

**VILLAGE OF BELCARRA**  
**ANNUAL FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
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For the Year Ended December 31, 2014**

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# Village of Belcarra

December 31, 2014

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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 public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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

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

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

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

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Mayor

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Acting Chief Administrative Officer

## Independent Auditor's Report

To the Mayor and Council of Village of Belcarra

We have audited the accompanying financial statements of Village of Belcarra, which comprise the statement of financial position as at December 31, 2014 and the statement of operations, statement of change in net debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Village of Belcarra as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vancouver, B.C.  
April 13, 2015


**Chartered Accountants**

#### D+H Group LLP Chartered Accountants

10th Floor, 1333 West Broadway  
Vancouver, British Columbia  
Canada V6H 4C1

Telephone: 604 731 5881  
Facsimile: 604 731 9923  
Email: [info@dhgroup.ca](mailto:info@dhgroup.ca)

[www.DHgroup.ca](http://www.DHgroup.ca)  
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 Understanding, Advising, Guiding

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
STATEMENT OF FINANCIAL POSITION  
As at December 31, 2014**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash	1,531,437	1,236,460
Investments (note 2)	215,912	213,585
Accounts receivable (note 3)	110,629	175,657
MFA debt cash deposit (note 4)	48,328	46,967
	<u>1,906,306</u>	<u>1,672,669</u>
<b>LIABILITIES</b>		
Accounts payable & accrued liabilities (note 5)	165,262	115,771
Performance bonds & refundable deposits (note 6)	179,348	144,660
Deferred revenue (note 7)	225,935	206,851
Long-term debt (note 8)	4,221,676	4,333,656
	<u>4,792,221</u>	<u>4,800,938</u>
<b>NET DEBT</b>	<u>(2,885,915)</u>	<u>(3,128,269)</u>
<b>NON FINANCIAL ASSETS</b>		
Prepaid expenses	15,203	15,480
Inventory held for consumption	14,594	18,539
Tangible capital assets (schedule 1)	11,626,926	11,736,637
	<u>11,656,723</u>	<u>11,770,656</u>
<b>ACCUMULATED SURPLUS (note 9)</b>	<u>8,770,808</u>	<u>8,642,387</u>

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

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Lorna Dysart  
Acting Chief Administrative Officer

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
STATEMENT OF OPERATIONS  
For the Year Ended December 31, 2014**

	2014 Budget (unaudited)	2014 Actual	2013 Actual
<b>REVENUES</b>			
Municipal property taxes (note 12)	616,785	617,925	601,112
Water parcel taxes (note 13)	235,445	233,498	233,498
Grants in lieu of taxes	21,417	21,870	21,635
Fees and charges			
Recycle & refuse levy	83,145	83,939	79,954
Water levy	175,908	177,025	167,778
Water connection fees	12,300	8,610	37,892
Septic lease	2,100	2,100	2,100
Penalties & interest on fees & taxes	7,500	14,856	13,357
Permits and licences	27,050	47,097	32,875
Other	5,600	9,762	9,618
Interest income	5,540	20,652	18,809
Conditional operating transfers, other govt's	69,846	43,492	43,844
Unconditional transfers, other govt's	172,894	171,642	172,973
MFA actuarial	-	5,335	1,028
	1,435,530	1,457,803	1,436,473
<b>EXPENSES</b>			
Legislative	102,199	124,618	76,466
Administration	571,286	464,649	509,689
Transportation	271,179	222,422	216,788
Recycle & refuse	78,009	72,301	75,215
Water system	312,710	308,794	282,682
Amortization & loss on disposals	249,030	266,995	260,737
	1,584,413	1,459,779	1,421,577
<b>REVENUES LESS EXPENSES BEFORE CAPITAL REVENUES</b>	(148,883)	(1,976)	14,896
<b>CAPITAL REVENUES</b>			
Community Works Fund grant	-	52,662	-
Municipal road network grant	141,000	46,024	3,742
Water parcel tax equivalency fee	-	31,711	-
Conditional capital transfers, other govt's	2,500	-	-
	143,500	130,397	3,742
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(5,383)	128,421	18,638
<b>ACCUMULATED SURPLUS, Beginning of Year</b>	8,642,387	8,642,387	8,623,749
<b>ACCUMULATED SURPLUS, End of Year</b>	8,637,004	8,770,808	8,642,387

