

Village of Belcarra
FINANCIAL STATEMENTS
December 31, 2007

Village of Belcarra

December 31, 2007

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 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 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.

Mayor

Administrator

AUDITORS' REPORT

To the Mayor and Council of the
Village of Belcarra

We have audited the statement of financial position of the Village of Belcarra as at December 31, 2007 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, 2007 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 4, 2008



Chartered Accountants

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 Understanding, Advising, Guiding

Village of Belcarra
STATEMENT OF FINANCIAL POSITION
December 31, 2007

	<u>2007</u>	<u>2006</u> (Notes 1 and 2)
ASSETS		
Cash	\$ 517,696	\$ 290,504
Investments	127,139	121,684
Accounts receivable (Note 3)	<u>63,702</u>	<u>90,577</u>
	\$ <u>708,537</u>	\$ <u>502,765</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 102,805	\$ 49,960
Property taxes collected in advance	127,257	122,730
Performance bonds	<u>81,038</u>	<u>54,028</u>
	<u>311,100</u>	<u>226,718</u>
COMMITMENTS AND CONTINGENT LIABILITY (Notes 5, 6 and 7)		
VILLAGE EQUITY		
NET FINANCIAL ASSETS (Note 8)	397,437	276,047
NON-FINANCIAL ASSETS (Note 4)	<u>3,425,331</u>	<u>3,311,210</u>
	\$ <u>3,822,768</u>	\$ <u>3,587,257</u>
SUBSEQUENT EVENT (Note 11)		

Approved by _____ Administrator

Village of Belcarra
STATEMENT OF OPERATIONS
Year ended December 31, 2007

	<u>2007 Budget</u>	<u>2007 Actual</u>	<u>2006 Actual</u> (Notes 1 and 2)
REVENUE			
Taxation – net (Note 9)	\$ 472,176	\$ 482,724	\$ 473,081
Government grants (Schedule 1)	257,583	220,119	188,979
Garbage collection	50,400	53,081	46,530
Sundry	5,500	24,032	14,680
Penalties and interest	3,500	7,170	5,997
Licenses and permits	29,180	36,302	29,770
Septic lease	4,200	4,200	4,200
Interest	<u>9,600</u>	<u>23,345</u>	<u>15,342</u>
	<u>832,139</u>	<u>850,973</u>	<u>778,579</u>
EXPENDITURES			
General government (Schedule 2)	458,473	421,660	414,878
Public works	112,315	98,127	47,807
Garbage	52,274	47,766	49,275
Interest and bank charges	3,000	2,809	2,098
Planning and consulting	70,029	43,000	31,939
Septic lease	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>
	<u>698,191</u>	<u>615,462</u>	<u>548,097</u>
ANNUAL SURPLUS	133,948	235,511	230,482
VILLAGE EQUITY, beginning of year	<u>4,251,493</u>	<u>3,587,257</u>	<u>3,356,775</u>
VILLAGE EQUITY, end of year	\$ <u>4,385,441</u>	\$ <u>3,822,768</u>	\$ <u>3,587,257</u>

Village of Belcarra

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year ended December 31, 2007

	<u>2007 Budget</u>	<u>2007 Actual</u>	<u>2006 Actual</u> (Notes 1 and 2)
ANNUAL SURPLUS	\$ 133,948	\$ 235,511	\$ 230,482
ACQUISITION OF CAPITAL ASSETS	<u>(133,887)</u>	<u>(114,121)</u>	<u>(88,932)</u>
CHANGE IN NET FINANCIAL ASSETS	61	121,390	141,550
NET FINANCIAL ASSETS, beginning of year	<u>276,047</u>	<u>276,047</u>	<u>134,497</u>
NET FINANCIAL ASSETS, end of year	\$ <u>276,108</u>	\$ <u>397,437</u>	\$ <u>276,047</u>

