

Village of Belcarra
FINANCIAL STATEMENTS
December 31, 2003

Village of Belcarra

December 31, 2003

Management's Responsibility for Financial Reporting

The accompanying Village financial statements are the responsibility of management and have been approved by the Administrator on behalf of the Mayor and Council.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Village maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Village's assets are appropriately accounted for and adequately safeguarded.

The Village Mayor and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Village Mayor and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditors' report.

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

"Ralph Drew"

Mayor

"Maira McGregor"

Administrator



AUDITORS' REPORT

To the Mayor and Council of the
Village of Belcarra

We have audited the balance sheet of the Village of Belcarra as at December 31, 2003 and the statement of revenue and expenditures and changes in fund balances for the year ended December 31, 2003. 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, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Municipal Act (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.
February 13, 2004

A handwritten signature in dark ink that reads 'D&H Group'.

Chartered Accountants

Village of Belcarra

BALANCE SHEET

December 31, 2003

	2003			2002	
	Operating fund	Capital fund	Reserve fund	Total	Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 67,582	\$ -	\$ 3,186	\$ 70,768	\$ 25,083
Investments	259,435	-	96,323	355,758	269,680
Accounts receivable (Note 2)	34,303	-	-	34,303	24,147
Due from reserve fund	-	-	-	-	24,878
Due from operating fund	-	9,157	60,054	69,211	10,261
	<u>361,320</u>	<u>9,157</u>	<u>159,563</u>	<u>530,040</u>	<u>354,049</u>
PROPERTY, PLANT AND EQUIPMENT (NOTE 3)	-	2,743,483	-	2,743,483	2,636,886
INTANGIBLE ASSET	-	664,236	-	664,236	664,236
GAS MAIN EXTENSION COSTS RECOVERABLE (NOTE 4)	-	33,339	-	33,339	55,714
	<u>\$ 361,320</u>	<u>\$ 3,450,215</u>	<u>\$ 159,563</u>	<u>\$ 3,971,098</u>	<u>\$ 3,710,885</u>
LIABILITIES					
CURRENT LIABILITES					
Accounts payable and accrued liabilities	\$ 85,872	\$ -	\$ -	\$ 85,872	\$ 50,564
Due to capital fund	9,157	-	-	9,157	10,261
Due to reserve fund	60,054	-	-	60,054	-
Due to operating fund	-	-	-	-	24,878
Property taxes collected in advance	103,798	-	-	103,798	95,607
Performance bonds	29,216	-	-	29,216	39,413
	<u>288,097</u>	<u>-</u>	<u>-</u>	<u>288,097</u>	<u>220,723</u>
DEBENTURES PAYABLE (NOTE 5)	-	50,538	-	50,538	74,017
	<u>288,097</u>	<u>50,538</u>	<u>-</u>	<u>338,635</u>	<u>294,740</u>
FUND BALANCES					
RESERVE FOR FUTURE EXPENDITURES (SCHEDULE 1)	<u>73,223</u>	<u>-</u>	<u>-</u>	<u>73,223</u>	<u>32,958</u>
EQUITY IN CAPITAL ASSETS	-	3,399,677	-	3,399,677	3,293,080
RESERVE FUND BALANCES (SCHEDULE 2)					
Equipment replacement	-	-	34,755	34,755	14,328
Capital works	-	-	110,406	110,406	61,951
Redevelopment of Marine Avenue	-	-	14,402	14,402	13,828
	<u>-</u>	<u>-</u>	<u>159,563</u>	<u>159,563</u>	<u>90,107</u>
	<u>73,223</u>	<u>3,399,677</u>	<u>159,563</u>	<u>3,632,463</u>	<u>3,416,145</u>
	<u>\$ 361,320</u>	<u>\$ 3,450,215</u>	<u>\$ 159,563</u>	<u>\$ 3,971,098</u>	<u>\$ 3,710,885</u>

