actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liability under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

### (k) Use of accounting estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of tangible capital assets for amortization, valuation of receivables, accrued sick and other post-employment benefits and provision for contingencies. Adjustments, if any, will be reflected in the financial statements in the period of settlement or change in the amount of the estimate.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (l) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Village has provided definitions of segments as well as presented financial information in segmented format (note 16).

### (m) Contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for contaminated sites is recognized net of any expected recoveries when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The Village is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site. The Village has no liability for contaminated sites as at year-end.

## 2. Investments:

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	2017	2016
MFA bond funds	\$ 1,237,271	\$ -
MFA money market funds	-	219,487

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The market value of investments as at December 31, 2017 is \$1,220,243. In 2017, the Village recorded a write-down totaling \$4,082.

## 3. Accounts receivable:

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	2017	2016
Municipal property taxes and user fees	\$ 80,781	\$ 56,672
Trade accounts receivable	40,218	(242)
Goods and Services Tax	26,080	-
	<hr/> \$ 147,079	<hr/> \$ 56,430

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# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 4. Accounts payable and accrued liabilities:

	2017	2016
Trade accounts payables and accruals	\$ 61,272	\$ 67,631
MFA debt interest expense accrual	31,053	31,053
Payroll expenses	28,381	10,647
Goods and Services Tax	-	21,977
	\$ 120,706	\$ 131,308

## 5. Performance bonds and refundable deposits:

	2017	2016
Performance bonds	\$ 220,821	\$ 183,396
Refundable deposits	5,449	5,449
	\$ 226,270	\$ 188,845

## 6. Deferred revenue:

	Balance, Beginning of year	Contributions received	Restricted interest/ income	Revenue recognized	Balance, end of year
MIA grant (handicap access)	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Major road network grant (a)	120,279	105,000	653	210,766	15,166
Property taxes paid in advance (b)	116,932	209,434	-	221,410	104,956
	\$ 239,211	\$ 314,434	\$ 653	\$ 432,176	\$ 122,122

### (a) Major road network ("MRN") grant:

Annually, the Village receives a grant from the Greater Vancouver Transit Authority ("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.

### (b) Property taxes paid in advance:

Property tax overpayments and advance payments by property owners who choose to participate in the Village's Tax Prepayment Plan are carried forward for use in future years.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 7. Debt:

The Village obtained debt instruments through the MFA pursuant to security issuing bylaws under authority of the Community Charter to finance capital expenditures for the installation of a potable water system serving most of the Village. Principle payments and actuarial adjustments are netted against related debts. Details are as follows:

Bylaw number	Maturity Date	Interest Rate	Authorized	Principle payments and actuarial adjustments	2017	2016
413 & 432	2037	2.90%	\$ 4,441,330	\$ 583,205	\$ 3,858,135	\$ 3,984,098

Total interest expense on the debt for the year was \$128,799 (2016 - \$128,799).

As a condition of these borrowings, a portion of the debt proceeds is withheld by the MFA in a Debt Reserve Fund. The Village has also executed a demand note in connection with the debt. These demand notes are contingent in nature and are not reflected in the accounts. The details of the debt reserve fund and contingent demand notes at December 31, 2017 are as follows:

	2017	2016
Cash deposit	\$ 51,945	\$ 50,951
Demand note	73,309	73,309

Principle payments made to the MFA sinking fund and actuarial adjustments on the outstanding debt over the next five years and thereafter are as follows:

	Total
2018	\$ 129,750
2019	134,940
2020	140,337
2021	145,951
2022	151,789
Future years	3,155,368
	\$ 3,858,135

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, 2017.

# VILLAGE OF BELCARRA

## Notes to Financial Statements

Year ended December 31, 2017

### 8. Tangible capital assets:

	Land	Buildings	Vehicle Machinery & equipment	Office furniture equipment	WARD depot	Road network	Storm sewers	Water system	Assets under construction	2017 Actual	2016 Actual
Cost:											
Opening balance	\$ 329,318	\$ 361,247	\$ 264,935	\$ 100,407	\$ 140,723	\$2,490,283	\$ 343,526	\$9,658,564	\$ 7,731	\$ 13,696,734	\$ 13,665,493
Add: Additions	-	49,012	12,848	26,026	21,537	164,388	-	24,144	60,382	358,337	60,448
Less: Disposals	-	(21,994)	(9,427)	(13,777)	(5,070)	(53,487)	-	-	-	(103,725)	(29,206)
	329,318	388,265	268,356	112,656	157,190	2,601,184	343,526	9,682,708	68,113	13,951,346	13,696,735
Accumulated amortization:											
Opening balance	\$ -	\$ 191,433	\$ 193,438	\$ 47,513	\$ 55,759	\$ 784,990	\$ 269,232	\$ 865,499	\$ -	\$ 2,407,864	\$ 2,134,364
Add: Amortization	-	11,075	18,905	13,345	10,081	64,336	9,498	158,947	-	286,187	276,286
Less: Accumulated amortization on disposals	-	(14,744)	(4,826)	(13,777)	(5,070)	(41,185)	-	-	-	(79,602)	(2,785)
	-	187,764	207,517	47,081	60,770	808,141	278,730	1,024,446	-	2,614,449	2,407,865
Net book value, end of year	\$ 329,318	\$ 200,501	\$ 60,839	\$ 65,575	\$ 96,420	\$1,793,043	\$ 64,796	\$8,658,262	\$ 68,113	\$ 11,336,897	\$ 11,288,870

