

Financial Statements of

VILLAGE OF BELCARRA

And Independent Auditors' Report thereon

Year ended December 31, 2020

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 fair 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.

The audit firm of KPMG LLP, appointed by Council, has expressed its opinion that the financial statements prepared by management fairly present, in all material respects, the financial position of the Village as at December 31, 2020, and the results of 2020 operations 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



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors of the Village of Belcarra

Opinion

We have audited the financial statements of the Village of Belcarra (the "Village"), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2020, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada

April 26, 2021

VILLAGE OF BELCARRA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets:		
Cash	\$ 1,414,634	\$ 928,481
Investments (note 2)	1,005,422	983,653
Accounts receivable (note 3)	56,252	96,222
MFA debt reserve deposit (note 7)	55,429	54,311
	<u>2,531,737</u>	<u>2,062,667</u>
Liabilities:		
Accounts payable and accrued liabilities (note 4)	110,810	113,392
Performance bonds and refundable deposits (note 5)	212,295	236,655
Deferred revenue (note 6)	189,800	238,647
Debt (note 7)	3,449,202	3,590,915
	<u>3,962,107</u>	<u>4,179,609</u>
Net debt	(1,430,370)	(2,116,942)
Non-financial assets:		
Tangible capital assets (note 8)	10,804,292	11,068,888
Prepaid expenses	13,922	30,506
Inventories held for consumption	13,349	13,349
	<u>10,831,563</u>	<u>11,112,743</u>
Accumulated surplus (note 9)	\$ 9,401,193	\$ 8,995,801

Commitments and contingencies (note 10)

Contractual rights (note 15)

See accompanying notes to financial statements.



Lorna Dyson
Chief Administrative Officer

VILLAGE OF BELCARRA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget (notes 1(g) and 16)	2020	2019
Revenue:			
Taxation (including grants in lieu)	\$ 1,105,302	\$ 1,097,018	\$ 989,978
Sales of services & regulatory fees	521,813	581,639	517,184
Government transfers	3,224,001	782,959	444,807
Investment income	37,400	34,634	36,381
Actuarial income	33,693	35,068	29,574
Other revenues	2,014,000	6,991	38,975
	<u>6,936,209</u>	<u>2,538,309</u>	<u>2,056,899</u>
Expenses:			
General government & fiscal services	294,978	363,925	244,269
Administration & human resources	338,711	326,955	345,387
Information technology	43,082	69,381	63,981
Support services (engineering, finance and planning)	267,200	231,614	152,980
Building inspection & bylaw enforcement	103,853	85,894	74,150
Public works & transportation	276,104	370,175	336,986
Major road network (MRN)	77,551	78,190	58,593
Fire & emergency services	6,200	10,394	8,947
Waste & recycle depot (WARD)	117,362	124,746	123,280
Water system	506,684	471,643	504,326
	<u>2,031,725</u>	<u>2,132,917</u>	<u>1,912,899</u>
Annual surplus	4,904,484	405,392	144,000
Accumulated surplus, beginning of year	8,995,801	8,995,801	8,851,801
Accumulated surplus, end of year	<u>\$ 13,900,285</u>	<u>\$ 9,401,193</u>	<u>\$ 8,995,801</u>

See accompanying notes to financial statements.

VILLAGE OF BELCARRA

Statement of Changes in Net Debt

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget (notes 1(g) and 16)	2020	2019
Annual surplus	\$ 4,904,484	\$ 405,392	\$ 144,000
Acquisition of tangible capital assets	(4,269,025)	(47,439)	(74,808)
Amortization of tangible capital assets	306,500	312,035	306,282
Loss on disposal of tangible capital assets	-	-	12,330
	(3,962,525)	264,596	243,804
Prepaid expenses consumed (acquired), net	-	16,584	(15,008)
Inventories held for consumption acquired	-	-	(13,349)
Inventories held for consumption consumed	-	-	16,019
	-	16,584	(12,338)
Change in net debt	941,959	686,572	375,466
Net debt, beginning of year	(2,116,942)	(2,116,942)	(2,492,408)
Net debt, end of year	\$ (1,174,983)	\$ (1,430,370)	\$ (2,116,942)

See accompanying notes to financial statements.

