

# **VILLAGE OF BELCARRA**

**ANNUAL FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**



**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
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For the Year Ended December 31, 2015**

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# Village of Belcarra

December 31, 2015

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## Management's Responsibility for Financial Reporting

The accompanying financial statements of 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 Professional 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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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, 2015 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, 2015, and the results of its operations, change in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vancouver, B.C.  
April 11, 2016

**Chartered Professional Accountants**



**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
STATEMENT OF FINANCIAL POSITION  
As at December 31, 2015**

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash	1,511,450	1,531,437
Investments (note 2)	217,756	215,912
Accounts receivable (note 3)	131,861	110,629
MFA debt cash deposit (note 4)	49,566	48,328
	<b>1,910,633</b>	<b>1,906,306</b>
<b>LIABILITIES</b>		
Accounts payable & accrued liabilities (note 5)	77,600	165,262
Performance bonds & refundable deposits (note 6)	171,200	179,348
Deferred revenue (note 7)	195,564	225,935
Long-term debt (note 8)	4,105,225	4,221,676
	<b>4,549,589</b>	<b>4,792,221</b>
<b>NET DEBT</b>	<b>(2,638,956)</b>	<b>(2,885,915)</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	14,927	15,203
Inventory held for consumption	9,072	14,594
Tangible capital assets (schedule 1)	11,531,129	11,626,926
	<b>11,555,128</b>	<b>11,656,723</b>
<b>ACCUMULATED SURPLUS</b> (note 9)	<b>8,916,172</b>	<b>8,770,808</b>

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  
Chief Administrative Officer

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
STATEMENT OF OPERATIONS  
For the Year Ended December 31, 2015**

	2015 Budget (unaudited)	2015 Actual	2014 Actual
<b>REVENUES</b>			
Municipal property taxes	633,036	<b>633,799</b>	617,925
Water parcel taxes	235,445	<b>233,498</b>	233,498
Grants in lieu of taxes	21,868	<b>21,995</b>	21,870
Fees and charges			
Recycle & refuse levy	88,497	<b>88,880</b>	83,939
Water levy	181,290	<b>182,277</b>	177,025
Water connection fees	7,380	<b>6,765</b>	8,610
Penalties & interest on fees & taxes	9,000	<b>22,259</b>	14,857
Permits and licences	27,050	<b>38,927</b>	47,097
Other	7,700	<b>6,748</b>	11,862
Interest income	12,940	<b>16,647</b>	20,650
Conditional operating transfers, other govt's	75,534	<b>46,046</b>	43,492
Unconditional transfers, other govt's	252,750	<b>267,155</b>	171,643
Municipal Finance Authority actuarial	8,700	<b>9,806</b>	5,335
	<b>1,561,190</b>	<b>1,574,802</b>	1,457,803
<b>EXPENSES</b>			
Legislative	81,548	<b>77,976</b>	124,618
Administration	563,382	<b>561,042</b>	464,649
Transportation	285,582	<b>227,696</b>	222,422
Recycle & refuse	88,052	<b>65,539</b>	72,301
Water system	304,419	<b>294,920</b>	308,794
Amortization and loss on disposals	267,500	<b>321,758</b>	266,995
	<b>1,590,483</b>	<b>1,548,931</b>	1,459,779
<b>REVENUES LESS EXPENSES BEFORE CAPITAL REVENUES</b>	<b>(29,293)</b>	<b>25,871</b>	<b>(1,976)</b>
<b>CAPITAL REVENUES</b>			
Community Works Fund grant	53,000	<b>52,662</b>	52,662
Municipal road network grant	110,000	<b>66,831</b>	46,024
Water parcel tax equivalency fee	-	<b>-</b>	31,711
	<b>163,000</b>	<b>119,493</b>	130,397
<b>ANNUAL SURPLUS</b>	<b>133,707</b>	<b>145,364</b>	<b>128,421</b>
<b>ACCUMULATED SURPLUS, Beginning of Year</b>	<b>8,770,808</b>	<b>8,770,808</b>	<b>8,642,387</b>
<b>ACCUMULATED SURPLUS, End of Year</b>	<b>8,904,515</b>	<b>8,916,172</b>	<b>8,770,808</b>