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

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Annual surplus	128,421	18,638
Non-cash items included in annual surplus:		
Amortization expense	266,995	260,737
Long-term debt actuarial adjustment	(5,335)	(1,029)
Changes in non-cash operating balances:		
Accounts receivable	65,028	93,103
MFA debt cash deposit	(1,361)	(2,183)
Inventory held for consumption	3,945	116
Performance bonds and refundable deposits	34,688	(7,594)
Accounts payable and accrued liabilities	49,491	(20,933)
Prepays	277	276
Deferred revenue	19,084	32,825
	<b>561,233</b>	<b>373,956</b>
<b>CAPITAL ACTIVITY</b>		
Built/purchased tangible capital assets	(157,284)	(132,135)
<b>FINANCING ACTIVITY</b>		
Debt principal repaid	(106,645)	(106,645)
<b>INVESTING ACTIVITY</b>		
(Increase)/decrease in investments	(2,327)	(2,174)
<b>INCREASE IN CASH</b>	<b>294,977</b>	<b>133,002</b>
<b>CASH, Beginning of Year</b>	<b>1,236,460</b>	<b>1,103,458</b>
<b>CASH, End of Year</b>	<b>1,531,437</b>	<b>1,236,460</b>

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

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
STATEMENT OF CHANGE IN NET DEBT  
For the Year Ended December 31, 2014**

	2014 Budget (unaudited)	2014 Actual	2013 Actual
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(5,383)	128,421	18,638
<b>TANGIBLE CAPITAL ASSETS</b>			
Acquisition of tangible capital assets	(469,858)	(157,284)	(132,135)
Amortization	249,030	266,995	260,737
	(220,828)	109,711	128,602
<b>OTHER NON-FINANCIAL ASSETS</b>			
Inventory acquired	-	-	(22,368)
Inventory consumed	-	3,945	22,484
Prepays consumed	-	277	276
	-	4,222	392
<b>DECREASE/(INCREASE) IN NET DEBT</b>	(226,211)	242,354	147,632
<b>NET DEBT, Beginning of Year</b>	(3,128,269)	(3,128,269)	(3,275,901)
<b>NET DEBT, End of Year</b>	(3,354,480)	(2,885,915)	(3,128,269)

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

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
SCHEDULE 1 - TANGIBLE CAPITAL ASSETS CONTINUITY  
For the Year Ended December 31, 2014**

	Land	Buildings	Vehicle Machinery & Equipment	Office Furniture & Equipment	Recycling Depot	Road Network	Storm Sewers	Water System	Assets Under Construction	2014 Actual	2013 Actual
<b>COST</b>											
Opening Balance	329,318	361,247	241,708	111,636	91,408	2,403,295	295,598	9,631,477	21,105	13,486,792	13,364,556
Add: Additions			15,712		812	7,639	26,518	14,404	94,606	159,691	132,135
Less: Disposals									2,407	2,407	9,899
Closing Balance	329,318	361,247	257,420	111,636	92,220	2,410,934	322,116	9,645,881	113,304	13,644,076	13,486,792
<b>ACCUMULATED AMORTIZATION</b>											
Opening Balance		159,396	139,447	32,093	42,234	740,862	243,047	393,076	-	1,750,155	1,499,317
Add: Amortization		10,679	17,898	11,802	6,376	55,894	7,937	156,409		266,995	260,737
Less: Acc. Amortization on Disposals										-	9,899
Closing Balance	-	170,075	157,345	43,895	48,610	796,756	250,984	549,485	-	2,017,150	1,750,155
<b>Net Book Value, year ended 2014</b>	<b>329,318</b>	<b>191,172</b>	<b>100,075</b>	<b>67,741</b>	<b>43,610</b>	<b>1,614,178</b>	<b>71,132</b>	<b>9,096,396</b>	<b>113,304</b>	<b>11,626,926</b>	
<b>Net Book Value, year ended 2013</b>	<b>329,318</b>	<b>201,851</b>	<b>102,261</b>	<b>79,543</b>	<b>49,174</b>	<b>1,662,433</b>	<b>52,551</b>	<b>9,238,401</b>	<b>21,105</b>		<b>11,736,637</b>