VILLAGE OF BELCARRA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ 405,392	\$ 144,000
Items not involving cash:		
Amortization of tangible capital assets	312,035	306,282
Loss on disposal of tangible capital assets	-	12,330
Actuarial income on debt	(35,068)	(29,574)
	682,359	433,038
Changes in non-cash operating working capital:		
Accounts receivable	39,970	873
MFA debt reserve deposit	(1,118)	(1,236)
Accounts payable and accrued liabilities	(2,582)	(82,254)
Performance bonds and refundable deposits	(24,360)	(8,601)
Deferred revenue	(48,847)	64,050
Prepaid expenses	16,584	(15,008)
Inventories held for consumption	-	2,670
	662,006	393,532
Financing activity:		
Principal payments on debt	(106,645)	(106,645)
Investing activity:		
Purchase of investments	(21,769)	(24,227)
Capital activity:		
Acquisition of tangible capital assets	(47,439)	(74,808)
Increase in cash	486,153	187,852
Cash, beginning of year	928,481	740,629
Cash, end of year	\$ 1,414,634	\$ 928,481

See accompanying notes to financial statements.

VILLAGE OF BELCARRA

Notes to Financial Statements

Year ended December 31, 2020

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.

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and continues to have an impact. This has resulted in Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The economic situation is dynamic and the ultimate duration and magnitude of the impact on the economy and to the Village is not fully known at this time. Management will continue to monitor the on-going impact on the Village’s cash and budget forecasts.

1. Significant accounting policies:

The Village prepares its financial statements in accordance with 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:

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

(b) 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.

(c) 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.

(d) 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, 2020

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Tangible capital assets are initially 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.

When events or circumstances indicate that a tangible capital asset no longer has any long-term service potential, the net carrying amount is written down to the residual value of the asset. No write-downs were determined to be necessary during the current year.

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

(ii) Arts and heritage assets:

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

(iii) Interest capitalization:

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

(iv) 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.

(v) 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, 2020

1. Significant accounting policies (continued):

(e) Revenue recognition:

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

(f) Expense recognition:

Expenses are recorded on the accrual basis and are recognized upon the receipt of goods or services. Interest expense on debt is recorded on an accrual basis in accounts payable and accrued liabilities.

(g) Budget reporting:

The budget figures reported in the statement of operations and statement of changes in net debt represent the 2020 component of Financial Plan 2020 - 2024 Bylaw No. 559, 2020, adopted by the Village Council on April 6, 2020.

(h) Debt:

Debt is recorded net of related sinking fund balance held by the Municipal Finance Authority of BC ("MFA").

(i) 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.

(j) 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. Areas requiring the use of management estimates relate to the determination of the useful lives of tangible capital assets for amortization, valuation of receivables, valuation of 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, 2020

1. Significant accounting policies (continued):

(k) 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 18).

(l) 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:

	2020	2019
MFA short-term bond fund	\$ 1,005,422	\$ 983,653

The market value of investments as at December 31, 2020 is \$1,028,634 (2019 - \$966,427).

3. Accounts receivable:

	2020	2019
Municipal property taxes and user fees	\$ 15,058	\$ 14,970
Trade accounts receivable	5,740	51,790
Goods and services tax	35,454	29,462
	\$ 56,252	\$ 96,222

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Accounts payable and accrued liabilities:

	2020	2019
Trade accounts payables and accruals	\$ 36,655	\$ 45,208
MFA debt interest expense accrual	31,053	31,053
Payroll accrual	43,102	37,131
	\$ 110,810	\$ 113,392

5. Performance bonds and refundable deposits:

	2020	2019
Performance bonds	\$ 206,971	\$ 231,331
Refundable deposits	5,324	5,324
	\$ 212,295	\$ 236,655

6. Deferred revenue:

	Balance, beginning of year	Contributions received	Restricted interest income	Revenue recognized	Balance, end of year
Municipal Insurance Association	\$ 328	\$ -	\$ -	\$ -	\$ 328
Major road network grant (a)	122,575	16,250	1,941	(78,190)	62,576
Property taxes paid in advance (b)	115,744	236,348	128	(225,324)	126,896
	\$ 238,647	\$ 252,598	\$ 2,069	\$ (303,514)	\$ 189,800

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

Annually, the Village receives a grant from the South Coast British Columbia Transportation ("TransLink") intended to cover the operating and maintenance costs of Bedwell Bay Road as it is designated as part of the MRN. Grants received in excess of actual costs incurred are carried forward for future years. For the year ended December 31, 2020, TransLink reduced MRN grant funding to the Village due to its own revenue shortfalls related to COVID-19.