Approved by: "Moira McGregor" Administrator

Village of Belcarra

STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended December 31, 2003

	2003			2002	
	Operating fund	Capital fund	Reserve fund	Total	Total
REVENUE					
Taxation – net (Note 6)	\$ 387,723	\$ –	\$ –	\$ 387,723	\$ 345,617
Government grants (Schedule 3)	155,327	–	–	155,327	136,939
Garbage collection	41,625	–	–	41,625	37,750
Sundry	3,940	–	–	3,940	5,946
Penalties and interest on taxes	4,064	–	–	4,064	3,850
Licenses and permits	26,140	–	–	26,140	29,407
Main Avenue septic lease fees	4,200	–	–	4,200	4,200
Interest	<u>24,968</u>	<u>–</u>	<u>2,905</u>	<u>27,873</u>	<u>24,631</u>
	<u>647,987</u>	<u>–</u>	<u>2,905</u>	<u>650,892</u>	<u>588,340</u>
EXPENDITURES					
General government (Schedule 4)	235,918	–	–	235,918	226,335
Public works	127,289	–	–	127,289	117,003
Capital expenditures	106,597	–	–	106,597	186,134
Garbage disposal	31,598	–	–	31,598	30,093
Goods and Services Tax, net of recoveries	6,573	–	–	6,573	10,169
Interest and bank charges	20,292	–	–	20,292	18,366
Planning	11,943	–	–	11,943	6,500
Septic lease fees – G.V.R.D.	<u>961</u>	<u>–</u>	<u>–</u>	<u>961</u>	<u>1,792</u>
	<u>541,171</u>	<u>–</u>	<u>–</u>	<u>541,171</u>	<u>596,392</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES FOR THE YEAR					
	<u>106,816</u>	<u>–</u>	<u>2,905</u>	<u>109,721</u>	<u>(8,052)</u>
INTER-FUND TRANSFERS					
Transfer to (from) fund	(66,551)	–	66,551	–	–
Contributions received for acquisition of capital assets from operating fund	–	106,597	–	106,597	177,027
Contributions received for acquisition of capital assets from reserve fund	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>9,107</u>
	(66,551)	106,597	66,551	106,597	186,134
FUND BALANCE , beginning of year					
	<u>32,958</u>	<u>3,293,080</u>	<u>90,107</u>	<u>3,416,145</u>	<u>3,238,063</u>
FUND BALANCE, end of year					
	\$ <u>73,223</u>	\$ <u>3,399,677</u>	\$ <u>159,563</u>	\$ <u>3,632,463</u>	\$ <u>3,416,145</u>

Schedule 1

Village of Belcarra

CHANGES IN RESERVE FOR FUTURE EXPENDITURES (OPERATING FUND)

Year ended December 31, 2003

	2003	2002
BALANCE, beginning of year	\$ 32,958	\$ 25,027
LESS		
Amounts used during the year	—	—
	32,958	25,027
ADD		
Appropriation from reserve fund – GVTA	15,065	7,931
Appropriation from reserve fund – future paving	20,000	—
Appropriation from reserve – gas main debenture	5,200	—
BALANCE, end of year	\$ <u>73,223</u>	\$ <u>32,958</u>
FUND COMPRISED OF:		
Future paving	\$ 20,000	\$ —
GVTA – Highway maintenance	31,885	16,820
Gas main extension debenture	15,600	10,400
Historical book fund proceeds	5,738	5,738
	\$ <u>73,223</u>	\$ <u>32,958</u>

Schedule 2

CHANGES IN RESERVE FUND

Year ended December 31, 2003

	Equipment replacement	Capital works	Redevelopment of Marine Avenue	2003	2002
BALANCE, beginning of year	\$ 14,328	\$ 61,951	\$ 13,828	\$ 90,107	\$ 106,090
INTEREST ON INVESTMENTS	427	1,904	574	2,905	2,710
TRANSFER TO OPERATING FUND	—	—	—	—	(18,693)
	14,755	63,855	14,402	93,012	90,107
APPROPRIATION FROM OPERATIONS	20,000	46,551	—	66,551	—
BALANCE, end of year	\$ <u>34,755</u>	\$ <u>110,406</u>	\$ <u>14,402</u>	\$ <u>159,563</u>	\$ <u>90,107</u>

Village of Belcarra
GOVERNMENT GRANTS
Year ended December 31, 2003

	Actual 2003	Budget 2003	Actual 2002
OPERATING FUND			
Revenue sharing	\$ 102,889	\$ 102,889	\$ 102,889
GVTA Major Roads - capital	5,321	-	-
GVTA Major Roads - maintenance	38,592	38,590	34,050
Emergency procedures	<u>8,525</u>	<u>8,525</u>	<u>-</u>
	\$ <u>155,327</u>	\$ <u>150,004</u>	\$ <u>136,939</u>

GENERAL GOVERNMENT EXPENDITURES
Year ended December 31, 2003

	Actual 2003	Budget 2003	Actual 2002
ADMINISTRATION SALARIES AND BENEFITS	\$ 131,866	\$ 136,851	\$ 124,838
COUNCIL INDEMNITIES	33,686	33,689	32,976
DUES, CONVENTIONS AND ADVERTISING	11,304	11,800	9,439
INSURANCE	15,599	13,000	12,036
LEGAL AND AUDIT	12,774	13,000	12,991
MAINTENANCE, HEAT AND LIGHT OF OFFICES AND EQUIPMENT	6,583	7,000	9,361
OFFICE SUPPLIES AND PRINTING	11,084	8,000	6,593
SUNDRY	2,714	3,000	8,564
TELEPHONE AND POSTAGE	<u>10,308</u>	<u>9,000</u>	<u>9,537</u>
	\$ <u>235,918</u>	\$ <u>235,340</u>	\$ <u>226,335</u>

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2003

1. ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which necessarily involves the use of estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

Basis of accounting

The Village uses the modified accrual basis of accounting, which is full accrual except for accrued interest on long-term debt.

Investments

Investments are recorded at cost and are comprised of money market funds held with the Municipal Finance Authority of B.C. The market value of the investments approximate their carrying amount.

Property, plant and equipment

Property, plant and equipment are recorded at cost. In accordance with Ministry of Municipal Affairs guidelines, amortization is not recorded.