**VILLAGE OF BELCARRA**  
**FINANCIAL STATEMENTS**  
**SCHEDULE 2 - SEGMENTED INFORMATION - GENERAL FUND**  
**For the Year Ended December 31, 2014**

	2014 Budget (unaudited)	2014 Actual	2013 Actual
<b>REVENUE</b>			
Municipal property taxes	616,785	617,925	601,112
Grants in lieu of taxes	21,417	21,870	21,635
Fees and charges	13,700	26,344	23,277
Permits and licences	27,000	47,067	32,860
Interest income	4,000	18,595	16,626
Conditional operating transfers, other govt's	69,846	43,492	43,844
Unconditional transfers from other govt's	172,894	171,642	172,973
	925,642	946,935	912,327
<b>EXPENSES</b>			
Legislative			
Indemnities & benefits	59,667	59,609	59,434
Council other	6,703	4,757	7,583
Election expense	20,000	15,664	-
Grants & projects	15,829	44,588	9,449
	102,199	124,618	76,466
Administration			
Salaries & benefits	296,166	285,736	277,440
Human resources	15,712	19,730	20,257
Information systems	27,877	26,691	17,685
Municipal hall	101,757	93,618	109,654
Planning	67,000	1,627	29,596
Support services	71,182	46,797	65,056
Interest and bank expense	1,500	1,169	1,067
Other	2,247	449	84
Administration allocation recovery	(12,155)	(11,168)	(11,150)
	571,286	464,649	509,689
Transportation (non-municipal road network)			
Salaries & benefits	281,230	261,700	259,394
Vehicles, equipment & supplies	25,092	40,187	34,101
Public works allocation recovery	(139,947)	(138,210)	(134,460)
Roads, bridges etc. (contracts)	22,041	15,253	8,861
Trails & public spaces	9,841	-	366
	198,257	178,930	168,262
Transportation (municipal road network)	69,846	43,492	43,844
Fire protection & emergency preparedness	3,076	-	4,682
Amortization & loss on disposal of capital assets	90,000	104,210	99,985
	1,034,664	915,899	902,928
<b>REVENUES LESS EXPENSES BEFORE CAPITAL REVENUES</b>	<b>(109,022)</b>	<b>31,036</b>	<b>9,399</b>
<b>CAPITAL REVENUES</b>			
Community Works Fund grant	-	52,662	-
Conditional capital transfers	143,500	46,024	3,742
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>34,478</b>	<b>129,722</b>	<b>13,141</b>

**VILLAGE OF BELCARRA**  
**FINANCIAL STATEMENTS**  
**SCHEDULE 3 - SEGMENTED INFORMATION - RECYCLING & REFUSE FUND**  
**For the Year Ended December 31, 2014**

	2014 Budget (unaudited)	2014 Actual	2013 Actual
<b>REVENUE</b>			
Recycling & refuse fee	83,145	83,939	79,954
Permits and licences	50	30	15
Other fees	1,500	374	1,798
Interest income	540	696	-
	85,235	85,039	81,767
<b>EXPENSES</b>			
Public works allocation	25,000	24,078	24,460
Utilities	750	649	725
Labour contracts	6,349	5,735	6,751
Greenwaste contract	-	-	653
Materials & equipment	2,050	2,962	1,881
Processing & hauling fees	43,860	38,877	40,745
	78,009	72,301	75,215
Amortization	5,200	6,376	5,484
	83,209	78,677	80,699
<b>ANNUAL SURPLUS/(DEFICIT)</b>	2,026	6,362	1,068