(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 future years.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2020

7. Debt:

The Village obtained a debt instrument through the MFA pursuant to a security issuing bylaw under authority of the Community Charter to finance capital expenditures for the installation of a potable water system serving most of the Village. The gross amount of the debt less principal payments and actuarial adjustments to date are as follows:

Bylaw number	Maturity date	Interest rate	Authorized	Principal payments and actuarial adjustments	2020	2019
413	2037	2.90%	\$ 4,441,330	\$ 992,128	\$ 3,449,202	\$ 3,590,915

Total interest expense on the debt for the year was \$128,799 (2019 - \$128,799).

As a condition of this borrowing, a portion of the debt proceeds is withheld by the MFA in a debt reserve deposit. The Village has also executed a demand note in connection with the debt. This demand note is contingent in nature and is not reflected in the Village's accounts. The details of the debt reserve deposit and contingent demand note at December 31 are as follows:

	2020	2019
Debt reserve deposit	\$ 55,429	\$ 54,311
Demand note	73,309	73,309

Future principal payments and actuarial income on the sinking fund asset, on the outstanding debt over the next five years and thereafter are as follows:

2021	\$ 145,951
2022	151,789
2023	157,861
2024	164,175
2025	170,742
Future years	2,658,684
	\$ 3,449,202

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 was unused as at December 31, 2020 and 2019.

VILLAGE OF BELCARRA

Notes to Financial Statements

Year ended December 31, 2020

8. Tangible capital assets:

	Land	Buildings and facilities	Vehicle machinery & equipment	Office furniture & equipment	Recycling depot	Road and sidewalks	Storm sewer infrastructure	Water system infrastructure	Assets under construction	2020 Total	2019 Total
Cost:											
Opening balance	\$ 329,318	\$ 495,373	\$ 394,367	\$ 133,644	\$ 157,190	\$ 2,698,445	\$ 352,146	\$ 9,691,836	\$ 12,669	\$14,264,988	\$ 14,202,510
Add: Additions, net of transfers	-	18,670	-	2,097	-	-	-	5,329	21,343	47,439	74,808
Less: Disposals	-	-	-	-	-	-	-	-	-	-	(12,330)
	329,318	514,043	394,367	135,741	157,190	2,698,445	352,146	9,697,165	34,012	14,312,427	14,264,988
Accumulated amortization:											
Opening balance	-	215,809	230,458	79,323	78,027	951,590	297,710	1,343,183	-	3,196,100	2,889,818
Add: Amortization	-	19,724	18,499	19,982	7,357	76,946	9,675	159,852	-	312,035	306,282
Less: Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	-	-
	-	235,533	248,957	99,305	85,384	1,028,536	307,385	1,503,035	-	3,508,135	3,196,100
Net book value, end of year	\$ 329,318	\$ 278,510	\$ 145,410	\$ 36,436	\$ 71,806	\$ 1,669,909	\$ 44,761	\$ 8,194,130	\$ 34,012	\$ 10,804,292	\$ 11,068,888

VILLAGE OF BELCARRA

Notes to Financial Statements

Year ended December 31, 2020

9. Accumulated surplus:

	2020	2019	Increase (decrease)
Unrestricted operating surplus			
General operating surplus	\$ 230,026	\$ 257,338	\$ (27,312)
Waste & recycle depot (WARD) operating surplus	45,232	52,649	(7,417)
Water operating surplus	73,612	29,775	43,837
Total unrestricted operating surplus (a)	348,870	339,762	9,108
Restricted operating surplus:			
General operating surplus (Unutilized COVID-19 Safe Restart Grant) (b)	181,540	-	181,540
Statutory reserve funds:			
General capital	480,421	590,476	(110,055)
General operating	-	88,353	(88,353)
Financial stabilization	84,041	-	84,041
Transportation infrastructure	180,979	-	180,979
Vehicles and equipment	62,348	-	62,348
Water capital	151,974	-	151,974
Community works gas tax	464,454	406,933	57,521
MFA cash deposit	55,429	54,311	1,118
Water debt repayment	22,698	24,644	(1,946)
Total statutory reserve funds (c)	1,502,344	1,164,717	337,627
Investment in tangible capital assets:			
Tangible capital assets	10,804,292	11,068,888	(264,596)
Less debt	(3,449,202)	(3,590,915)	141,713
Total investment in tangible capital assets (d)	7,355,090	7,477,973	(122,883)
Inventories held for consumption (d)	13,349	13,349	-
Total accumulated surplus	\$ 9,401,193	\$ 8,995,801	\$ 405,392

(a) Unrestricted operating surplus:

Unrestricted surplus 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.

