



COUNCIL REPORT

Date: April 9, 2018
From: Nancy Gomerich, NG Consulting
Subject: **2017 Audited Financial Statement Report**

Recommendation for Consideration:

THAT the 2017 Audited Financial Statements be approved.

Purpose:

Under Canadian Audit Standards, Council approval of the 2017 Financial Statements is required.

This report provides an overview of the Financial Statements, which should be read in conjunction with a review of the audited statements.

Discussion:

This report is divided into three main sections:

1. Section A: Executive Summary

Provides a “one page” summary of the 2017 financial results and closing financial position.

2. Section B: Introduction

Details the purpose, objectives, and limits of the financial statements and describes the major components thereof.

3. Section C: Financial Review

- a. C1 – Statement of Financial Position: Provides an overview of the Village's assets, liabilities and closing net assets (Accumulated Surplus).
- b. C2 – Statement of Operations: Provides an overview, and explanation of budget to actual variances, for revenues, expenses and the reported annual surplus on a combined fund basis.
- c. C3 – Capital Expenditures: Details capital expenditures and funding sources.

Attachment A: Financial Statements of Village of Belcarra, Year ended December 31, 2017

Section A: Executive Summary

Results of Fiscal Operations (see Statement of Operations)

Fiscal 2017 operations resulted in a deficit of \$180,686 (\$157,039 surplus in 2016), as compared to a budgeted annual deficit of \$79,945.¹ The annual deficit is 9.78% of 2017 budgeted operating expenses.

The annual deficit of \$180,686 is a negative variance (i.e. is worse than) budget by \$101,741 (\$79,945 - \$180,686). Summarized by Fund:

Fund	Annual (Deficit)/Surplus		Variance (Overbudget Amount)	
	2017 Budget	2017 Actual	\$	% *
General Fund	(57,109)	(96,497)	(39,388)	-3.12%
Water Fund	(20,883)	(71,517)	(50,634)	-10.66%
WARD Fund	(1,953)	(12,672)	(10,719)	-9.86%
TOTAL	(79,945)	(180,686)	(100,741)	5.45%

* \$ overbudget as a percentage of total budgeted expenses.

The negative variance is primarily due to higher actual expenditures in a variety of areas, as compared to budget, most of which Council was made aware of, and approved during the fiscal year. The significant majority of the other negative variances resulted from the impacts of the application of accounting “rules”, and events that could not be predicted requiring expenditures mainly in the later part of the year.

A summary of the most significant variances (from budget) are:

General Fund

- Historically high building permit revenues, offset in full by unbudgeted building inspection costs;
- Higher grant revenues for MRN works and the roads asset management projects, offset in part by higher related operating expenses;
- Other higher expenses than budget, primarily for unanticipated legal expenses and public works equipment repairs;
- The impact of the application of accounting rules to set-up the new sick liability and to reflect the disposal of some tangible capital assets.

WARD Fund

- Higher WARD Fund expenses for materials processing and hauling due in part to an increase in volume for all materials, and particularly due to the cost to dispose of co-mingled recyclables (service started in mid 2016)

Water Fund

- Higher Water Fund expenses for water purchases due to a significant valve leak (repaired by year-end), higher standby work than budgeted, and unbudgeted work to clean and inspect the reservoir;

¹ The 2018 budget deficit is due primarily to the impact of the significant expenditure budgeted for the Zoning Bylaw work of \$207,000 (included in expenses) that is funded from prior years surplus (which is not included in revenue), in the financial statements.

The higher actual net expenditures (annual deficit) over budget, will be funded from the respective funds surplus balances, which have been built up in prior years due to budget surpluses/positive variances.

Financial Position at Year End (see Statement of Financial Position)

Ending Accumulated Surplus, including both general surplus, reserves, and the Village's investment in its assets (tangible capital assets and inventory) was \$8.89M at the end of the year (Equal to: \$9.07M at the end of fiscal 2016 less the 2017 deficit of \$180,686).

In summary:

- \$395,000 is held as unappropriated surplus;
- \$383,000 as various non-statutory reserves;
- \$613,000 as various statutory reserves; and
- \$7.5M as the investment in tangible capital assets and inventory.

Most of the surplus and reserve balance is readily accessible as cash; the investment in tangible capital assets and inventory will not be cash in the normal course of operations but will be consumed in future periods in support of service delivery.

Council Policy 196 sets a target for unappropriated surplus at the greater of \$500,000 and six months normalized operating expenses, being about \$625,000. It is anticipated that the target level will be restored via budget surplus's in future years, which is by far the norm for the Village.

Refer to Note 9 to the Financial Statements for a detailed explanation and break-down of the various components of Accumulated Surplus.

Conclusion

In conclusion, the Village's fiscal results reflect an exceptionally busy year for the Village, during which much was accomplished, including foundational work on the zoning bylaw and for roads long-term financial planning.

Overall the Village's financial position remains financially solid, providing a strong foundation from which, to both maintain, and improve upon, existing community services.

Section B: Introduction

These Financial Statements are general purpose financial statements prepared in accordance with recognized accounting standards (Public Sector Accounting Board). They provide highly summarized financial information that gives primarily a historical perspective. They do not, nor are they intended to, provide information on the organization's operational efficiency, effectiveness or its ability to sustain operations into the future, although they do provide limited insights.

The key information provided in the financial statements is information about the organization's:

1. Financial position, its assets, and liabilities at the end of the reporting period (Dec/31/2017); and
2. Changes in that financial position, its revenues and expenses in the year, and the extent to which it managed operations within the approved budget.

Overview of the Financial Statement Contents

The Financial Statements ("FS") include four statements, with additional supporting information provided in three fund schedules and the notes to the FS. The four statements and their primary purpose are as follows:

1. Statement of Financial Position

This statement details the organization's assets, liabilities, and resulting net assets (i.e. assets less liabilities), referred to as Accumulated Surplus, at year end.

- Accumulated Surplus is simply what is "left over" as equity (equal to assets less liabilities) to the organization after its liabilities are fully satisfied or paid off.

Assets are broken down into two categories: financial and non-financial assets.