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
SCHEDULE 4 - SEGMENTED INFORMATION - WATER FUND  
For the Year Ended December 31, 2014**

	2014 Budget (unaudited)	2014 Actual	2013 Actual
<b>REVENUE</b>			
Water levy	175,908	177,025	167,777
Water parcel taxes	235,445	233,498	233,498
Water connection fees	12,300	8,610	37,892
MFA actuarial	-	5,335	1,028
Interest	1,000	1,361	2,183
	424,653	425,829	442,378
<b>EXPENSES</b>			
Administration			
Administration allocation	12,155	11,168	11,150
Water purchases from GVWD	52,582	47,400	43,699
Other (environmental monitoring & VPA Lease)	17,962	15,676	13,676
	82,699	74,244	68,525
Water system operations			
Public works allocation	75,206	75,916	70,817
Utilities	7,490	8,931	5,371
Water mains repair & maintenance	6,060	196	150
Station repair & maintenance	1,515	10,078	3,932
Reservoir repair & maintenance	1,010	-	-
Materials & equipment	9,425	10,630	5,174
Water quality	505	-	-
	101,211	105,751	85,444
Debt interest expense	128,800	128,799	128,713
Amortization	153,830	156,409	155,267
	466,540	465,203	437,949
<b>REVENUES LESS EXPENSES BEFORE CAPITAL REVENUES</b>	(41,887)	(39,374)	4,429
<b>CAPITAL REVENUES</b>			
Water parcel tax equivalency fee		31,711	
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(41,887)	(7,663)	4,429

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Presentation**

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

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

**(b) Accrual Accounting**

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

**(c) Revenue Recognition**

**Taxation**

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

**Fees and Charges (including permits and licenses)**

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

**Government Transfers (conditional and unconditional grants)**

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

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Cash & Equivalents**

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

**(e) Investments**

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

**(f) Deferred Revenue**

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

**(g) Non-Financial Assets**

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

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

Tangible Capital Assets (see Schedule 1)

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

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

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Non-Financial Assets (continued)**

Estimated useful lives are as follows:

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

**(h) Use of Estimates**

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

**2. INVESTMENTS**

	<u>2014</u>	<u>2013</u>
MFA Money Market Fund	\$ 215,912	\$ 213,585

All funds bear interest at variable rates and can be accessed on demand. The annualized average rate of return for 2014 was 1.09% (2013 – 1.10%).

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2014**

**3. ACCOUNTS RECEIVABLE**

	<u>2014</u>	<u>2013</u>
Municipal property taxes & user fees	\$ 73,537	\$ 58,047
Goods & Service Tax (GST)	29,802	110,336
Other	7,290	7,274
	<u>\$ 110,629</u>	<u>\$ 175,657</u>

**4. MFA DEBT CASH DEPOSIT**

	<u>2014</u>	<u>2013</u>
MFA Debt Reserve Fund - Cash Deposit*	<u>\$ 48,328</u>	<u>\$ 46,967</u>
MFA Debt Reserve Fund - Demand Note	<u>\$ 73,309</u>	<u>\$ 73,309</u>

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

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

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

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2014</u>	<u>2013</u>
Payroll expenses	\$ 6,734	\$ 11,581
Potable water project payables & holdbacks	-	26,208
MFA debt interest expense accrual	31,053	31,053
Other accounts payables and accruals	127,475	46,929
	<u>\$ 165,262</u>	<u>\$ 115,771</u>