# VILLAGE OF BELCARRA

Notes to Financial Statements

Year ended December 31, 2017

## 9. Accumulated surplus:

	General fund	WARD fund	Water fund	2017 Total	2016 Total
Reserves:					
Statutory (a)	\$ 580,561	\$ 2,379	\$ 30,630	\$ 613,570	\$ 665,833
Non-statutory (b)	303,210	-	80,019	383,229	321,755
Unappropriated surplus (deficit) (c)	382,163	66,949	(54,058)	395,054	775,328
	1,265,934	69,328	56,591	1,391,853	1,762,916
Investment in TCA and inventories (d)	2,594,636	96,420	4,809,616	7,500,672	7,310,295
<b>Total for 2017</b>	<b>\$ 3,860,570</b>	<b>\$ 165,748</b>	<b>\$ 4,866,207</b>	<b>\$ 8,892,525</b>	<b>\$ 9,073,211</b>

### (a) Statutory reserves:

The following reserves were 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.

	2017	2016
General Fund:		
Operating:		
Multi-purpose courts	\$ 44,319	\$ 41,903
Election costs	10,093	5,020
Transportation capital	352,774	321,258
Buildings capital	115,871	145,086
Equipment capital	57,504	79,062
	580,561	592,329
Waste and Recycling Depot ("WARD") Fund:		
Refuse and recycling capital	2,379	9,693
Water Fund:		
Water capital	30,630	63,811
	\$ 613,570	\$ 665,833



# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 9. Accumulated surplus (continued):

### (b) Non-statutory reserves:

The following reserves are accumulated surplus that has been set aside by decision of Council for a specified purpose. 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.

	2017	2016
General Fund:		
Community Works Fund	\$ 218,058	\$ 161,767
Strategic Communities Investment Advances	32,862	32,547
Climate change	52,290	46,746
	<u>303,210</u>	<u>241,060</u>
Water Fund:		
Water debt repayment	28,074	29,744
MFA cash deposit	51,945	50,951
	<u>80,019</u>	<u>80,695</u>
	<u>\$ 383,229</u>	<u>\$ 321,755</u>

### (c) Unappropriated surplus (deficit):

Unappropriated surplus (deficit) is the amount of accumulated surplus remaining after deducting the other appropriated surplus balances. 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.

### (d) Investment in tangible capital assets and inventories:

Investment in tangible capital assets and inventories is equal to the book value of the tangible capital assets and inventory less related debt. In the normal course of operations the tangible capital assets and inventory will not be available to finance operations, but will be consumed to provide services, and the debt will be repaid by future period revenues.

	2017	2016
Tangible capital assets	\$ 11,336,897	\$ 11,288,870
Inventories held for consumption	21,910	5,523
	<u>11,358,807</u>	<u>11,294,393</u>
Deduct: Debt	(3,858,135)	(3,984,098)
	<u>\$ 7,500,672</u>	<u>\$ 7,310,295</u>

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 10. Commitments and contingencies:

(a) Operating lease:

The Village leases a photocopier under an operating lease which expires in March 2019. Total annual commitments, net of applicable taxes, are approximately as follows:

2018	\$	4,168
2019		1,042
	\$	5,210

(b) Contingent liability:

The loan agreements with the Greater Vancouver Regional District and the Municipal Finance Authority provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligations in respect of such borrowing, the resulting deficiency becomes a joint and several liability of the City and the other parties. Management does not consider payment under this contingency to be likely and therefore no liability has been recorded.

(c) Third party claims:

There is a lawsuit and claim pending by and against the Village. The outcome of this claim is undeterminable and it is the opinion of management that final determination of this claim will not materially affect the financial statements of the Village.

## 11. Pension plan:

The Village 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, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 11. Pension plan (continued):

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. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Village paid \$29,679 (2016 - \$31,211) for employer contributions while employees contributed \$25,664 (2016 - \$23,820) to the Plan in fiscal 2017.

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.