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 CHANGE IN NET DEBT  
For the Year Ended December 31, 2015**

	2015 Budget (unaudited)	<b>2015 Actual</b>	2014 Actual
<b>ANNUAL SURPLUS</b>	133,707	<b>145,364</b>	128,421
<b>TANGIBLE CAPITAL ASSETS</b>			
Acquisition of tangible capital assets	(428,000)	<b>(225,961)</b>	(157,284)
Amortization & loss on disposal	267,500	<b>321,758</b>	266,995
	(160,500)	<b>95,797</b>	109,711
<b>OTHER NON-FINANCIAL ASSETS</b>			
Inventory consumed	-	<b>5,522</b>	3,945
Prepays consumed	-	<b>276</b>	277
	-	<b>5,798</b>	4,222
<b>DECREASE/(INCREASE) IN NET DEBT</b>	(26,793)	<b>246,959</b>	242,354
<b>NET DEBT, Beginning of Year</b>	(2,885,915)	<b>(2,885,915)</b>	(3,128,269)
<b>NET DEBT, End of Year</b>	(2,912,708)	<b>(2,638,956)</b>	(2,885,915)

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, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Annual surplus	145,364	128,421
Non-cash items included in annual surplus:		
Amortization expense & loss on disposal	321,758	266,995
Long-term debt actuarial adjustment	(9,806)	(5,335)
Changes in non-cash operating balances:		
Accounts receivable	(21,232)	65,028
MFA debt cash deposit	(1,238)	(1,361)
Inventory held for consumption	5,522	3,945
Performance bonds and refundable deposits	(8,148)	34,688
Accounts payable and accrued liabilities	(87,662)	49,491
Prepays	276	277
Deferred revenue	(30,371)	19,084
	314,463	561,233
<b>CAPITAL ACTIVITY</b>		
Built/purchased tangible capital assets	(225,961)	(157,284)
<b>FINANCING ACTIVITY</b>		
Debt principal repaid	(106,645)	(106,645)
<b>INVESTING ACTIVITY</b>		
Increase in investments	(1,844)	(2,327)
<b>INCREASE (DECREASE) IN CASH</b>	(19,987)	294,977
<b>CASH, Beginning of Year</b>	1,531,437	1,236,460
<b>CASH, End of Year</b>	1,511,450	1,531,437

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, 2015**

	Land	Buildings	Vehicle Machinery & Equipment	Office Furniture & Equipment	Recycling Depot	Road Network	Storm Sewers	Water System	Assets Under Construction
<b>COST</b>									
Opening Balance	329,318	361,247	257,420	111,636	92,220	2,410,934	322,116	9,645,881	113,304
Add: Additons				7,068	17,414	259,519	21,417	10,919	18,198
Less: Disposals*				16,370	8,000	180,174			108,574
Closing Balance	329,318	361,247	257,420	102,334	101,634	2,490,279	343,533	9,656,800	22,928
<b>ACCUMULATED AMORTIZATION</b>									
Opening Balance		170,075	157,345	43,895	48,610	796,756	250,984	549,485	-
Add: Amortization		10,679	18,348	11,399	7,008	58,753	8,781	157,761	
Less: Acc. Amortization on Disposals*				16,370	8,000	131,145			
Closing Balance		180,754	175,693	38,924	47,618	724,364	259,765	707,246	-
<b>Net Book Value, year ended 2015</b>	<b>329,318</b>	<b>180,493</b>	<b>81,727</b>	<b>63,410</b>	<b>54,016</b>	<b>1,765,915</b>	<b>83,768</b>	<b>8,949,554</b>	<b>22,928</b>
<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>

\* During the 2015 year, a loss on disposal of tangible capital assets was incurred in the amount of \$49,029 (2014 - nil).  
This amount has been included in amortization expense & loss on disposals on the Statement of Operations.