Village of Belcarra
STATEMENT OF CASH FLOWS
Year ended December 31, 2007

	<u>2007</u>	<u>2006</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Annual surplus	\$ 235,511	\$ 230,482
Net change in		
Accounts receivable	26,875	36,762
Accounts payable and accrued liabilities	52,845	(28,743)
Property taxes collected in advance	4,527	4,179
Performance bonds	<u>27,010</u>	<u>13,344</u>
	<u>346,768</u>	<u>256,024</u>
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		
Purchase of capital assets	(114,121)	(88,932)
Purchase of investment	<u>(5,455)</u>	<u>(4,664)</u>
	<u>(119,576)</u>	<u>(93,596)</u>
INCREASE IN CASH DURING THE YEAR	227,192	162,428
CASH, beginning of year	<u>290,504</u>	<u>128,076</u>
CASH, end of year	\$ <u>517,696</u>	\$ <u>290,504</u>

Village of Belcarra
GOVERNMENT GRANTS
Year ended December 31, 2007

	Actual 2007	Budget 2007	Actual 2006
OPERATING FUND			
Revenue sharing	\$ 183,060	\$ 180,000	\$ 143,254
GVTA Major Roads – maintenance	35,698	61,800	20,930
Joint Emergency Preparedness Program	1,865	–	5,783
Distribution infrastructure (recovery)	–	–	(500)
Regional water source (recovery)	–	–	(304)
Local water source (recovery)	–	–	(184)
Police tax implementation	1,000	–	–
Portable water supply	–	–	10,000
Water use efficiency (recovery)	(1,504)	–	10,000
Other	–	15,783	–
	\$ <u>220,119</u>	\$ <u>257,583</u>	\$ <u>188,979</u>

Schedule 2

GENERAL GOVERNMENT EXPENDITURES
Year ended December 31, 2007

	Actual 2007	Budget 2007	Actual 2006
SALARIES AND BENEFITS	\$ 279,304	\$ 284,306	\$ 261,501
COUNCIL INDEMNITIES	45,226	45,554	41,745
DUES, CONVENTIONS AND ADVERTISING	27,471	30,065	22,329
INSURANCE	15,129	19,715	22,647
LEGAL AND AUDIT	17,313	30,700	25,755
MAINTENANCE, TELEPHONE, HEAT AND LIGHT OF OFFICES AND EQUIPMENT	14,761	18,396	14,756
OFFICE SUPPLIES AND PRINTING	11,312	12,687	15,617
POSTAGE AND COURIER	4,064	5,000	4,614
SUNDRY	<u>7,080</u>	<u>12,050</u>	<u>5,914</u>
	\$ <u>421,660</u>	\$ <u>458,473</u>	\$ <u>414,878</u>

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

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.

Commencing in 2007, the Village has adopted the financial statement basis of presentation required to be adopted by 2009 pursuant to Section 1200 of the CICA Handbook. The 2006 comparative figures have been reclassified to reflect the new basis of presentation.

Basis of accounting

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

Revenue recognition

Property taxes are recognized as revenue in the year in which they are assessable.

Government grant revenue is recognized in the year that the respective grant agreement becomes effective, except that amounts to be expended subsequent to year end are deferred and recognized in the period the related expenditures are incurred. Government cost-sharing contributions are recognized in the year related costs are incurred to the extent collection of the contribution is reasonably assured.

Investments

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

Property, plant and equipment

Property, plant and equipment are recorded at cost. In accordance with the Ministry of Community Services guidelines, amortization is not recorded.

2. CHANGE IN ACCOUNTING POLICY

Pursuant to the new basis of financial statement presentation (see Note 1) the Village no longer records intangible assets. Accordingly, the amounts recorded in prior years in respect of the gas main extension have been written-off.

As a result of the change in accounting policy, the non-financial assets and Village equity amounts have been reduced as at January 1, 2006, by the \$ 664,236 cost of the gas main extension. The change otherwise had no effect on the statement of operations as amortization was not being recorded on the intangible asset.