## 12. Collections for other governments:

The Village collects certain taxation revenue on behalf of other government bodies. These funds are excluded from the Village's financial statements as they are not revenue of the Village. Such taxes collected and remitted to other government bodies during the year are as follows:

	2017	2016
Province of British Columbia - school tax	\$ 777,543	\$ 733,020
Greater Vancouver Transit Authority	134,244	129,586
Greater Vancouver Regional District	141,564	121,155
Police Tax	92,282	77,673
BC Assessment and MFA	26,584	24,958
	<u>\$ 1,172,217</u>	<u>\$ 1,086,392</u>

## 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 (note 7), 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, with the exception of those parcels that have paid the water parcel charge in full, as defined in the Village of Belcarra Water Supply and Distribution Local Area Service No. 1 Establishment and Loan Authorization Bylaw No. 413, 2008.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 14. Budget:

Legislatively, the budget 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.

	2017 Budget	2017	2016
Surplus (deficit), statement of operations	\$ (79,945)	\$(180,686)	\$ 157,039
Adjustments for non-cash items:			
Add back: Amortization of tangible capital asset	276,000	286,187	276,286
Add back: Loss on disposal of tangible capital assets	-	24,123	4,476
Add back: Disposal proceeds	-	-	3,745
Add back: Inventory consumed	4,728	5,523	3,550
Deduct: Inventory acquired	-	(21,910)	-
Deduct: MFA actuarial interest	(18,200)	(19,318)	(14,482)
Adjustments for cash items that are not revenues or expenses, but are sources or uses of funds:			
Less: capital expenditures	(549,800)	(358,337)	(42,252)
Less: debt principal repayment	(106,645)	(106,645)	(106,645)
Net transfers for operating or capital purposes:			
From (to) statutory reserves	279,650	52,263	(158,146)
From (to) non-statutory reserves	(53,954)	(61,474)	(60,937)
From (to) unappropriated surplus	248,166	380,274	(62,634)
	\$ -	\$ -	\$ -

## 15. Comparative information:

Certain components of the comparative information have been reclassified to conform to the financial statement presentation adopted in the current year.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 16. Segment reporting:

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, and financial information are as follows.

### **General Fund – General Government, Community Planning & Development and Transportation.**

General Government – Services provided 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.), mayor and council support and expenses, community events and grants, services necessary to operate and maintain the Municipal Hall and the Public Works Yard, and bylaw development, administration and enforcement.

Community Planning & Development Services – Services provided to update and maintain the Official Community Plan, Zoning Bylaw and related documents and bylaws, and building and other related inspections and approvals.

Transportation – These services comprise the Public Works department that provides a number of services including maintenance of the road and drainage/storm sewer networks, snow removal, and trail maintenance.

**Waste and Recycling Depot Fund (“WARD”)** – This segment provides refuse and recycling collection (by resident drop-off) and disposal of refuse and various recyclable materials.

**Water Fund (“Water system”)** – This segment provides potable water services to the community.

# VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 16. Segment reporting (continued):

	General government	Transportation	Recycle & refuse	Water system	2017	2016
Revenue:						
Municipal property taxes	\$ 670,628	\$ -	\$ -	\$ -	\$ 670,628	\$ 652,324
Water parcel taxes	-	-	-	233,498	233,498	233,498
Receipts in lieu of taxes	10,554	-	-	-	10,554	22,577
Fees and charges:						
Recycle and refuse	-	-	106,314	-	106,314	103,060
Water levy	-	-	-	192,749	192,749	186,799
Water connection	-	-	-	7,380	7,380	7,380
Transfers from other government	292,415	265,222	-	-	557,637	358,798
Other revenues	121,679	-	760	20,511	142,950	108,347
	1,095,276	265,222	107,074	454,138	1,921,710	1,672,783
Expenses:						
Salaries, wages and benefits	399,491	174,987	27,467	100,804	702,749	612,974
Contracted services	470,883	-	75,367	119,547	665,797	276,330
Supplies and other	131,553	138,799	6,831	17,558	294,741	216,879
Interest on debt	-	-	-	128,799	128,799	128,799
Amortization	22,280	94,879	10,081	158,947	286,187	276,286
Loss on disposal of TCA	11,851	12,272	-	-	24,123	4,476
	1,036,058	420,937	119,746	525,655	2,102,396	1,515,744
Annual surplus (deficit)	\$ 59,218	\$ (155,715)	\$ (12,672)	\$ (71,517)	\$ (180,686)	\$ 157,039