**VILLAGE OF BELCARRA**  
**FINANCIAL STATEMENTS**  
**SEGMENTED INFORMATION - GENERAL FUND**  
**For the Year Ended December 31, 2015**

	2015 Budget (unaudited)	2015 Actual	2014 Actual
<b>REVENUE</b>			
Municipal property taxes	633,036	<b>633,799</b>	617,925
Grants in lieu of taxes	21,868	<b>21,995</b>	21,870
Fees and charges	15,200	<b>29,007</b>	26,344
Permits and licences	27,000	<b>38,852</b>	47,067
Interest income	11,000	<b>14,783</b>	18,595
Conditional operating transfers, other govt's	75,534	<b>46,046</b>	43,492
Unconditional transfers from other govt's	305,750	<b>267,155</b>	171,642
	<b>1,089,388</b>	<b>1,051,637</b>	946,935
<b>EXPENSES</b>			
Legislative			
Indemnities & benefits	59,707	<b>59,729</b>	59,609
Council other	6,644	<b>3,365</b>	4,757
Election	-	-	15,664
Grants & projects	15,197	<b>14,882</b>	44,588
	<b>81,548</b>	<b>77,976</b>	124,618
Administration			
Salaries & benefits	288,934	<b>291,862</b>	285,736
Human resources	22,248	<b>21,427</b>	19,730
Information systems	27,935	<b>32,311</b>	26,691
Municipal hall	109,072	<b>112,207</b>	93,618
Planning	55,000	<b>27,572</b>	1,627
Support services	67,717	<b>83,970</b>	46,797
Interest and bank charges	1,515	<b>2,084</b>	1,169
Other	2,800	<b>2,060</b>	449
Administration allocation recovery	(11,839)	<b>(12,451)</b>	(11,168)
	<b>563,382</b>	<b>561,042</b>	464,649
Transportation (non-municipal road network)			
Salaries & benefits	290,074	<b>275,599</b>	261,700
Vehicles, equipment & supplies	34,632	<b>32,282</b>	40,187
Public works allocation recovery	(149,151)	<b>(140,884)</b>	(138,210)
Roads, bridges etc. (contracts)	22,813	<b>10,664</b>	15,253
Trails & public spaces	9,127	<b>29</b>	-
	<b>207,495</b>	<b>177,690</b>	178,930
Transportation (municipal road network)	75,534	<b>46,046</b>	43,492
Fire protection & emergency preparedness	2,553	<b>3,960</b>	-
Amortization & loss on disposal of capital assets	105,000	<b>156,989</b>	104,210
	<b>1,035,512</b>	<b>1,023,703</b>	915,899
<b>REVENUES LESS EXPENSES BEFORE CAPITAL REVENUES</b>	<b>53,876</b>	<b>27,934</b>	31,036
<b>CAPITAL REVENUES</b>			
Community Works Fund grant	-	<b>52,662</b>	52,662
Conditional capital transfers	110,000	<b>66,831</b>	46,024
<b>ANNUAL SURPLUS</b>	<b>163,876</b>	<b>147,427</b>	129,722

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
SEGMENTED INFORMATION - RECYCLING & REFUSE FUND  
For the Year Ended December 31, 2015**

	2015 Budget (unaudited)	2015 Actual	2014 Actual
<b>REVENUE</b>			
Recycling & refuse fee	88,497	<b>88,880</b>	83,939
Permits and licences	50	<b>75</b>	30
Other fees	1,500	-	374
Interest income	540	<b>627</b>	696
	90,587	<b>89,582</b>	85,039
<b>EXPENSES</b>			
Public works allocation	26,780	<b>23,989</b>	24,078
Utilities	788	<b>497</b>	649
Labour contracts	6,413	<b>8,254</b>	5,735
Greenwaste contract	10,800	<b>317</b>	-
Materials & equipment	2,071	<b>325</b>	2,962
Processing & hauling fees	41,200	<b>32,157</b>	38,877
	88,052	<b>65,539</b>	72,301
Amortization	6,500	<b>7,008</b>	6,376
	94,552	<b>72,547</b>	78,677
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>(3,965)</b>	<b>17,035</b>	6,362

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
SEGMENTED INFORMATION - WATER FUND  
For the Year Ended December 31, 2015**