- Financial Assets are cash, or items that will be turned into cash, and that will be used to finance operations or pay down debt, in the normal course of operations.
- Non-Financial Assets are assets that will NOT be turned into cash in the normal course of operations. Non-Financial Assets include tangible capital assets, inventory and prepaids, and they will be used or consumed to provide the organization's services.

2. Statement of Operations

This statement details the organization's actual, budget, and prior year revenues and expenses for the fiscal period.

The resulting annual surplus/(deficit) explains the change in the organization's Accumulated Surplus (as shown on the above Statement of Financial Position) over the prior year. The total of all past annual surpluses/(deficits) equals the total Accumulated Surplus less any initial assets contributed when the Village was first incorporated.

3. Statement of Changes in Net Debt

This statement explains the change in the Statement of Financial Position's net debt or financial assets.

- Net Debt is the organization's total Financial Assets less its Liabilities.
- Net Financial Assets result when the organization's total Financial Assets are greater than its total Liabilities. Net Financial Assets are the net assets (that are, or will be, cash) that the organization has available to finance future operations, after satisfying all existing liabilities at year-end.
- Net Debt results when the organization's total Liabilities are greater than its total Financial Assets. Net Debt is the net liabilities that the organization must satisfy with future revenues, before providing for the future operations.

4. Statement of Cash Flows

This statement explains the change in the Statement of Financial Position's cash and cash equivalents (i.e. short term investments), detailing the sources and uses of the organization's cash.

The change is broken down into four categories:

1. operating,
2. capital,
3. investing, and
4. financing transactions.

5. Notes to the Financial Statements

Supporting the information provided in the above four statements are the Notes to the Financial Statements, which provide:

1. additional information about specific numbers on the four statements,
2. a summary of significant accounting policies, and
3. details of any future financial commitments and/or contingencies, and other information determined to be of material significance to the reader of the FS.

6. Individual Fund Schedules

The individual Fund Schedules provide a breakdown of the Statement of Operations revenues and expenses for each Fund.

Section C: Financial Review

C1: Statement of Financial Position

Financial Assets

	2017	2016
Cash	410,282	1,980,761
Investments	1,237,271	219,487
Accounts receivable	147,079	56,430
MFA debt cash deposit	51,945	50,951
	1,846,577	2,307,629

Financial assets are primarily cash or cash in the short-term. These funds, combined with the annual property tax and water utility taxes, are the Village's primary funding source, providing reliable and timely access to cash to fund on-going operations. The decrease over the prior year is due to lower surplus and reserves.

Liabilities

	2017	2016
Accounts payable & accrued liabilities	120,706	131,308
Performance bonds & refundable deposits	226,270	188,845
Deferred revenue	122,122	239,210
Long-term debt	3,858,135	3,984,098
	4,327,233	4,543,461

Accounts payable & accrued liabilities are short-term payables to vendors for various goods and services purchased, and staff salaries and benefits payable.

Performance bonds & refundable deposits represents/is a restriction on the use of received cash deposits, made primarily by residents, that are held by the Village as security for a wide variety of purposes, a large portion being related to building development. The increase over the prior year reflects the significant growth in building development in 2017.

Deferred revenue represents/is a restriction on the use of received cash from:

- Residents who are on the Village's tax pre-payment plan (rec'd for 2018), and
- Metro Vancouver for the annual MRN operating grant that is unspent at year-end.

The reduction over the prior year is entirely due to a reduction in the MRN funds unspent at year-end.

Long-term debt is the remaining debt for the installation of water services to the community, scheduled to be fully repaid in October of 2037.

Non-Financial Assets

	2017	2016
Prepaid expenses	14,374	14,650
Inventory held for consumption	21,910	5,523
Tangible capital assets	11,336,897	11,288,870
	11,373,181	11,309,043

Non-financial assets, in the normal course of operations, will be used/consumed to provide Village services and are unlikely to be sold/converted to cash.

Tangible capital assets ("TCA") are physical assets with a useful life greater than one year.

- TCA are amortized or expensed over the useful life of the asset with the above table value being the original historical cost of the asset (i.e. what the Village originally paid for the asset) less the amortized amount, referred to as the Net Book Value ("NBV").
- The most significant TCA investments, based on NBV, are the Water System Assets making-up almost \$9M of the \$11.3M NBV.

Prepaid expenses represent the pre-payment of the sixty (60) year Vancouver Port Authority lease for the water system.

Inventory is made up entirely of water meters and supporting materials. The increase over the prior year reflects the purchase of new meters in the year.

Accumulated Surplus

	2017	2016
	8,892,525	9,073,211

Accumulated Surplus is the summary financial position number. It is the total of the organization's assets (financial and non-financial) less its liabilities (i.e. its net assets). The total change in Accumulated Surplus is equal to the 2017 deficit of \$181,000 as reported on the Statement of Operations.

Accumulated Surplus is broken down into four categories of net assets that detail how the Village intends to use them to deliver future services, as detailed below.

	2017	2016
Unappropriated surplus	395,054	775,330
Non-statutory reserves	383,229	321,753
Statutory reserves	613,570	665,833
Investment in tangible capital assets (TCA) & inventory	7,500,672	7,310,295
Total	8,892,525	9,073,211

Refer to Note 9 to the Financial Statements for an explanation of each of these four categories.

In summary, the key points conveyed in the breakdown of Accumulated Surplus are:

1. The **Investment in TCA and Inventory** represents the net assets that make up tangible capital assets and inventory, less related water debt. The tangible capital assets and inventory will be consumed to provide future services and the debt repaid by future revenues. The \$7,500,000 will not become cash in the normal course of operations, and accordingly will not be available to finance operations.
2. **Statutory reserves** represent cash/investments set aside to be used for specified purposes as defined in the related *Community Charter* sections and establishing bylaws. These funds can only be used for another purpose if the balance to the credit of the reserve “is greater than required for the purpose for which the (reserve) fund was established”.
3. **Non-statutory reserves** represent funds that have been set aside to be used for a specified purpose, but that purpose can be changed by Council, as determined appropriate.
4. **Unappropriated surplus** represents funds that have no specific identified future use. These funds serve as an important source of funding to finance significant projects that occur periodically, a source of contingency finances for unexpected expenses, and the primary means to finance operations until the tax revenues are collected mid-year.