# VILLAGE OF BELCARRA

## Schedule 1 - General Fund

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
<b>Revenue:</b>			
Municipal property taxes	\$ 670,439	\$ 670,628	\$ 652,323
Receipts in lieu of taxes	10,712	10,554	22,577
Fees and charges	17,100	20,351	28,385
Permits and licences	29,700	77,011	46,379
Interest income	11,000	24,286	12,676
Small Community Investment Fund grant	252,000	252,071	250,449
Major Road Network grant	145,706	210,766	51,105
Community Works Fund grant	54,500	54,456	54,430
Other	14,800	40,375	2,814
	<u>1,205,957</u>	<u>1,360,498</u>	<u>1,121,138</u>
<b>Expenses:</b>			
<b>General Government:</b>			
Indemnities and benefits	61,197	62,292	61,136
Council other	6,848	3,981	9,101
Grants and projects	16,326	16,025	13,759
Salaries and benefits	277,040	294,309	268,402
Human resources	23,957	22,188	19,064
Information systems	34,062	30,417	35,978
Municipal hall	116,666	158,476	115,829
Planning	267,000	305,835	50,632
Support services	72,663	109,505	24,117
Interest and bank charges	3,700	3,783	3,795
Other	900	7,730	2,115
Administration allocation recovery	(12,025)	(12,614)	(10,840)
Amortization of tangible capital assets	19,000	22,280	19,055
Loss on disposal of tangible capital assets	-	11,851	-
	<u>887,334</u>	<u>1,036,058</u>	<u>612,143</u>
<b>Transportation:</b>			
<b>Non-municipal road network:</b>			
Salaries and benefits	287,457	288,063	283,434
Vehicles, equipment and supplies	34,831	57,839	33,429
Public works allocation recovery	(148,052)	(155,754)	(144,163)
Roads, bridges etc. (contracts)	23,219	22,347	20,486
Trails and public spaces	7,971	11,395	1,825
Municipal road network	75,706	84,656	51,105
Fire protection and emergency preparedness	4,600	5,240	4,558
Amortization of tangible capital assets	90,000	94,879	89,977
Loss on disposal of tangible capital assets	-	12,272	-
	<u>375,732</u>	<u>420,937</u>	<u>340,651</u>
	<u>1,263,066</u>	<u>1,456,995</u>	<u>952,794</u>
<b>Annual surplus (deficit)</b>	<b>\$ (57,109)</b>	<b>\$ (96,497)</b>	<b>\$ 168,344</b>

# VILLAGE OF BELCARRA

## Schedule 2 - Waste and Recycling Depot Fund

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
<b>Revenue:</b>			
Recycling and refuse fee	\$ 106,058	\$ 106,314	\$ 103,060
Permits and licences	50	45	30
Other fees and revenues	-	-	4,383
Interest income	600	715	627
	<u>106,708</u>	<u>107,074</u>	<u>108,100</u>
<b>Expenses:</b>			
Recycle and refuse:			
Public works allocation	26,568	27,467	24,622
Grant	-	-	3,624
Utilities	1,000	1,140	857
Labour contracts	31,272	30,144	24,357
Greenwaste promotion	-	-	46
Materials and equipment	2,113	5,691	7,524
Processing and hauling fees	38,708	45,223	36,970
	<u>99,661</u>	<u>109,665</u>	<u>98,000</u>
Amortization of tangible capital assets	9,000	10,081	9,002
Loss on disposal of tangible capital assets	-	-	4,476
	<u>108,661</u>	<u>119,746</u>	<u>111,478</u>
<b>Annual deficit</b>	<b>\$ (1,953)</b>	<b>\$ (12,672)</b>	<b>\$ (3,378)</b>



# VILLAGE OF BELCARRA

## Schedule 3 - Water Fund

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
<b>Revenue:</b>			
Water levy	\$ 193,796	\$ 192,749	\$ 186,798
Water parcel taxes	233,498	233,498	233,498
Water connection fees	7,380	7,380	7,380
MFA actuarial interest	18,200	19,318	14,482
Interest	1,400	1,193	1,386
	<u>454,274</u>	<u>454,138</u>	<u>443,544</u>
<b>Expenses:</b>			
Water system:			
Administration allocation	12,025	12,614	10,840
Water purchases from GVWD	58,821	75,287	56,246
Other (environmental monitoring and VPA lease)	277	276	276
Public works allocation	78,737	88,191	81,142
Utilities	6,379	7,075	6,414
Water mains repair and maintenance	15,350	19,513	-
Station repair and maintenance	3,500	3,245	-
Reservoir repair and maintenance	1,040	13,400	-
Scada system	3,500	11,346	145
Materials and equipment	8,728	6,962	9,357
Debt interest expense	128,800	128,799	128,799
	<u>317,157</u>	<u>366,708</u>	<u>293,219</u>
Amortization	158,000	158,947	158,250
	<u>475,157</u>	<u>525,655</u>	<u>451,469</u>
Annual deficit	\$ (20,883)	\$ (71,517)	\$ (7,926)