

**Village of Belcarra**  
**FINANCIAL STATEMENTS**  
**December 31, 2010**

# Village of Belcarra

December 31, 2010

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## 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 Chief Administrative Officer on behalf of the Mayor and Council.

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

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

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

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

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

***"Ralph Drew"***

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Mayor

***"Lynda Floyd"***

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

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of  
Village of Belcarra

### Report on the Financial Statements

We have audited the accompanying financial statements of Village of Belcarra, which comprise the statement of financial position as at December 31, 2010 and the statement of operations, statement of change in net financial assets 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 generally accepted accounting principles, 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 the Village as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### Report on Other Legal and Regular Requirements

As required by the *Community Charter (British Columbia)*, we report that in our opinion these accounting standards have been applied on a basis consistent with that of the preceding year.

Vancouver, BC  
May 9, 2011



**Chartered Accountants**

**Village of Belcarra**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 176,675	\$ 387,846
Investments	841,062	705,958
Accounts receivable (Note 3)	<u>858,658</u>	<u>173,094</u>
	<u>1,876,395</u>	<u>1,266,898</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	826,779	87,408
Property taxes collected in advance	153,272	156,934
Performance bonds	79,844	98,212
Promissory note payable (Note 4)	155,604	-
Deferred revenue	<u>187,657</u>	<u>195,550</u>
	<u>1,403,156</u>	<u>538,104</u>
COMMITMENTS AND CONTINGENT LIABILITY (Notes 6, 7 and 8)		
<b>VILLAGE EQUITY</b> (Note 9)		
NET FINANCIAL ASSETS	<u>473,239</u>	<u>728,794</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	3,832,156	2,819,489
Prepaid expenses	<u>16,309</u>	<u>3,641</u>
	<u>3,848,465</u>	<u>2,823,130</u>
	\$ <u>4,321,704</u>	\$ <u>3,551,924</u>
SUBSEQUENT EVENT (Note 12)		

*See accompanying notes and schedules to the financial statements.*

Approved by                     "Lynda Floyd"                     Chief Administrative Officer

**Village of Belcarra**  
**STATEMENT OF OPERATIONS**  
**Year ended December 31, 2010**

	2010 Actual	2010 Budget	2009 Actual
<b>REVENUE</b>			
Taxation – net (Note 10)	\$ 556,610	\$ 730,685	\$ 524,460
Government grants	877,345	152,377	412,020
Recycle and refuse levy	73,323	71,265	63,135
Sundry	7,097	9,000	9,388
Penalties and interest	8,557	4,000	7,723
Licenses and permits	26,047	21,000	15,851
Septic lease	4,200	4,200	4,200
Interest	<u>6,651</u>	<u>2,000</u>	<u>3,885</u>
	<u>1,559,830</u>	<u>994,527</u>	<u>1,040,662</u>
<b>EXPENDITURES</b>			
General government	549,583	567,416	511,347
Amortization of tangible capital assets	104,492	–	105,031
Public works	64,856	139,889	83,557
Recycle and refuse	45,711	60,200	58,163
Planning and consulting	21,453	58,000	15,355
Septic lease	2,100	2,100	2,100
Interest and bank charges	<u>1,855</u>	<u>2,500</u>	<u>1,381</u>
	<u>790,050</u>	<u>830,105</u>	<u>776,934</u>
ANNUAL SURPLUS	769,780	164,422	263,728
VILLAGE EQUITY, beginning of year	<u>3,551,924</u>	<u>4,000,100</u>	<u>3,288,196</u>
VILLAGE EQUITY, end of year	\$ <u>4,321,704</u>	\$ <u>4,164,522</u>	\$ <u>3,551,924</u>

*See accompanying notes and schedules to the financial statements.*

# Village of Belcarra

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year ended December 31, 2010

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	<u>2010 Actual</u>	<u>2009 Actual</u>
ANNUAL SURPLUS	\$ 769,780	\$ 263,728
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	104,492	105,031
PROCEEDS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	-	12,500
INCREASE IN PREPAID EXPENSES	(12,668)	(3,641)
ACQUISITION OF TANGIBLE CAPITAL ASSETS	<u>(1,117,159)</u>	<u>(213,123)</u>
CHANGE IN NET FINANCIAL ASSETS	(255,555)	164,495
NET FINANCIAL ASSETS, beginning of year	<u>728,794</u>	<u>564,299</u>
NET FINANCIAL ASSETS, end of year	\$ <u><u>473,239</u></u>	\$ <u><u>728,794</u></u>