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2014**

**6. PERFORMANCE BONDS & REFUNDABLE DEPOSITS**

	<u>2014</u>	<u>2013</u>
Performance bonds	\$ 173,899	\$ 139,211
Refundable deposits	5,449	5,449
	<u>\$ 179,348</u>	<u>\$ 144,660</u>

**7. DEFERRED REVENUE**

	<u>Balance Jan/1/2014</u>	<u>Contributions Received</u>	<u>Restricted Interest Income</u>	<u>Contributions Used (Revenue)</u>	<u>Balance Dec/31/2014</u>
MIA grant (handicap access)*	2,000	-		-	2,000
GVTA grant (Bedwell Bay Road)*	68,617	99,000	800	89,517	78,900
Property Taxes paid in advance	136,234	268,042	-	259,241	145,035
	<u>\$ 206,851</u>	<u>\$ 367,042</u>	<u>\$ 800</u>	<u>\$ 348,758</u>	<u>\$ 225,935</u>

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

**GVTA (Greater Vancouver Transit Authority) Grant**

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

**Property Taxes Paid in Advance**

Includes property tax overpayments and advance payments by property owners who choose to pay for the coming year's (2015) property taxes in advance of when they will be due (July 2015) under the Village's Tax Prepayment Plan. Approximately forty-seven, or 10% (2013 – 47 or 10%) of the Village's property owners currently participate in the Property Tax Prepayment Plan.

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**8. LONG-TERM DEBT**

	<u>2014</u>	<u>2013</u>
Municipal Finance Authority Issue 121 (25 year term), Loan Authorization Bylaw 413-2008 & 432-2011, Potable Water Project, 2.90% (fixed 10 year rate), due October 4, 2037.	<u>\$ 4,221,676</u>	<u>\$ 4,333,656</u>

Interest expense on the long-term debt is \$128,799 (2013 - \$128,713). Interest accrued on the long-term debt is \$31,053 (2013-\$31,053).

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

	Principal	Actuarial	Total
2015	\$ 106,645	8,702	\$ 115,347
2016	106,645	13,316	119,961
2017	106,645	18,115	124,760
2018	106,645	23,104	129,749
2019	106,645	28,294	134,939
Future years:	1,919,611	1,677,309	3,596,920
	<u>\$ 2,452,836</u>	<u>\$ 1,768,840</u>	<u>\$ 4,221,676</u>

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**9. ACCUMULATED SURPLUS**

Accumulated surplus is represented by:

	<u>2014</u>	<u>2013</u>
Unappropriated Surplus/(Deficit)		
General Fund	\$ 641,407	\$ 574,459
Water Fund	(36,428)	(41,805)
Refuse & Recycling Fund	66,561	61,050
	<u>671,540</u>	<u>593,704</u>
Non-Statutory Reserves		
Operating	32,282	42,445
Community Works Fund	32,019	117,366
Strategic Communities Investment Advance	52,949	-
Climate Change	33,968	26,669
Water Debt Repayment	33,119	34,697
MFA Cash Deposit	48,328	46,967
	<u>232,665</u>	<u>268,144</u>
Statutory Reserves		
Transportation Capital (roads, bridges etc.)	187,531	145,346
Buildings Capital	102,868	81,867
Equipment Capital	64,540	65,649
Water Capital	37,779	19,080
Refuse & Recycling Capital	54,039	47,077
	<u>446,757</u>	<u>359,019</u>
Subtotal	<u>1,350,962</u>	<u>1,220,867</u>
Investment in Tangible Capital Assets & Inventory	<u>7,419,844</u>	<u>7,421,520</u>
	<u>\$ 8,770,806</u>	<u>\$ 8,642,387</u>

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

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**9. ACCUMULATED SURPLUS (continued)**

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

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

**10. CONTINGENCIES**

**(a) Municipal Pension Plan**

The Village and its employees contribute to the Municipal Pension Plan (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 based on a formula (i.e. a defined benefit plan). The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include seven contributors from the Village.