	2015 Budget (unaudited)	2015 Actual	2014 Actual
<b>REVENUE</b>			
Water levy	181,290	182,276	177,025
Water parcel taxes	235,445	233,498	233,498
Water connection fees	7,380	6,765	8,610
MFA actuarial	8,700	9,806	5,335
Interest	1,400	1,237	1,361
	434,215	433,582	425,829
<b>EXPENSES</b>			
Administration			
Administration allocation	11,839	12,452	11,168
Water purchases from GVWD	52,708	49,742	47,400
Other (environmental monitoring & VPA Lease)	6,877	1,856	15,676
	71,424	64,050	74,244
Water system operations			
Public works allocation	79,285	78,856	75,916
Utilities	7,252	11,027	8,931
Water mains repair & maintenance	5,350	-	196
Station repair & maintenance	3,500	2,639	10,078
Reservoir repair & maintenance	1,020	-	-
Materials & equipment	7,278	9,549	10,630
Water quality	510	-	-
	104,195	102,071	105,751
Debt interest expense	128,800	128,799	128,799
Amortization	156,000	157,761	156,409
	460,419	452,681	465,203
<b>REVENUES LESS EXPENSES BEFORE CAPITAL REVENUES</b>	(26,204)	(19,099)	(39,374)
<b>CAPITAL REVENUES</b>			
Water parcel tax equivalency fee	-	-	31,711
<b>ANNUAL (DEFICIT)</b>	(26,204)	(19,099)	(7,663)



**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

**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, 2015**

**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, 2015**

**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>2015</u>	<u>2014</u>
MFA Money Market Fund	<u>\$ 217,756</u>	<u>\$ 215,912</u>

All funds bear interest at variable rates and can be accessed on demand. The annualized average rate of return for 2015 was 0.85% (2014 – 1.09%).

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

**3. ACCOUNTS RECEIVABLE**

	<u>2015</u>	<u>2014</u>
Municipal property taxes & user fees	\$ 82,597	\$ 73,537
Goods & Service Tax (GST)	32,727	29,802
Other	16,537	7,290
	<u>\$ 131,861</u>	<u>\$ 110,629</u>

**4. MFA DEBT CASH DEPOSIT**

	<u>2015</u>	<u>2014</u>
MFA Debt Reserve Fund - Cash Deposit*	<u>\$ 49,566</u>	<u>\$ 48,328</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>2015</u>	<u>2014</u>
Payroll expenses	\$ 11,943	\$ 6,734
MFA debt interest expense accrual	31,053	31,053
Other accounts payables and accruals	34,604	127,475
	<u>\$ 77,600</u>	<u>\$ 165,262</u>

**VILLAGE OF BELCARRA  
FINANCIAL STATEMENTS  
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**6. PERFORMANCE BONDS & REFUNDABLE DEPOSITS**

	<u>2015</u>	<u>2014</u>
Performance bonds	\$ 165,751	\$ 173,899
Refundable deposits	5,449	5,449
	<u>\$ 171,200</u>	<u>\$ 179,348</u>

**7. DEFERRED REVENUE**

	<u>Balance Jan/1/2015</u>	<u>Contributions Received</u>	<u>Restricted Interest Income</u>	<u>Contributions Used (Revenue)</u>	<u>Balance Dec/31/2015</u>
MIA grant (handicap access)*	2,000	-		-	2,000
GVTA grant (Bedwell Bay Road)*	78,900	101,000	620	112,877	67,643
Property Taxes paid in advance	145,035	146,418	-	165,532	125,921
	<u>\$ 225,935</u>	<u>\$ 247,418</u>	<u>\$ 620</u>	<u>\$ 278,409</u>	<u>\$ 195,564</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 (2016) property taxes in advance of when they will be due (July 2016) under the Village's Tax Prepayment Plan. Forty-seven, or 10% (2014 – 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>2015</u>	<u>2014</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>\$ 4,105,225</u>	<u>\$ 4,221,676</u>

Interest expense on the long-term debt is \$128,799 (2014 - \$128,799). Interest accrued on the long-term debt is \$31,053 (2014 - \$31,053).