*See accompanying notes and schedules to the financial statements.*

**Village of Belcarra**  
**STATEMENT OF CASH FLOWS**  
**Year ended December 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual surplus	\$ 769,780	\$ 263,728
Amortization of tangible capital assets	104,492	105,031
Net change in		
Accounts receivable	(685,564)	(28,878)
Accounts payable and accrued liabilities	739,371	20,599
Property taxes collected in advance	(3,662)	16,823
Performance bonds	(18,368)	184
Deferred revenue	(7,893)	143,581
Prepaid expenses	<u>(12,668)</u>	<u>(3,641)</u>
	<u>885,488</u>	<u>517,427</u>
<b>CASH FLOWS FROM (USED IN) CAPITAL ACTIVITY</b>		
Purchase of tangible capital assets	<u>(1,117,159)</u>	<u>(213,123)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on disposal of tangible capital asset	—	12,500
Promissory note payable	<u>155,604</u>	<u>—</u>
	<u>155,604</u>	<u>12,500</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITY</b>		
Purchase of investments	<u>(135,104)</u>	<u>(574,172)</u>
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>(211,171)</b>	<b>(257,368)</b>
CASH, beginning of year	<u>387,846</u>	<u>645,214</u>
CASH, end of year	\$ <u><u>176,675</u></u>	\$ <u><u>387,846</u></u>

*See accompanying notes and schedules to the financial statements.*

**Village of Belcarra**  
**SCHEDULE OF OPERATING FUND**  
**Year ended December 31, 2010**

	2010 Actual	2010 Budget	2009 Actual
<b>REVENUE</b>			
Taxation	\$ 556,610	\$ 730,685	\$ 513,991
Government grants	153,924	152,377	383,783
Sundry	7,097	9,000	8,562
Penalties and interest	8,557	4,000	7,723
Licenses and permits	26,047	21,000	14,781
Septic lease	4,200	4,200	4,200
Interest	<u>6,651</u>	<u>2,000</u>	<u>3,885</u>
	<u>763,086</u>	<u>923,262</u>	<u>936,925</u>
<b>EXPENDITURES</b>			
Salaries and benefits	375,339	378,343	365,963
Amortization of tangible capital assets	99,295	—	98,770
Public works	64,078	133,824	81,263
Council indemnities	51,763	52,000	50,109
Legal and audit	39,720	42,000	9,027
Dues, conventions and advertising	22,160	32,533	30,332
Planning and consulting	21,453	58,000	15,355
Maintenance, telephone, heat and light for offices and equipment	18,541	17,465	16,210
Office supplies and printing	16,101	13,311	13,723
Insurance	12,150	12,009	13,482
Sundry	8,230	14,575	8,061
Postage and courier	3,351	5,180	4,440
Septic lease	2,100	2,100	2,100
Interest and bank charges	<u>1,469</u>	<u>2,500</u>	<u>1,381</u>
	<u>735,750</u>	<u>763,840</u>	<u>710,216</u>
<b>ANNUAL SURPLUS</b>	27,336	159,422	226,709
<b>FUND EQUITY, beginning of year</b>	<u>3,405,611</u>	<u>3,942,815</u>	<u>3,178,902</u>
<b>FUND EQUITY, end of year</b>	\$ <u>3,432,947</u>	\$ <u>4,102,237</u>	\$ <u>3,405,611</u>
<b>FUND EQUITY, end of year, comprised of:</b>			
Net financial assets	\$ 731,027		\$ 628,073
Tangible capital assets	2,701,920		2,773,897
Prepaid expenses	<u>—</u>		<u>3,641</u>
	\$ <u>3,432,947</u>		\$ <u>3,405,611</u>



