

Village of Belcarra
FINANCIAL STATEMENTS
December 31, 2002

Village of Belcarra

December 31, 2002

Management's Responsibility for Financial Reporting

The accompanying Village financial statements are the responsibility of management and have been approved by the Administrator on behalf of the Mayor and Council.

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

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

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

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

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

Mayor

Administrator



over 50 years of
quality service

AUDITORS' REPORT

To the Mayor and Council of the
Village of Belcarra

We have audited the balance sheet of the Village of Belcarra as at December 31, 2002 and the statements of revenue and expenditures and changes in fund balances for the year ended December 31, 2002. These financial statements are the responsibility of the municipality's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Municipal Act (British Columbia), we report that, in our opinion these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
February 7, 2003

A handwritten signature in black ink that reads 'D&H Group'.

Chartered Accountants

D&H Group

A Partnership of Corporations

A Member of BHD Association with affiliated offices across Canada and Internationally

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Village of Belcarra

BALANCE SHEET

December 31, 2002

	2002			2001	
	Operating fund	Capital fund	Reserve fund	Total	Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 21,937	\$ -	\$ 3,146	\$ 25,083	\$ 15,985
Investments	157,841	-	111,839	269,680	234,639
Accounts receivable (Note 2)	24,147	-	-	24,147	49,265
Due from reserve fund	24,878	-	-	24,878	23,806
Due from operating fund	-	10,261	-	10,261	11,716
	228,803	10,261	114,985	354,049	335,411
CAPITAL ASSETS (NOTE 3)	-	2,636,886	-	2,636,886	2,450,348
INTANGIBLE ASSET	-	664,236	-	664,236	664,236
GAS MAIN EXTENSION COSTS RECOVERABLE (NOTE 4)	-	55,714	-	55,714	77,023
	\$ 228,803	\$ 3,367,097	\$ 114,985	\$ 3,710,885	\$ 3,527,018
LIABILITIES					
CURRENT LIABILITES					
Accounts payable and accrued liabilities	\$ 50,564	\$ -	\$ -	\$ 50,564	\$ 36,238
Due to capital fund	10,261	-	-	10,261	11,716
Due to operating fund	-	-	24,878	24,878	23,806
Property taxes collected in advance	95,607	-	-	95,607	84,791
Performance bonds	39,413	-	-	39,413	36,027
	195,845	-	24,878	220,723	192,578
DEBENTURES PAYABLE (NOTE 5)	-	74,017	-	74,017	96,377
	195,845	74,017	24,878	294,740	288,955
FUND BALANCES					
RESERVE FOR FUTURE EXPENDITURES (SCHEDULE 1)	32,958	-	-	32,958	25,027
EQUITY IN CAPITAL ASSETS	-	3,293,080	-	3,293,080	3,106,946
RESERVE FUND BALANCES (SCHEDULE 2)					
Equipment replacement	-	-	14,328	14,328	13,874
Capital works	-	-	61,951	61,951	69,792
Redevelopment of Marine Avenue	-	-	13,828	13,828	22,424
	-	-	90,107	90,107	106,090
	32,958	3,293,080	90,107	3,416,145	3,238,063
	\$ 228,803	\$ 3,367,097	\$ 114,985	\$ 3,710,885	\$ 3,527,018

Approved by: _____ Administrator

Village of Belcarra

STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCES Year ended December 31, 2002