Principal and interest 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:

	Interest	Principal	Actuarial	Total
2016	\$ 128,798	\$ 106,645	\$ 13,316	\$ 248,759
2017	128,798	106,645	18,115	253,558
2018	128,798	106,645	23,105	258,548
2019	128,798	106,645	28,295	263,738
2020	128,798	106,645	33,692	269,135
Future years:	2,189,579	1,812,966	1,642,511	5,645,056
	<u>\$ 2,833,569</u>	<u>\$ 2,346,191</u>	<u>\$ 1,759,034</u>	<u>\$ 6,938,794</u>



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**9. ACCUMULATED SURPLUS**

Accumulated surplus is represented by:

	<b>2015</b>	<b>2014</b>
Unappropriated Surplus/(Deficit)		
General Fund	\$ 658,711	\$ 641,407
Water Fund	(27,620)	(36,428)
Refuse & Recycling Fund	81,605	66,561
	<u>712,696</u>	<u>671,540</u>
Non-Statutory Reserves		
Community Works Fund	32,291	32,019
Strategic Communities Investment Advance	106,284	52,949
Climate Change	41,229	33,968
Water Debt Repayment	31,447	33,119
MFA Cash Deposit	49,565	48,328
	<u>260,816</u>	<u>200,383</u>
Statutory Reserves		
Operating	39,583	32,282
Transportation Capital (roads, bridges etc.)	200,838	187,531
Buildings Capital	123,828	102,868
Equipment Capital	71,947	64,540
Water Capital	43,715	37,779
Refuse & Recycling Capital	27,772	54,040
	<u>507,683</u>	<u>479,040</u>
Subtotal	1,481,195	1,350,963
Investment in Tangible Capital Assets & Inventory	<u>7,434,977</u>	<u>7,419,845</u>
	<u>\$ 8,916,172</u>	<u>\$ 8,770,808</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 has 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 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 based on a formula (i.e. a defined benefit plan). The Plan has about 185,000 active members and approximately 80,000 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 \$43,514 for employer contributions and \$32,618 for employee contributions to the Plan in fiscal 2015 (\$50,962 and \$34,483 respectively in 2014).

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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:

2016	4,168
2017	4,168
2018	4,168
2019	1,042
	<u>\$ 13,546</u>

**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:

	<u>2015</u>	<u>2014</u>
Municipal Property Taxes	\$ 633,584	\$ 617,887
Other Government Property Taxes		
School District - School Tax	784,279	779,387
Police Tax	77,203	73,544
Greater Vancouver Regional District	114,304	118,929
Greater Vancouver Transit Authority	140,040	140,592
BC Assessment & MFA	26,445	26,353
Total Other Government Property Taxes	<u>1,142,271</u>	<u>1,138,805</u>
Gross Property Taxes	<u>1,775,855</u>	<u>1,756,692</u>
Less: Provincial Home Owner Grant	79,696	77,540
Less: Transfers to Other Governments	1,062,360	1,061,227
	<u>1,142,056</u>	<u>1,138,767</u>
Municipal Property Taxes	<u>\$ 633,799</u>	<u>\$ 617,925</u>



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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 March 9, 2015. 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.

	<b>2015 Budget (unaudited)</b>	<b>2015 Actual</b>	<b>2014 Actual</b>
<b>Surplus, Statement of Operations</b>	\$ 133,707	\$ 145,364	\$ 128,421
Adjustments for non-cash items:			
Add back: Amortization expense & loss on disposal	267,500	321,758	266,995
Add back: Inventory consumed		5,522	3,945
Deduct: MFA actuarial interest revenue	(8,700)	(9,806)	(5,337)
Adjustments for cash items that are not revenues or expenses, but are sources or uses of funds:			
Less: capital expenditures	(428,000)	(225,961)	(157,284)
Less: debt principal repayment	(106,645)	(106,645)	(106,645)
Net transfers for operating or capital purposes:			
-(To)/from Statutory Reserves	134,399	(28,644)	(87,738)
-(To)/from Non-Statutory Reserves	(52,454)	(60,429)	35,479
-(To)/from Unappropriated Surplus	60,193	(41,159)	(77,836)
<b>Financial Plan (Budget) Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**15. 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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**15. 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.

**16. 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, 2015.