**Village of Belcarra**  
**SCHEDULE OF RECYCLE AND REFUSE FUND**  
**Year ended December 31, 2010**

	2010 <u>Actual</u>	2010 <u>Budget</u>	2009 <u>Actual</u>
<b>REVENUE</b>			
Taxation	\$ —	\$ —	\$ 10,469
Recycle and refuse levy	70,136	69,915	63,135
Sundry	1,225	600	826
Licenses and interest	<u>1,962</u>	<u>750</u>	<u>1,070</u>
	<u>73,323</u>	<u>71,265</u>	<u>75,500</u>
<b>EXPENDITURES</b>			
Processing and hauling	39,900	47,000	45,712
Amortization of tangible capital assets	5,197	—	6,261
Contractors	3,434	4,000	3,988
Equipment and supplies	2,150	9,200	7,965
Public works	778	6,065	2,294
Sundry	227	—	149
Utilities	—	—	306
Office supplies and printing	<u>—</u>	<u>—</u>	<u>43</u>
	<u>51,686</u>	<u>66,265</u>	<u>66,718</u>
<b>ANNUAL SURPLUS</b>	21,637	5,000	8,782
<b>FUND EQUITY, beginning of year</b>	<u>55,598</u>	<u>57,285</u>	<u>46,816</u>
<b>FUND EQUITY, end of year</b>	\$ <u><u>77,235</u></u>	\$ <u><u>62,285</u></u>	\$ <u><u>55,598</u></u>
<b>FUND EQUITY, end of year, comprised of:</b>			
Net financial assets	\$ 36,840		\$ 10,006
Tangible capital assets	40,395		45,592
Prepaid expenses	<u>—</u>		<u>—</u>
	\$ <u><u>77,235</u></u>		\$ <u><u>55,598</u></u>

**Village of Belcarra**  
**SCHEDULE OF WATER TREATMENT FUND**  
**Year ended December 31, 2010**

	2010 <u>Actual</u>	2010 <u>Budget</u>	2009 <u>Actual</u>
REVENUE			
Government grants	\$ <u>723,421</u>	\$ <u>          </u> -	\$ <u>28,237</u>
EXPENDITURES			
Public works	1,184	-	-
Contractors	1,044	-	-
Interest and bank charges	<u>386</u>	<u>          </u> -	<u>          </u> -
	<u>2,614</u>	<u>          </u> -	<u>          </u> -
ANNUAL SURPLUS	720,807	-	28,237
FUND EQUITY, beginning of year	<u>90,715</u>	<u>          </u> -	<u>62,478</u>
FUND EQUITY, end of year	\$ <u><u>811,522</u></u>	\$ <u><u>          </u></u> -	\$ <u><u>90,715</u></u>
FUND EQUITY, end of year, comprised of:			
Net financial assets (liabilities)	\$ (294,629)		\$ 90,715
Tangible capital assets	1,089,842		-
Prepaid expenses	<u>16,309</u>		<u>          </u> -
	\$ <u><u>811,522</u></u>		\$ <u><u>90,715</u></u>

# Village of Belcarra

## NOTES TO THE FINANCIAL STATEMENTS

### December 31, 2010

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#### 1. ACCOUNTING POLICIES

##### **Basis of presentation**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

##### **Basis of accounting**

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

##### **Revenue recognition**

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

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

##### **Investments**

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

##### **Tangible capital assets**

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

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

##### **Contributions of tangible capital assets**

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

##### **Use of estimates**

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

**Village of Belcarra**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

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**2. FUTURE ACCOUNTING STANDARDS**

**Tax revenue**

In February 2010, the Public Sector Accounting Board issued Section PS 3510 "Tax Revenue" which is required to be adopted for fiscal year ends beginning on or after April 1, 2012. It clarifies the definitions relating to taxation revenue and requires that certain expenses incurred in relation to a tax transaction be separately recognized in expenses and not netted against tax revenue. The Village is currently evaluating the effect of this new section on its financial statements.

**3. ACCOUNTS RECEIVABLE**

	<u>2010</u>	<u>2009</u>
Property taxes	\$ 65,726	\$ 40,312
GST/HST rebate	112,166	11,454
Provincial grant	658,444	90,714
Other	<u>22,322</u>	<u>30,614</u>
	<u>\$ 858,658</u>	<u>\$ 173,094</u>

**4. PROMISSORY NOTE PAYABLE**

The Village has been approved for a total of \$ 3,020,926 from the Municipal Finance Authority in order to finance short-term working capital requirements. Total amount borrowed is to be fully repaid by June 30, 2013 at the current prescribed interest rate of 1.69% (subject to fluctuations) and is repayable on demand. The liability has been approved by by-law.