C2: Statement of Operations

Revenues

	2017 Budget	2017 Actual	2016 Actual	Variance (2017 Actual to Budget)	
				\$	%
Municipal property taxes	670,439	670,628	652,324	189	0.03%
Water parcel taxes	233,498	233,498	233,498	0	0.00%
Receipts in lieu of taxes	10,712	10,554	22,577	(157)	-1.47%
Fees and charges					
Recycle & refuse	106,058	106,314	103,060	256	0.24%
Water services	193,796	192,749	186,799	(1,047)	-0.54%
Water connection fees	7,380	7,380	7,380	-	0.00%
Grants, conditional	157,706	248,241	51,105	90,535	57.41%
Grants, unconditional	309,300	309,396	307,693	96	0.03%
Permits and licences	29,750	77,056	46,409	47,306	159.01%
Interest and actuarial	31,200	45,313	29,170	14,113	45.23%
Other revenues	17,100	20,581	32,768	3,481	20.36%
	1,766,939	1,921,711	1,672,783	154,772	8.76%

Grants, conditional (operating transfers from other governments) are greater than budget due to higher MRN grants due to greater MRN work (capital and operating) than budgeted for, and about \$40,000 in grants for the asset management projects (only \$10,000 was budgeted for; the second phase of this work was approved during 2017).

Permits & licenses is greater than budget primarily due to historic building permit revenue of \$64,000 in 2017, being \$42,000 more than budgeted (Actual 2016-\$39,000; 2015-\$29,000; 2014-\$34,000; 2013-\$25,000).

Interest and actuarial, is greater than budget due to the investment of anticipated longer-term (3-5 years) reserves and surplus monies in the MFA Bond Fund; funds were primarily held in the bank in fiscal 2016. It is important to note the market value of the Bond fund is about \$17,000 less than the recorded/purchased value of the investment due to the recent and anticipated increase in interest rates. The recorded/purchased value has not been reduced to reflect the lower market value. As the average term of the bonds in the fund is three years it is expected that the decline in market value is temporary, and will return to the recorded/purchased value as the fund bonds mature and are re-invested at the then prevailing interest rates.

Expenses

	2017 Budget	2017 Actual	2016 Actual	Variance (2017 Actual to Budget)	
				\$	%
General Government	887,334	1,036,058	612,143	(148,724)	-16.76%
Transportation	375,732	420,937	340,651	(45,205)	-12.03%
Recycle & refuse	108,661	119,746	111,478	(11,085)	-10.20%
Water system	475,157	525,655	451,472	(50,498)	-10.63%
	1,846,884	2,102,396	1,515,744	(255,512)	-13.83%

General Government expenses (refer to the *General Fund Schedule*, for details), are over-budget due mainly to:

- Unbudgeted support services costs for building inspection (\$55,500);
- Higher planning expenses for the roads asset management projects (\$41,000);
- Higher CAO and support staff costs (\$10,000), due in part to a busy year increasing time requirements, plus a one-time expense to set up the administration staff share of about ½ of the new sick liability (\$7,100); and
- Higher municipal hall operating costs including: higher legal costs (\$23,000) due to a variety of issues, audit (\$8,000) which was under-budgeted, security (\$4,700) to address system issues, and various office supplies in support of a busy year.
- Unbudgeted for loss on disposal of for the upgraded/replaced security system and parking lot serving the municipal hall (\$12,000).²

General Government expenses include Planning and Support Services costs. These two cost centers tend to vary significantly from year to year as they include budgets to do work that is project based, is not repeated annually, and is often funded (in full or part) from reserves and/or grants. A summary of the actuals and budgets for these two cost centers are detailed in Attachment A.

Transportation expenses (refer to the *General Fund Schedule*, for details), are over-budget mainly due to:

- Unanticipated repairs on a number of public works vehicles/equipment (Tractor, Dump Truck and Mower) (\$23,000);
- Unbudgeted for loss on disposal of for upgraded/replaced roadways (\$12,000);² and
- Higher MRN road maintenance (\$10,000).

Recycle & refuse expenses (refer to the *WARD Schedule*, for details), are over-budget as a result of higher materials processing and hauling costs due in part to an increase in volume for all materials, and particularly due to the cost to dispose of co-mingled recyclables (service started in mid 2016);

² For clarity there was no cash loss for the disposals as they were not sold, just replaced; the “loss” refers to the remaining value of these assets in the books, that had to be removed due to the replacement.

Water expenses (refer to the *Water Fund Schedule*, for details), are over-budget mainly due to:

- Higher water purchases resulting primarily from a significant valve leak (repaired by year-end) (\$17,000);
- Higher standby work than budgeted (\$10,000);
- Unbudgeted work to clean and inspect the reservoir (\$12,000), and
- Higher programming and maintenance work on the SCADA system (\$8,000).

C3: Capital Expenditures

Because capital expenditures are not expensed until they are consumed, with the proxy for the annual consumption being amortization expense, details of the budgeted and actual expenditures are not readily apparent in the financial statements. Limited information on capital expenditures is contained in the Statement of Net Debt and the Schedule of Tangible Capital Assets.

A break-down of capital expenditures by fund, along with a brief explanation on the budget variance is detailed in Attachment B.

Attachment A: General Fund – Planning and Support Expenses

	Budget	Actual	Comments
Planning			
Zoning Bylaw Update	207,000	184,087	Address related Bylaw 502 and limited other work; almost complete at year-end.
Drainage Study	30,000	60,596	For Phase I of Study plus support costs from HY Consulting, legal, and separate report for Windermere Creek.
Asset Management	20,000	60,838	For Phase I (17,600) and Phase 2 (40,000) plus grant application work and other consulting (3,200). Phase 1 has confirmed grant funding of 8,900; Phase 2 grant confirmed for 29,600 (both accrued in 2017).
Other	10,000	315	Miscellaneous other planning work.
	267,000	305,835	
Support Costs			
Finance support services	39,099	41,892	Work for 2017 budget and strategic plan update, 2016 audit, 2018 budget and strategic plan update, long-term capital plan work, Audit RFP, 1 grant appl. & 2 grant claims, various other financial reports and work. Normally only one BUDGET done in a year.
Engineering services	10,564	5,723	Various misc. works.
Invasive species	5,000	4,579	Planned work completed.
Records management	10,000	0	Deferred to 2018
Building Inspection	0	55,504	Services not budgeted for; funded from higher, unbudgeted building permit revenue.
Other	7,000	1,807	
	71,663	109,505	