(b) Restricted operating surplus:

Restricted surplus is the amount of unutilized COVID-19 Safe Restart Grant funds that will be used in subsequent years to fund allowable COVID-19 related expenses.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Accumulated surplus (continued):

(c) Statutory reserves:

The Village establishes reserve funds 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.

(d) Investment in tangible capital assets and inventories held for consumption:

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

10. Commitments and contingencies:

(a) Contingent liability:

The loan agreements with the Greater Vancouver Regional District ("GVRD"), Greater Vancouver Water District ("GVWD"), Greater Vancouver Sewerage and Drainage District ("GVWSDD"), and the MFA provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect of such borrowing, the resulting deficiency becomes a joint and several liability of the Village and the other parties. Management does not consider payment under this contingency to be likely and therefore no liability has been recorded.

(b) 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 position 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, 2019, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2020

11. Pension plan (continued):

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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The Village paid \$25,811 (2019 - \$30,390) for employer contributions to the plan in fiscal 2020. The next valuation will be as at December 31, 2021, with results available in 2022. 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. Employee future benefits:

The Village provides certain post-employment benefits, compensated absences, and termination benefits to its employees. These benefits include accumulated non-vested sick leave. Accrued benefit liability is included in accounts payable and accrued liabilities.

	2020	2019
Accrued benefit obligation, beginning of year	\$ 13,500	\$ 13,100
Current service cost	2,500	2,500
Interest cost	400	400
Benefits paid	(2,400)	(2,500)
Accrued benefit obligation, end of year	14,000	13,500
Unamortized actuarial (loss) gain	-	-
Accrued benefit liability, end of year	\$ 14,000	\$ 13,500

Actuarial gains and losses are amortized over the expected average remaining service period of the related employee group commencing the year after the gain or loss arises. A full update to the actuarial valuation of the accrued benefit liability was performed to determine the Village's accrued benefit obligation as at December 31, 2017 and extrapolated to December 31, 2020.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2020

12. Employee future benefits (continued):

Actuarial assumptions used to determine the Village's accrued benefit obligation are as follows:

	2020	2019
Discount rate	2.8%	2.8%
Expected wage and salary range increases	2.0%	2.0%
Expected average remaining service period	11 years	12 years

13. 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:

	2020	2019
Province of British Columbia - school tax	\$ 896,227	\$ 959,617
TransLink	151,248	147,128
Metro Vancouver	141,586	142,056
Police tax	90,308	93,382
BC Assessment and MFA	25,903	26,119
	\$ 1,305,272	\$ 1,368,302

14. Water parcel taxes:

Water parcel taxes are collected each year to pay the annual interest and principal debt payments on 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 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.

15. Contractual rights:

The Village's contractual rights arise from rights to receive payments under grant and other agreements. However, the revenue from these agreements is difficult to quantify and has not been recorded.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2020

16. 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.

	2020 Budget	2020	2019
Annual surplus, statement of operations	\$ 4,904,484	\$ 405,392	\$ 144,000
Adjustments for non-cash items:			
Add back: Amortization of tangible capital asset	306,500	312,035	306,282
(Deduct) Add: Changes in Inventory	(3,152)	-	2,670
Deduct: MFA actuarial interest	(33,693)	(35,068)	(29,574)
Adjustments for cash items that are not revenues or expenses, but are sources or uses of funds:			
Less: capital expenditures	(4,269,025)	(47,439)	(74,808)
Less: debt principal repayment	(106,645)	(106,645)	(106,645)
Net transfers for operating or capital purposes:			
To reserves	(778,469)	(337,626)	(222,512)
From surplus	-	1,330	-
To surplus (annual surplus)	(20,000)	(191,979)	(19,413)
	\$ -	\$ -	\$ -

17. Comparative information:

Certain components of the comparative information have been reclassified to conform to the financial statement presentation adopted in the current year. There is no impact to total financial assets, total liabilities, net debt, total non-financial assets, or accumulated surplus. There is also no impact to total revenue, total expenses, or annual surplus.

18. Segment reporting:

The Village of Belcarra provides a wide range of municipal services. These services have been grouped into related departmental functions or service areas for segment reporting purposes. The following schedule shows the associated revenues and expenses for each segment. The various segments and the associated departmental functions or service are as follows:

General Government & Fiscal Services

This segment is comprised of services that relate to Council's legislative function including grants and elections. Functions that apply to the Village as a whole such as municipal hall upkeep, insurance, audit, banking and legal are included in this segment.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2020

18. Segment reporting (continued):

Administration & Human Resources

This segment includes Council support services, management of legal issues, records management, various human resources functions and oversight of departmental areas.