**5. TANGIBLE CAPITAL ASSETS**

	<u>2010</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
Land	\$ 329,318	\$ —	\$ 329,318
Buildings	311,818	132,862	178,956
Office equipment	34,255	21,716	12,539
Vehicles	174,270	53,953	120,317
Roads	1,694,229	745,385	948,844
Machinery and equipment	130,483	69,798	60,685
Water storage tanks and fire protection watermains	1,166,945	170,774	996,171
Storm sewer	295,596	220,867	74,729
Bridge	<u>48,646</u>	<u>27,891</u>	<u>20,755</u>
	4,185,560	1,443,246	2,742,314
Construction in progress on Potable Water Project	<u>1,089,842</u>	<u>—</u>	<u>1,089,842</u>
	<u>\$ 5,275,402</u>	<u>\$ 1,443,246</u>	<u>\$ 3,832,156</u>

**Village of Belcarra**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

5. **TANGIBLE CAPITAL ASSETS** - continued

	2009		
	Cost	Accumulated amortization	Net
Land	\$ 329,318	\$ -	\$ 329,318
Buildings	293,235	124,085	169,150
Office equipment	28,297	15,608	12,689
Vehicles	174,270	30,585	143,685
Roads	1,694,229	712,388	981,841
Machinery and equipment	130,483	60,928	69,555
Water storage tanks and fire protection watermains	1,164,170	154,442	1,009,728
Storm sewer	295,596	213,477	82,119
Bridge	48,646	27,242	21,404
	<u>\$ 4,158,244</u>	<u>\$ 1,338,755</u>	<u>\$ 2,819,489</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.

**Potable water project**

The total costs for the Potable Water Project are estimated to be \$ 6,864,000. The project is to be partially funded with a \$ 4,035,266 grant from the Canada-BC Municipal Rural Infrastructure Fund (MRIF). The balance will be financed by the Village through short term or interim borrowing from the Municipal Finance Authority (MFA) until the completion of the project and is expected to be recovered from taxpayers based on a 25-year amortization schedule. See Note 4.

6. **COMMITMENT UNDER OPERATING LEASE**

The Village leases a photocopier under an operating lease which expires March 2015 as well as a vehicle under an operating lease which expires October 2012. The Village is obligated to make the following minimum lease payments under these operating leases in the fiscal years ending:

December 31, 2011	\$ 9,349
December 31, 2012	8,539
December 31, 2013	4,488
December 31, 2014	4,488
December 31, 2015	<u>3,366</u>
	<u>\$ 30,230</u>

7. **PENSION LIABILITY**

The Village and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteed 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 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 contributors from local government.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of \$ 1.024 million for basic pension benefits. The next valuation will be as at December 31, 2012, with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The Village paid \$ 27,691 (2009 - \$ 26,275) for employer contributions to the plan in fiscal 2010.

**Village of Belcarra**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

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**8. CONTINGENT LIABILITY**

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

**9. VILLAGE EQUITY**

Village equity is comprised of the following:

	<u>2010</u>	<u>2009</u>
<b>Surplus</b>		
Invested in tangible capital assets	\$ 3,832,156	\$ 2,819,489
Prepaid expenses	16,309	3,641
Unrestricted surplus	<u>44,131</u>	<u>350,674</u>
	<u>3,892,596</u>	<u>3,173,804</u>
<b>Reserves set aside by Council</b>		
Equipment replacement	111,499	104,445
Capital works	255,142	232,520
Building replacement	48,934	32,129
Climate change contingency	<u>13,533</u>	<u>9,026</u>
	<u>429,108</u>	<u>378,120</u>
	\$ <u>4,321,704</u>	\$ <u>3,551,924</u>

**10. TAXATION - NET**

Taxation revenue comprises the following amounts raised less transfers:

	<u>2010</u>	<u>2009</u>
General municipal purposes *	\$ 478,064	\$ 429,677
Collections for other governments		
School District - School tax	739,344	671,338
Greater Vancouver Regional District	98,265	92,393
Greater Vancouver Transit Authority	141,514	127,465
B.C. Assessment	24,818	22,275
Municipal Finance Authority	74	69
Police tax	<u>57,345</u>	<u>49,521</u>
	<u>1,539,424</u>	<u>1,392,738</u>
Transfers to other governments		
School District - School tax	660,818	576,552
Greater Vancouver Regional District	98,258	92,393
Greater Vancouver Transit Authority	141,506	127,465
B.C. Assessment	24,815	22,276
Municipal Finance Authority	74	69
Police tax	<u>57,343</u>	<u>49,523</u>
	<u>982,814</u>	<u>868,278</u>
	\$ <u>556,610</u>	\$ <u>524,460</u>

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

# Village of Belcarra

## NOTES TO THE FINANCIAL STATEMENTS

### December 31, 2010

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#### 11. **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, 2010.

#### 12. **SUBSEQUENT EVENT**

Subsequent to year end, the Village sold all its investments to assist with the cash flow requirements of the Potable Water Project (see Note 5).