Attachment B: Capital Expenditures

	2017 Actual	Budget	Comments	
GENERAL FUND				
MUNICIPAL HALL DISABILITY ACCESS	0	2,500	Originally planned works significantly more expensive so project not done.	
MUNICIPAL HALL PARKING LOT OVERLAY	43,123	45,000		
OFFICE COMPUTER SYSTEMS	24,303	5,000	Works to replace/upgrade most staff office computers, server and backup system, hardware and software. Equipment was four and five years old.	*
PW SHOP GARAGE DOOR OPENER	2,340	2,500		
ENTRANCE REMOTE READER BOARD	0	20,000	Project will not proceed.	
MUNICIPAL HALL ENVELOPE REPAIR	42,846	200,000	Initial exploratory and immediate necessary repair work only; budget was a very high-level estimate.	
MUNICIPAL HALL SECURITY	5,892	0	Identified as a priority during the year (works as recommended by the RCMP).	*
BRINE/DEICING EQUIPMENT	10,508	41,000	Opted for a lower priced system.	
YOUNG RD TURN-A-ROUND AT TOP	4,746	25,000	Planning works only; deferred to 2018.	
TRAIL - WATSON RD/MARINE CONNECTOR	13,972	8,000		*
TRAIL - TATLOW	8,125	10,000		*
TENNIS COURT REPAIRS	0	10,000	Only works in 2017 were for tree/bush cleanup which was funded within operations.	
MARINE RD GRIND & FILL SLUMP AT YOUNG	0	15,000	Deferred to 2018.	
GUARD RAILS WEST, FOOT YOUNG, WATSON	16,180	9,800	Additional works completed to address primary safety issues.	*
KUBOTA SNOW PLOW ATTACHMENT	0	5,000	Project will not proceed.	
FLAIL MOWER HEAD REPLACEMENT	0	8,000	Deferred to 2018.	
MIDDEN RD TRIANGLE, ENGINEERING	6,326	0	Preliminary engineering to gain a better understanding of needs.	
ROADS OVERLAY & MINOR CAPITAL	0	25,000	"Place holder" account.	
MRN-BEDWELL BAY AT MAIN INTERS. REALIGNMENT	0	20,000	Needs addressed via operating expenditures.	
MRN-PAVE ENTRANCE TO SENKLER	73,466	0	Identified as a priority during the year.	*
MRN-PAVE SENKLER TO WATSON	31,117	0	Identified as a priority during the year.	*
MRN-ROAD WIDENING ENTRANCE TO WATSON	21,527	0	Identified as a priority during the year.	*
MRN - OVERLAY & MINOR CAPITAL-CONST CONTR	0	50,000	"Place holder" account.	
FIRE HYDRANTS	0	5,000	"Place holder" account.	
EMERGENCY PREPAREDNESS	1,723	6,000	Purchased emergency supplies; budget was a high-level estimate.	
	306,193	512,800		

Attachment B: Capital Expenditures (continued)

	2017 Actual	Budget	Comments	
WATER FUND				
WATERMAIN ARMOR AT PARK	0	18,000	Deferred to 2018.	
NEW WATER RESERVOIR, ENGINEERING	9,493	0	Identified as a priority during the year.	*
TATLOW ALTITUDE VALVE	24,143	0	Identified as a priority during the year.	*
OTHER WATER CAPITAL	0	4,000	"Place holder" account.	
	33,637	22,000		
WARD FUND				
DEPOT REFUNDABLES AREA	0	3,500	Determined was no longer required.	
DEPOT TOTE SHELTER	0	4,000	Determined was no longer required.	
DEPOT SECURITY	18,537	2,500	Primarily for a light stand/electrical.	*
OTHER WARD CAPITAL	0	5,000	"Place holder" account.	
	18,537	15,000		
TOTAL	358,366	549,800		
* Project was approved by Council either specifically or as part of the mid-year or 3Q Variance Report.				
In some cases the year end actual expense was higher than approved.				

Financial Statements of

VILLAGE OF BELCARRA

Year ended December 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Village of Belcarra ("Village") have been prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS"). Preparation and presentation of the financial statements is the responsibility of the Village.

Village Council ensures management fulfills its responsibilities for financial reporting, budgeting and internal controls by approving bylaws and policies, reviewing variance reports and financial statements, and having discussions with the Village's auditors in a closed meeting.

The audit firm of KPMG LLP, appointed by Council, has expressed its opinion that the financial statements prepared by management fairly present the financial position of the Village as at December 31, 2017, and the results of 2017 operations are in accordance with PSAS.

The Village maintains a system of internal and administrative controls designed to provide reliable and accurate financial information and to ensure assets of the Village are appropriately accounted for and adequately safeguarded. Expenditures and revenues are analyzed regularly by finance staff and updates are provided to Council at the end of the 2nd, 3rd and 4th quarters, and as required.

Mayor

Chief Administrative Officer

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council

We have audited the accompanying financial statements of the Village of Belcarra, which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes and schedules, comprising 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.

Auditors' 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 our 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, we consider 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 of Belcarra as at December 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

The financial statements of the Village of Belcarra as at and for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 10, 2017.

Chartered Professional Accountants

MM-DD-YYYY

Burnaby, Canada

VILLAGE OF BELCARRA

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets		
Cash	\$ 410,282	\$ 1,980,761
Investments (note 2)	1,237,271	219,487
Accounts receivable (note 3)	147,079	56,430
MFA debt reserve deposit (note 7)	51,945	50,951
	<u>1,846,577</u>	<u>2,307,629</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	120,706	131,308
Performance bonds and refundable deposits (note 5)	226,270	188,845
Deferred revenue (note 6)	122,122	239,210
Debt (note 7)	3,858,135	3,984,098
	<u>4,327,233</u>	<u>4,543,461</u>
Net Debt	(2,480,656)	(2,235,832)
Non-Financial Assets		
Tangible capital assets (note 8)	11,336,897	11,288,870
Prepaid expenses	14,374	14,650
Inventories held for consumption	21,910	5,523
	<u>11,373,181</u>	<u>11,309,043</u>
Accumulated surplus (note 9)	<u>\$ 8,892,525</u>	<u>\$ 9,073,211</u>

Commitments and contingencies (note 10)

See accompanying notes to financial statements.