3. ACCOUNTS RECEIVABLE

	<u>2007</u>	<u>2006</u>
Property taxes receivable	\$ 22,256	\$ 7,913
GST rebate receivable	19,870	16,859
Provincial grant receivable	1,813	65,054
Other	<u>19,763</u>	<u>751</u>
	\$ <u>63,702</u>	\$ <u>90,577</u>

Village of Belcarra
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2007

4. NON-FINANCIAL ASSETS

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

	<u>2007</u>	<u>2006</u>
Land	\$ 81,500	\$ 81,500
Buildings	289,803	289,803
Office equipment	99,563	95,550
Vehicles	117,684	117,684
Engineering structures	269,562	267,487
Roads	1,467,745	1,466,021
Machinery and equipment	126,306	117,572
Fire protection water main	<u>973,168</u>	<u>875,593</u>
	\$ <u>3,425,331</u>	\$ <u>3,311,210</u>

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

5. COMMITMENT UNDER OPERATING LEASE

The Village leases a photocopier under an operating lease expiring during the fiscal year ending December 31, 2010. The Village is obligated to make the following minimum lease payments under the operating lease in each of the following fiscal years ending:

December 31, 2008	\$ 3,618
December 31, 2009	3,618
December 31, 2010	<u>1,507</u>
	\$ <u>8,743</u>

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 plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 144,000 active members and approximately 51,000 retired members. Active members include approximately 35,000 contributors from local governments.

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 \$ 20,299 (2007 - \$ 22,087) for employer contributions to the plan in fiscal 2007.

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

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. RESERVE FUNDS

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

	<u>Equipment replacement</u>	<u>Capital works</u>	<u>Building replacement</u>	<u>Climate change contingency</u>	<u>Total 2007</u>	<u>Total 2006</u>
BALANCE, beginning of year	\$ 106,400	\$ 158,055	\$ 5,000	\$ 4,000	\$ 273,445	\$ 168,726
INTEREST ON INVESTMENTS	<u>1,963</u>	<u>4,730</u>	<u>-</u>	<u>-</u>	<u>6,693</u>	<u>5,729</u>
	108,363	162,785	5,000	4,000	280,148	174,455
APPROPRIATION FROM OPERATIONS	<u>-</u>	<u>2,000</u>	<u>5,000</u>	<u>-</u>	<u>7,000</u>	<u>99,000</u>
BALANCE, end of year	\$ <u>108,363</u>	\$ <u>164,785</u>	\$ <u>10,000</u>	\$ <u>4,000</u>	\$ <u>287,148</u>	\$ <u>273,455</u>

9. TAXATION - NET

Taxation revenue comprises the following amounts raised less transfers:

	<u>2007</u>	<u>2006</u>
General municipal purposes *	\$ 479,779	\$ 468,447
Collections for other governments		
School District - School tax	613,199	593,420
Greater Vancouver Regional District	89,419	92,238
Greater Vancouver Transit Authority	109,003	112,234
B.C. Assessment	20,009	19,523
Municipal Finance Authority	87	70
Police tax	<u>44,845</u>	<u>-</u>
	<u>1,356,341</u>	<u>1,285,932</u>
Transfers to other governments		
School District - School tax	610,360	588,786
Greater Vancouver Regional District	89,383	92,238
Greater Vancouver Transit Authority	108,959	112,234
B.C. Assessment	20,000	19,523
Municipal Finance Authority	87	70
Police tax	<u>44,828</u>	<u>-</u>
	<u>873,617</u>	<u>812,851</u>
	\$ <u>482,724</u>	\$ <u>473,081</u>

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

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

10. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, property taxes collected in advance, and performance bonds.

Fair value

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

Interest rate risk

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

Credit risk

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

11. SUBSEQUENT EVENT

Subsequent to December 31, 2007, the Village was granted a maximum federal/provincial contribution of \$ 4,035,266 for funding Belcarra-Potable Water Supply and Distribution Project under the Canada-British Columbia Municipal Rural Infrastructure Fund.

The project approval is conditional on the completion of the environmental assessment due diligence as required by the Canadian Environmental Assessment Act. The project is expected to commence in 2008 and completed in 2011.