The most recent actuarial valuation as at December 31, 2012, indicated an unfunded liability of \$1,370 million for basic pension benefits. The next valuation will be as at December 31, 2015, with results available in 2016. 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and costs to the individual employers participating in the Plan.

The Village paid \$50,962 for employer contributions and \$34,483 for employee contributions to the Plan in fiscal 2014 (\$37,389 and \$29,948 respectively in 2013).

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**10. CONTINGENCIES (continued)**

**(b) Regional District Debt**

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

**11. COMMITMENT UNDER OPERATING LEASE**

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

2015	4,168
2016	4,168
2017	4,168
2018	4,168
2019	1,042
	<hr/>
\$	17,714
	<hr/>

**12. PROPERTY TAXATION REVENUE**

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

	<b>2014</b>	<b>2013</b>
Municipal Property Taxes	\$ 617,887	\$ 601,188
Other Government Property Taxes		
School District - School Tax	779,387	684,983
Police Tax	73,544	65,069
Greater Vancouver Regional District	118,929	105,849
Greater Vancouver Transit Authority	140,592	121,858
BC Assessment & MFA	26,353	22,960
Total Other Government Property Taxes	<hr/> 1,138,805	<hr/> 1,000,719
Gross Property Taxes	<hr/> 1,756,692	<hr/> 1,601,907
Less: Provincial Home Owner Grant	77,540	113,000
Less: Transfers to Other Governments	1,061,227	887,795
	<hr/> 1,138,767	<hr/> 1,000,795
Municipal Property Taxes	<hr/> <hr/> \$ 617,925	<hr/> <hr/> \$ 601,112

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**13. WATER PARCEL TAXES**

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

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

**14. FINANCIAL PLAN (BUDGET) RECONCILIATION**

The Financial Plan (Budget) was adopted by Council on February 3, 2014. Legislatively, the Financial Plan must balance planned revenue sources with planned expenditures or use of funds (referred to as the balanced budget requirement). The table below demonstrates how the legislative requirement for a balanced budget has been met.

	<u>2014 Budget</u>	<u>2014 Actual</u>	<u>2013 Actual</u>
<b>Surplus, Statement of Operations</b>	\$ (5,383)	\$ 128,421	\$ 18,638
Adjustments for non-cash items:			
Add back: Amortization expense	249,030	266,995	260,737
Add back: Inventory consumed	-	3,945	22,484
Deduct: MFA actuarial interest revenue	-	(5,337)	(1,029)
Adjustments for cash items that are not revenues or expenses, but are sources or uses of funds:			
Less: capital expenditures	(469,858)	(157,284)	(132,135)
Less: inventory expenditures	-	-	(22,368)
Less: debt principal repayment	(106,645)	(106,645)	(106,645)
Net transfers for operating or capital purposes:			
-(To)/from Statutory Reserves	163,440	(87,738)	(78,872)
-(To)/from Non-Statutory Reserves	100,056	35,479	73,654
-(To)/from Unappropriated Surplus	69,360	(77,836)	(34,464)
<b>Financial Plan (Budget) Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**15. SMALL COMMUNITY INVESTMENT GRANT**

The Village received a total of \$168,787 in Small Community Investment Fund ("SCIF") grants in fiscal 2014 (\$169,844 in 2013). Grants received are used to fund a portion of the Village's local government services to minimize the Village's property tax increase in the respective years. As a result, the tax increases have been maintained at moderate increases, which are less than would be needed without the SCIF grants.

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

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

General Government Services

This segment comprises:

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

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**16. SEGMENTED REPORTING (continued)**

Refuse & Recycling Services

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

Water Services

This segment provides potable water services. On October 1, 2012 the Village substantially completed the implementation of a potable water service for the community. Expenses incurred prior to October 1, 2012, with the exception of the annual allocation for General Government and Public Works expenses, were capitalized as part of the Potable Water System assets.

**17. 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, 2014.