Lorna Dysart
Chief Administrative Officer

VILLAGE OF BELCARRA

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (note 1(i) and note 14)	2017	2016
Revenue:			
Municipal property taxes	\$ 670,439	\$ 670,628	\$ 652,324
Water parcel taxes (note 13)	233,498	233,498	233,498
Receipts in lieu of taxes	10,712	10,554	22,577
Fees and charges:			
Recycle and refuse levy	106,058	106,314	103,060
Water levy	193,796	192,749	186,799
Water connection fees	7,380	7,380	7,380
Transfers from other governments, conditional	157,706	248,241	51,105
Transfers from other governments, unconditional	309,300	309,396	307,693
Permits and licences	29,750	77,056	46,409
Interest income and actuarial	31,200	45,313	29,170
Other revenues	17,100	20,581	32,768
	<u>1,766,939</u>	<u>1,921,710</u>	<u>1,672,783</u>
Expenses:			
General government	887,334	1,036,058	612,143
Transportation	375,732	420,937	340,651
Recycle and refuse	108,661	119,746	111,478
Water system	475,157	525,655	451,472
	<u>1,846,884</u>	<u>2,102,396</u>	<u>1,515,744</u>
Annual surplus (deficit)	(79,945)	(180,686)	157,039
Accumulated surplus, beginning of year	9,073,211	9,073,211	8,916,172
Accumulated surplus, end of year (note 9)	<u>8,993,266</u>	<u>\$ 8,892,525</u>	<u>\$ 9,073,211</u>

See accompanying notes to financial statements.

VILLAGE OF BELCARRA

Statement of Changes in Net Debt

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (note 1(i))	2017	2016
Annual surplus (deficit)	\$ (79,945)	\$ (180,686)	\$ 157,039
Acquisition of tangible capital assets	(549,800)	(358,337)	(42,249)
Amortization of tangible capital assets	276,000	286,187	276,286
Loss on disposal of tangible capital assets	-	24,123	4,476
Proceeds on sale of tangible capital assets	-	-	3,746
	(273,800)	(48,027)	242,259
Inventory acquired	-	(21,910)	-
Inventory consumed	-	5,523	3,549
Prepaid expenses consumed	-	276	277
	-	(16,111)	3,826
Change in net debt	(353,745)	(244,824)	403,124
Net debt, beginning of year	(2,235,832)	(2,235,832)	(2,638,956)
Net debt, end of year	\$ (2,589,577)	\$ (2,480,656)	\$ (2,235,832)

See accompanying notes to financial statements.

VILLAGE OF BELCARRA

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ (180,686)	\$ 157,039
Items not involving cash:		
Amortization of tangible capital assets	286,187	276,286
Loss on disposal of tangible capital assets	24,123	4,476
Debt actuarial adjustment	(19,318)	(14,482)
	110,306	423,319
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	(90,649)	75,430
Increase in MFA debt cash deposit	(994)	(1,385)
Decrease in accounts payable and accrued liabilities	(10,602)	53,709
Increase in performance bonds and refundable deposits	37,425	17,645
Decrease (increase) in deferred revenue	(117,088)	43,646
Decrease in prepaid expenses	276	277
Increase (decrease) in inventory held for consumption	(16,387)	3,549
	(87,713)	616,190
Financing activity:		
Principal payments on debt	(106,645)	(106,645)
Investing activity:		
Increase in investments	(1,017,784)	(1,731)
Capital activities:		
Proceeds from sale of tangible capital assets	-	3,746
Acquisition of tangible capital assets	(358,337)	(42,249)
	(358,337)	(38,503)
Increase (decrease) in cash	(1,570,479)	469,324
Cash, beginning of year	1,980,761	1,511,450
Cash, end of year	\$ 410,282	\$ 1,980,761

See accompanying notes to financial statements.

VILLAGE OF BELCARRA

Notes to Financial Statements

Year ended December 31, 2017

The Village of Belcarra (the "Village") is incorporated under the Local Government Act of British Columbia. The Village's principal activities include the provision of local government services to residents, businesses and visitors of the incorporated area.

1. Significant accounting policies:

The Village follows Canadian Public Sector Accounting Standards as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada, including the following significant policies:

(a) Basis of presentation:

The financial statements present the resources and operations including all accounts and funds of the Village. All inter-fund transactions, assets and liabilities have been eliminated.

(b) Cash:

Cash includes short-term highly liquid investments with maturity dates within three months of acquisition that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(c) Investments:

Investments are recorded at cost. When there has been a loss in value of the investment that is other than a temporary decline, the investment is written down and recognized as a loss in the statement of operations. Accrued interest is included in accounts receivable. Discounts and premiums arising on purchase are amortized on a straight-line basis over the period to maturity.

(d) Government transfers:

Restricted transfers from government are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or receivable, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

(e) 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.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets:

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

Asset	Useful life – Years
Buildings and facilities	15 to 50
Vehicles, machinery and equipment	2 to 20
Office furniture and equipment	5 to 10
Recycling depot	10 to 15
Roads and sidewalks	15 to 75
Storm sewer infrastructure	30 to 80
Water system infrastructure	10 to 100

Annual amortization is charged commencing when the asset is available for use. Assets under construction are not amortized until the asset is put into productive use.

(ii) 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.

(iii) Arts and heritage assets:

Arts and heritage assets are not recorded as assets in these financial statements as stipulated by PSAB standards.

(iv) Interest capitalization:

The Village does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

(v) Leased tangible capital assets:

Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vi) Inventories held for consumption:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(f) Revenue recognition:

Revenue is recognized when it is earned and measurable. Unearned amounts are reported on the statement of financial position as deferred revenue or deposits.

Annual taxation revenues are recognized in the year they are levied, calculated using the approved tax rates in the annual tax rates bylaw.

Property taxes imposed by other taxing authorities are not included as taxes for municipal purposes.

(g) Expense recognition:

Expenses are recorded on the accrual basis and are recognized upon the receipt of goods or services. Interest expense on debenture and other debt is accrued.