Intangible asset

Intangible asset is comprised of the gas main extension costs and is recorded at cost. In accordance with Ministry of Municipal Affairs guidelines, amortization is not recorded.

2. ACCOUNTS RECEIVABLE

	<u>2003</u>	<u>2002</u>
Taxes	\$ 19,012	\$ 10,146
GST rebate receivable	9,792	13,205
Other	<u>5,499</u>	<u>796</u>
	<u>\$ 34,303</u>	<u>\$ 24,147</u>

3. PROPERTY, PLANT AND EQUIPMENT

	<u>2003</u>	<u>2002</u>
Land	\$ 81,500	\$ 81,500
Buildings	243,327	229,001
Office equipment	69,757	69,757
Vehicles	117,684	117,684
Engineering structures	215,492	214,266
Roads	1,169,747	1,159,405
Machinery and equipment	83,137	62,802
Fire protection water main	<u>762,839</u>	<u>702,471</u>
	<u>\$ 2,743,483</u>	<u>\$ 2,636,886</u>

4. GAS MAIN EXTENSION COSTS RECOVERABLE

In 1995 the Village paid and incurred costs towards the construction of a gas distribution pipeline to properties within the Village's boundaries. Certain property owners opted to pay their share of the cost over ten years. During the year the Village recovered \$ 22,375 (2002 - \$ 21,309), leaving \$ 33,339 to be recovered over the next year. Village management anticipates that a portion of the amount recoverable will come from the Reserve for Future Expenditures (Schedule I).

Village of Belcarra
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2003

5.	DEBENTURES PAYABLE	<u>2003</u>	<u>2002</u>
	Municipal Finance Authority – requiring annual principal and interest payments totalling \$ 1,478 with interest calculated at the rate of 6.5%, due May 15, 2005	\$ 2,378	\$ 3,482
	Municipal Finance Authority – requiring annual principal and interest payments totalling \$ 31,701 with interest calculated at 7.0% semi-annually, in each and every year during the term of the debenture, due December 1, 2005	<u>48,160</u>	<u>70,535</u>
		\$ <u>50,538</u>	\$ <u>74,017</u>

6. TAXATION - NET

Taxation revenue comprises the following amounts raised less transfers:

	<u>2003</u>	<u>2002</u>
General municipal purposes *	\$ 383,929	\$ 342,624
Collections for other governments		
School District - School tax	507,813	507,731
Greater Vancouver Regional District	88,769	84,549
Greater Vancouver Transit Authority (GVTA)	42,968	40,416
B.C. Assessment Authority	<u>16,961</u>	<u>17,152</u>
	<u>1,040,440</u>	<u>992,472</u>
Transfers to other governments		
School District - School tax	502,824	504,789
Greater Vancouver Regional District	89,629	84,480
Greater Vancouver Transit Authority (GVTA)	43,148	40,416
B.C. Assessment Authority	17,072	17,145
Municipal Finance Authority	<u>44</u>	<u>25</u>
	<u>652,717</u>	<u>646,855</u>
	\$ <u>387,723</u>	\$ <u>345,617</u>

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

7. CONTINGENT LIABILITY

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

8. PENSION LIABILITY

The Village of Belcarra and its employees contribute to the Municipal Pension Plan (the pension plan), a jointly trusted pension plan governed by the BC Public Sector Pension Plans Act. The pension plan is a multi-employer contributory defined benefit pension plan with about 125,000 active contributors, including approximately 26,000 contributors from over 180 local governments. Joint trusteeship was established effective April 5, 2001. The board of trustees, representing plan members and employers, is fully responsible for the management of the pension plan, including investment of the assets and administration of the plan.

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2003

8. PENSION LIABILITY - continued

The British Columbia Pension Corporation provides benefit administration services and the British Columbia Investment Management Corporation provides investment management services for the pension plan.

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, 2000 indicates a surplus of \$ 436 million, an improved position of 9% surplus of covered payroll from a 14% unfunded liability of covered payroll as at the previous valuation of December 1997. The Joint Trust Agreement specifies how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers. Each employer expenses contributions to the plan in the year in which payments are made.

The above represents the most current information available at the time of preparing the financial statements.

9. FINANCIAL INSTRUMENTS

Fair value

The fair value of the Village's cash, investments, accounts receivable, accounts payable and accrued liabilities, property taxes collected in advance and performance bonds are believed to equal their carrying amounts due to their short terms to maturity.

The fair value of the Village's debentures payable are believed to equal its carrying amount, as the debentures payable are believed to bear a fair market rate of interest.

Interest rate risk

The Village's debentures payable bear interest at fixed rates. These debentures payable are therefore subject to interest rate price risk as fluctuations in market rates of interest may increase or decrease their fair value.

The Village's investments bear interest at a floating rate of interest. Therefore the interest earned and the related cash flow will vary according to changes in the rate of interest.

Credit risk

The Village's primary accounts receivable relate to GST refunds receivable from the government of Canada and property taxes and related arrears interest and penalties. Collection of the GST refunds is reasonably assured. The potential loss on property taxes owed, including arrears interest and penalties, is not considered significant because of the Village's authority to sell a property in order to collect the property taxes, interest and penalties owed on that property.