Information Technology

This segment is comprised of services related to the Village's information systems technology and infrastructure including its website.

Support Services (engineering, finance and planning)

This segment includes the Village's contracted support services for engineering, finance and planning. These services are provided on an as needed basis.

Building Inspection & Bylaw Enforcement

This segment provides for part-time building inspection and bylaw enforcement services which includes enforcement of various regulatory bylaws such as parking.

Public Works & Transportation

This segment includes the provision of services that relate to the Village's roads, bridges and drainage systems as well as for the maintenance of pedestrian walkways and trails.

Major Road Network (MRN)

This segment involves the maintenance and upkeep of the regional Bedwell Bay Road, the costs of which are funded by TransLink.

Fire & Emergency Services

This segment includes emergency planning and response services and minor expenditures related to fire protective, as the Sasamat Fire Department and its related services are shared regional services requisitioned and funded through the Metro Vancouver Regional District.

Waste & Recycle Depot (WARD)

This segment provides for refuse, recycling and organics drop-off at WARD, and pick-up and disposal of these same materials by a contractor.

Water System

This segment provides for the distribution and treatment of the water supply which is used for domestic and firefighting purposes.

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2020

18. Segment reporting (continued):

	General government and fiscal services	Administration and human resources	Information technology	Support services (engineering finance and planning)	Building inspection and bylaw enforcement	Public works and transportation
Revenue:						
Taxation (including grants in lieu)	\$ 863,520	\$ -	\$ -	\$ -	\$ -	\$ -
Sales of services and regulatory fees	10,800	-	-	-	171,453	1,100
Government transfers	686,490	-	-	10,000	-	-
Investment income	28,938	-	-	-	-	-
Actuarial income	-	-	-	-	-	-
Other revenues	6,991	-	-	-	-	-
	1,596,739	-	-	10,000	171,453	1,100
Expenses:						
Indemnities, salaries and benefits	64,850	321,041	-	-	71,245	189,151
Contracted services	126,989	-	49,399	231,614	5,586	-
Supplies and materials	97,533	5,914	-	-	9,063	75,904
Grants	2,331	-	-	-	-	-
Interest and other	52,498	-	-	-	-	-
Amortization	19,724	-	19,982	-	-	105,120
	363,925	326,955	69,381	231,614	85,894	370,175
Annual surplus (deficit)	\$ 1,232,814	\$ (326,955)	\$ (69,381)	\$ (221,614)	\$ 85,559	\$ (369,075)

VILLAGE OF BELCARRA

Notes to Financial Statements (continued)

Year ended December 31, 2020

18. Segment reporting (continued):

	Major road network (MRN)	Fire and emergency services	Waste and recycle depot (Ward)	Water system	2020	2019
Revenue:						
Taxation (including grants in lieu)	\$ -	\$ -	\$ -	\$ 233,498	\$ 1,097,018	\$ 989,978
Sales of services and regulatory fees	-	-	121,066	277,220	581,639	517,184
Government transfers	78,190	-	1,137	7,142	782,959	444,807
Investment income	-	-	1,115	4,581	34,634	36,381
Actuarial income	-	-	-	35,068	35,068	29,574
Other revenues	-	-	-	-	6,991	38,975
	78,190	-	123,318	557,509	2,538,309	2,056,899
Expenses:						
Indemnities, salaries and benefits	48,139	-	32,050	54,108	780,584	788,693
Contracted services	-	-	78,355	110,533	602,476	420,361
Supplies and materials	30,051	10,394	6,984	18,351	254,194	266,109
Grants	-	-	-	-	2,331	2,655
Interest and other	-	-	-	128,799	181,297	128,799
Amortization	-	-	7,357	159,852	312,035	306,282
	78,190	10,394	124,746	471,643	2,132,917	1,912,899
Annual surplus (deficit)	\$ -	\$ (10,394)	\$ (1,428)	\$ 85,866	\$ 405,392	\$ 144,000

VILLAGE OF BELCARRA

Schedule to Financial Statements (unaudited)

Year ended December 31, 2020

COVID-19 Safe Restart Grant:

	Emergency planning and response costs	Computer and other electronics technology costs	Addressing revenue shortfalls	Total
COVID-19 Safe Restart Grant Funds Received	\$ -	\$ -	\$ -	\$ 380,000
2020 COVID-19 Safe Restart Grant Claimed	62,340	3,087	133,033	198,460
Unused COVID-19 Restart Grant Funds (Restricted Surplus)	\$ 62,340	\$ 3,087	\$ 133,033	\$ 181,540