(h) Budget reporting:

The budget figures reported in the statement of operations represent the 2017 component of Financial Plan (2017-2021) Bylaw, 2017, No. 506 adopted by the Village Council on April 24, 2017.

(i) Debt:

Debt is recorded net of cumulative payments to the Municipal Finance Authority ("MFA") and actuarial adjustments relating to the MFA's sinking fund. Payments made and cumulative actuarial adjustments are calculated such that, combined, they reduce the amount of the debt to nil at its maturity date.

(j) Employee future benefits:

The Village and its employees make contributions to the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. These contributions are expensed as incurred.

The Village also accrues sick leave. The liability relating to these benefits is actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liability under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(k) Use of accounting estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of tangible capital assets for amortization, valuation of receivables, accrued sick and other post-employment benefits and provision for contingencies. Adjustments, if any, will be reflected in the financial statements in the period of settlement or change in the amount of the estimate.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(l) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Village has provided definitions of segments as well as presented financial information in segmented format (note 16).

(m) Contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for contaminated sites is recognized net of any expected recoveries when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The Village is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site. The Village has no liability for contaminated sites as at year-end.

2. Investments:

	2017	2016
MFA bond funds	\$ 1,237,271	\$ -
MFA money market funds	-	219,487

The market value of investments as at December 31, 2017 is \$1,220,243. In 2017, the Village recorded a write-down totaling \$4,082.

3. Accounts receivable:

	2017	2016
Municipal property taxes and user fees	\$ 80,781	\$ 56,672
Trade accounts receivable	40,218	(242)
Goods and Services Tax	26,080	-
	<hr/> \$ 147,079	<hr/> \$ 56,430

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Accounts payable and accrued liabilities:

	2017	2016
Trade accounts payables and accruals	\$ 61,272	\$ 67,631
MFA debt interest expense accrual	31,053	31,053
Payroll expenses	28,381	10,647
Goods and Services Tax	-	21,977
	<u>\$ 120,706</u>	<u>\$ 131,308</u>

5. Performance bonds and refundable deposits:

	2017	2016
Performance bonds	\$ 220,821	\$ 183,396
Refundable deposits	5,449	5,449
	<u>\$ 226,270</u>	<u>\$ 188,845</u>

6. Deferred revenue:

	Balance, Beginning of year	Contributions received	Restricted interest/ income	Revenue recognized	Balance, end of year
MIA grant (handicap access)	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Major road network grant (a)	120,279	105,000	653	210,766	15,166
Property taxes paid in advance (b)	116,932	209,434	-	221,410	104,956
	<u>\$ 239,211</u>	<u>\$ 314,434</u>	<u>\$ 653</u>	<u>\$ 432,176</u>	<u>\$ 122,122</u>

(a) Major road network ("MRN") grant:

Annually, the Village receives a grant from the Greater Vancouver Transit Authority ("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.

(b) Property taxes paid in advance:

Property tax overpayments and advance payments by property owners who choose to participate in the Village's Tax Prepayment Plan are carried forward for use in future years.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

7. Debt:

The Village obtained debt instruments through the MFA pursuant to security issuing bylaws under authority of the Community Charter to finance capital expenditures for the installation of a potable water system serving most of the Village. Principle payments and actuarial adjustments are netted against related debts. Details are as follows:

Bylaw number	Maturity Date	Interest Rate	Authorized	Principle payments and actuarial adjustments	2017	2016
413 & 432	2037	2.90%	\$ 4,441,330	\$ 583,205	\$ 3,858,135	\$ 3,984,098

Total interest expense on the debt for the year was \$128,799 (2016 - \$128,799).

As a condition of these borrowings, a portion of the debt proceeds is withheld by the MFA in a Debt Reserve Fund. The Village has also executed a demand note in connection with the debt. These demand notes are contingent in nature and are not reflected in the accounts. The details of the debt reserve fund and contingent demand notes at December 31, 2017 are as follows:

	2017	2016
Cash deposit	\$ 51,945	\$ 50,951
Demand note	73,309	73,309

Principle payments made to the MFA sinking fund and actuarial adjustments on the outstanding debt over the next five years and thereafter are as follows:

	Total
2018	\$ 129,750
2019	134,940
2020	140,337
2021	145,951
2022	151,789
Future years	3,155,368
	\$ 3,858,135

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, 2017.

VILLAGE OF BELCARRA

Notes to Financial Statements

Year ended December 31, 2017

8. Tangible capital assets:

	Land	Buildings	Vehicle Machinery & equipment	Office furniture equipment	WARD depot	Road network	Storm sewers	Water system	Assets under construction	2017 Actual	2016 Actual
Cost:											
Opening balance	\$ 329,318	\$ 361,247	\$ 264,935	\$ 100,407	\$ 140,723	\$2,490,283	\$ 343,526	\$9,658,564	\$ 7,731	\$ 13,696,735	\$ 13,665,493
Add: Additions	-	49,012	12,848	26,026	21,537	164,388	-	24,144	60,382	358,337	60,448
Less: Disposals	-	(21,994)	(9,427)	(13,777)	(5,070)	(53,487)	-	-	-	(103,725)	(29,206)
	329,318	388,265	268,356	112,656	157,190	2,601,184	343,526	9,682,708	68,143	13,951,346	13,696,735
Accumulated amortization:											
Opening balance	\$ -	\$ 191,433	\$ 193,438	\$ 47,513	\$ 55,759	\$ 784,990	\$ 269,232	\$ 865,499	\$ -	\$ 2,407,864	\$ 2,134,364
Add: Amortization	-	11,075	18,905	13,345	10,081	64,336	9,498	158,947	-	286,187	276,286
Less: Accumulated amortization on disposals	-	(14,744)	(4,826)	(13,777)	(5,070)	(41,185)	-	-	-	(79,602)	(2,785)
	-	187,764	207,517	47,081	60,770	808,141	278,730	1,024,446	-	2,614,449	2,407,865
Net book value, end of year	\$ 329,318	\$ 200,501	\$ 60,839	\$ 65,575	\$ 96,420	\$1,793,043	\$ 64,796	\$8,658,262	\$ 68,143	\$ 11,336,897	\$ 11,288,870

VILLAGE OF BELCARRA

Notes to Financial Statements

Year ended December 31, 2017

9. Accumulated surplus:

	General fund	WARD fund	Water fund	2017 Total	2016 Total
Reserves:					
Statutory (a)	\$ 580,561	\$ 2,379	\$ 30,630	\$ 613,570	\$ 665,833
Non-statutory (b)	303,210		80,019	383,229	321,755
Unappropriated surplus (deficit) (c)	382,163	66,949	(54,058)	395,054	775,328
	1,265,934	69,328	56,591	1,391,853	1,762,916
Investment in TCA and inventories (d)	2,594,636	96,420	4,809,616	7,500,672	7,310,295
Total for 2017	\$3,860,570	\$ 165,748	\$ 4,866,207	\$ 8,892,525	\$ 9,073,211

(a) Statutory reserves:

The following reserves were 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.

	2017	2016
General Fund:		
Operating		
Multi-purpose courts	\$ 44,319	\$ 41,903
Election costs	10,093	5,020
Transportation capital	352,774	321,258
Buildings capital	115,871	145,086
Equipment capital	57,504	79,062
	580,561	592,329
Waste and Recycling Depot ("WARD") Fund:		
Refuse and recycling capital	2,379	9,693
Water Fund:		
Water capital	30,630	63,811
	\$ 613,570	\$ 665,833

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

9. Accumulated surplus (continued):

(b) Non-statutory reserves:

The following reserves are accumulated surplus that has been set aside by decision of Council for a specified purpose. 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.

	2017	2016
General Fund:		
Community Works Fund	\$ 218,058	\$ 161,767
Strategic Communities Investment Advances	32,862	32,547
Climate change	52,290	46,746
	303,210	241,060
Water Fund:		
Water debt repayment	28,075	29,742
MFA cash deposit	51,945	50,951
	80,019	80,693
	\$ 383,229	\$ 321,755

(c) Unappropriated surplus (deficit)::

Unappropriated surplus (deficit) is the amount of accumulated surplus remaining after deducting the other appropriated surplus balances. 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.

(d) Investment in tangible capital assets and inventories:

Investment in tangible capital assets and inventories is equal to the book value of the tangible capital assets and inventory less related debt. In the normal course of operations the tangible capital assets and inventory will not be available to finance operations, but will be consumed to provide services, and the debt will be repaid by future period revenues.

	2017	2016
Tangible capital assets	\$ 11,336,897	\$ 11,288,870
Inventories held for consumption	21,910	5,523
	11,358,807	11,294,393
Deduct: Debt	(3,858,135)	(3,984,098)
	\$ 7,500,672	\$ 7,310,295

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

10. Commitments and contingencies:

(a) Operating lease:

The Village leases a photocopier under an operating lease which expires in March 2019. Total annual commitments, net of applicable taxes, are approximately as follows:

2018	\$	4,168
2019		1,042
	\$	5,210

(b) Contingent liability:

The loan agreements with the Greater Vancouver Regional District and the Municipal Finance Authority provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligations in respect of such borrowing, the resulting deficiency becomes a joint and several liability of the City and the other parties. Management does not consider payment under this contingency to be likely and therefore no liability has been recorded.

(c) Third party claims:

There is a lawsuit and claim pending by and against the Village. The outcome of this claim is undeterminable and it is the opinion of management that final determination of this claim will not materially affect the financial statements of the Village.

11. Pension plan:

The Village and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

11. Pension plan (continued):

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Village paid \$29,679 (2016 - \$31,211) for employer contributions while employees contributed \$25,664 (2016 - \$23,820) to the Plan in fiscal 2017.

The next valuation will be as at December 31, 2018, with results available in 2019.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

12. Collections for other governments:

The Village collects certain taxation revenue on behalf of other government bodies. These funds are excluded from the Village's financial statements as they are not revenue of the Village. Such taxes collected and remitted to other government bodies during the year are as follows:

	2017	2016
Province of British Columbia - school tax	\$ 777,543	\$ 733,020
Greater Vancouver Transit Authority	134,244	129,586
Greater Vancouver Regional District	141,564	121,155
Police Tax	92,282	77,673
BC Assessment and MFA	26,584	24,958
	<u>\$ 1,172,217</u>	<u>\$ 1,086,392</u>

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 (note 7), 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, with the exception of those parcels that have paid the water parcel charge in full, as defined in the Village of Belcarra Water Supply and Distribution Local Area Service No. 1 Establishment and Loan Authorization Bylaw No. 413, 2008.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

14. Budget:

Legislatively, the budget 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.

	2017 Budget	2017	2016
Surplus (deficit), statement of operations	\$ (79,945)	\$(180,686)	\$ 157,039
Adjustments for non-cash items:			
Add back: Amortization of tangible capital asset	276,000	286,187	276,286
Add back: Loss on disposal of tangible capital assets	-	24,123	4,476
Add back: Disposal proceeds	-	-	3,745
Add back: Inventory consumed	4,728	5,523	3,550
Deduct: Inventory acquired	-	(21,910)	-
Deduct: MFA actuarial interest	(18,200)	(19,318)	(14,482)
Adjustments for cash items that are not revenues or expenses, but are sources or uses of funds:			
Less: capital expenditures	(549,800)	(358,337)	(42,252)
Less: debt principal repayment	(106,645)	(106,645)	(106,645)
Net transfers for operating or capital purposes:			
From (to) statutory reserves	279,650	52,263	(158,146)
From (to) non-statutory reserves	(53,954)	(61,474)	(60,937)
From (to) unappropriated surplus	248,166	380,274	(62,634)
	\$ -	\$ -	\$ -

15. Comparative information:

Certain components of the comparative information have been reclassified to conform to the financial statement presentation adopted in the current year.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

16. Segment reporting:

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, and financial information are as follows.

General Fund – General Government, Community Planning & Development and Transportation.

General Government – Services provided 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.), mayor and council support and expenses, community events and grants, services necessary to operate and maintain the Municipal Hall and the Public Works Yard, and bylaw development, administration and enforcement.

Community Planning & Development Services – Services provided to update and maintain the Official Community Plan, Zoning Bylaw and related documents and bylaws, and building and other related inspections and approvals.

Transportation – These services comprise the Public Works department that provides a number of services including maintenance of the road and drainage/storm sewer networks, snow removal, and trail maintenance.

Waste and Recycling Depot Fund (“WARD”) – This segment provides refuse and recycling collection (by resident drop-off) and disposal of refuse and various recyclable materials.

Water Fund (“Water system”) – This segment provides potable water services to the community.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2017

16. Segment reporting (continued):

	General government	Transpor- tation	Recycle & refuse	Water system	2017	2016
Revenues:						
Municipal property taxes	670,628	-	-	-	670,628	652,324
Water parcel taxes	-	-	-	233,498	233,498	233,498
Receipts in lieu of taxes	10,554	-	-	-	10,554	22,577
Fees and charges:						
Recycle and refuse	-	-	106,314	-	106,314	103,060
Water levy	-	-	-	192,749	192,749	186,799
Water connection	-	-	-	7,380	7,380	7,380
Transfers from other government	292,415	265,222	-	-	557,637	358,798
Other revenues	121,679	-	760	20,511	142,950	108,347
	1,095,276	265,222	107,074	454,138	1,921,710	1,672,783
Expenses:						
Salaries, wages and benefits	399,491	174,987	27,467	100,804	702,749	612,974
Contracted services	470,883	-	75,367	119,547	665,797	276,330
Supplies and other	131,553	138,799	6,831	17,558	294,741	216,879
Interest on debt	-	-	-	128,799	128,799	128,799
Amortization	22,280	94,879	10,081	158,947	286,187	276,286
Loss on disposal of TCA	11,851	12,272	-	-	24,123	4,476
	1,036,058	420,937	119,746	525,655	2,102,396	1,515,744
Annual surplus (deficit)	59,218	(155,715)	(12,672)	(71,517)	(180,686)	157,039

VILLAGE OF BELCARRA

Schedule 1 - General Fund

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
Revenue:			
Municipal property taxes	\$ 670,439	\$ 670,628	\$ 652,323
Receipts in lieu of taxes	10,712	10,554	22,577
Fees and charges	17,100	20,351	28,385
Permits and licences	29,700	77,011	46,379
Interest income	11,000	24,286	12,676
Small Community Investment Fund grant	252,000	252,071	250,449
Major Road Network grant	145,706	210,766	51,105
Community Works Fund grant	54,500	54,456	54,430
Other	14,800	40,375	2,814
	1,205,957	1,360,498	1,121,138
Expenses:			
General Government:			
Indemnities and benefits	61,197	62,292	61,136
Council other	6,848	3,981	9,101
Grants and projects	16,326	16,025	13,759
Salaries and benefits	277,040	294,309	268,402
Human resources	23,957	22,188	19,064
Information systems	34,062	30,417	35,978
Municipal hall	116,666	158,476	115,829
Planning	267,000	305,835	50,632
Support services	72,663	109,505	24,117
Interest and bank charges	3,700	3,783	3,795
Other	900	7,730	2,115
Administration allocation recovery	(12,025)	(12,614)	(10,840)
Amortization of tangible capital assets	19,000	22,280	19,055
Loss on disposal of tangible capital assets	-	11,851	-
	887,334	1,036,058	612,143
Transportation:			
Non-municipal road network:			
Salaries and benefits	287,457	288,063	283,434
Vehicles, equipment and supplies	34,831	57,839	33,429
Public works allocation recovery	(148,052)	(155,754)	(144,163)
Roads, bridges etc. (contracts)	23,219	22,347	20,486
Trails and public spaces	7,971	11,395	1,825
Municipal road network	75,706	84,656	51,105
Fire protection and emergency preparedness	4,600	5,240	4,558
Amortization of tangible capital assets	90,000	94,879	89,977
Loss on disposal of tangible capital assets	-	12,272	-
	375,732	420,937	340,651
	1,263,066	1,456,995	952,796
Annual surplus (deficit)	\$ (57,109)	\$ (96,497)	\$ 168,342

VILLAGE OF BELCARRA

Schedule 2 - Waste and Recycling Depot Fund

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
Revenue:			
Recycling and refuse fee	\$ 106,058	\$ 106,314	\$ 103,060
Permits and licences	50	45	30
Other fees and revenues	-	-	4,383
Interest income	600	715	627
	<u>106,708</u>	<u>107,074</u>	<u>108,100</u>
Expenses:			
Recycle and refuse:			
Public works allocation	26,568	27,467	24,622
Grant	-	-	3,624
Utilities	1,000	1,140	857
Labour contracts	31,272	30,144	24,357
Greenwaste promotion	-	-	46
Materials and equipment	2,113	5,691	7,524
Processing and hauling fees	38,708	45,223	36,970
	<u>99,661</u>	<u>109,665</u>	<u>98,000</u>
Amortization of tangible capital assets	9,000	10,081	9,002
Loss on disposal of tangible capital assets	-	-	4,476
	<u>108,661</u>	<u>119,746</u>	<u>111,478</u>
Annual deficit	\$ (1,953)	\$ (12,672)	\$ (3,378)

VILLAGE OF BELCARRA

Schedule 3 - Water Fund

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
Revenue:			
Water levy	\$ 193,796	\$ 192,749	\$ 186,798
Water parcel taxes	233,498	233,498	233,498
Water connection fees	7,380	7,380	7,380
MFA actuarial interest	18,200	19,318	14,482
Interest	1,400	1,193	1,386
	<u>454,274</u>	<u>454,138</u>	<u>443,544</u>
Expenses:			
Water system:			
Administration allocation	12,025	12,614	10,840
Water purchases from GVWD	58,821	75,287	56,246
Other (environmental monitoring and VPA lease)	277	276	276
Public works allocation	78,737	88,191	81,142
Utilities	6,379	7,075	6,414
Water mains repair and maintenance	15,350	19,513	-
Station repair and maintenance	3,500	3,245	-
Reservoir repair and maintenance	1,040	13,400	-
Scada system	3,500	11,346	145
Materials and equipment	8,728	6,962	9,357
Debt interest expense	128,800	128,799	128,799
	<u>317,157</u>	<u>366,708</u>	<u>293,219</u>
Amortization	158,000	158,947	158,250
	<u>475,157</u>	<u>525,655</u>	<u>451,469</u>
Annual deficit	\$ (20,883)	\$ (71,517)	\$ (7,926)