	2002			2001	
	Operating fund	Capital fund	Reserve fund	Total	Total
REVENUE					
Taxation – net (Note 6)	\$ 345,617	\$ -	\$ -	\$ 345,617	\$ 337,752
Government grants (Schedule 3)	136,939	-	-	136,939	130,348
Garbage collection	37,750	-	-	37,750	37,625
Sundry	5,946	-	-	5,946	5,176
Penalties and interest on taxes	3,850	-	-	3,850	6,397
Licenses and permits	29,407	-	-	29,407	30,952
Main Avenue septic lease fees	4,200	-	-	4,200	4,200
Interest	21,921	-	2,710	24,631	25,909
Donation	-	-	-	-	5,739
	<u>585,630</u>	<u>-</u>	<u>2,710</u>	<u>588,340</u>	<u>584,098</u>
EXPENDITURES					
General government (Schedule 4)	226,335	-	-	226,335	218,454
Public works	117,003	-	-	117,003	117,707
Capital expenditures	186,134	-	-	186,134	175,912
Garbage disposal	30,093	-	-	30,093	27,433
Goods and Services Tax, net of recoveries	10,169	-	-	10,169	10,022
Interest and bank charges	18,366	-	-	18,366	21,516
Planning	6,500	-	-	6,500	10,355
Septic lease fees – G.V.R.D.	1,792	-	-	1,792	1,857
	<u>596,392</u>	<u>-</u>	<u>-</u>	<u>596,392</u>	<u>583,256</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES FOR THE YEAR	<u>(10,762)</u>	<u>-</u>	<u>2,710</u>	<u>(8,052)</u>	<u>842</u>
INTER-FUND TRANSFERS					
Transfer to (from) fund	18,693	-	(18,693)	-	-
Contributions received for acquisition of capital assets from operating fund	-	177,027	-	177,027	165,979
Contributions received for acquisition of capital assets from reserve fund	-	9,107	-	9,107	9,933
	18,693	186,134	(18,693)	186,134	175,912
FUND BALANCE , beginning of year	<u>25,027</u>	<u>3,106,946</u>	<u>106,090</u>	<u>3,238,063</u>	<u>3,061,309</u>
FUND BALANCE, end of year	\$ <u>32,958</u>	\$ <u>3,293,080</u>	\$ <u>90,107</u>	\$ <u>3,416,145</u>	\$ <u>3,238,063</u>

Schedule 1

Village of Belcarra

CHANGES IN RESERVE FOR FUTURE EXPENDITURES (OPERATING FUND)

Year ended December 31, 2002

	<u>2002</u>	<u>2001</u>
BALANCE, beginning of year	\$ 25,027	\$ 10,802
LESS		
Amounts used during the year	<u> -</u>	<u> -</u>
	25,027	10,802
ADD		
Appropriation from reserve fund – GVTA	7,931	3,286
Contribution received from Historical Book Fund	-	5,739
Appropriation from reserve – gas main debenture	<u> -</u>	<u> 5,200</u>
BALANCE, end of year	\$ <u>32,958</u>	\$ <u>25,027</u>

Schedule 2

CHANGES IN RESERVE FUND

Year ended December 31, 2002

	<u>Equipment replacement</u>	<u>Capital works</u>	<u>Redevelopment of Marine Avenue</u>	<u>2002</u>	<u>2001</u>
BALANCE, beginning of year	\$ 13,874	\$ 69,792	\$ 22,424	\$ 106,090	\$ 119,473
INTEREST ON INVESTMENTS	454	1,745	511	2,710	4,354
TRANSFER TO OPERATING FUND	<u> -</u>	<u> (9,586)</u>	<u> (9,107)</u>	<u> (18,693)</u>	<u> (17,737)</u>
	14,328	61,951	13,828	90,107	106,090
APPROPRIATION FROM OPERATIONS	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
	\$ <u>14,328</u>	\$ <u>61,951</u>	\$ <u>13,828</u>	\$ <u>90,107</u>	\$ <u>106,090</u>

Village of Belcarra
GOVERNMENT GRANTS
Year ended December 31, 2002

	Actual 2002	Budget 2002	Actual 2001
OPERATING FUND			
Revenue sharing	\$ 102,889	\$ 102,889	\$ 102,889
GVTA Major Roads - capital	-	-	-
GVTA Major Roads - maintenance	34,050	34,050	26,838
Emergency procedures	-	-	621
	<u>\$ 136,939</u>	<u>\$ 136,939</u>	<u>\$ 130,348</u>

GENERAL GOVERNMENT EXPENDITURES
Year ended December 31, 2002

	Actual 2002	Budget 2002	Actual 2001
ADMINISTRATION SALARIES AND BENEFITS	\$ 124,838	\$ 126,750	\$ 118,534
COUNCIL INDEMNITIES	32,976	32,760	32,635
DUES, CONVENTIONS AND ADVERTISING	9,439	16,500	9,770
INSURANCE	12,036	13,000	12,453
LEGAL AND AUDIT	12,991	10,000	11,991
MAINTENANCE, HEAT AND LIGHT OF OFFICES AND EQUIPMENT	9,361	7,000	9,945
OFFICE SUPPLIES AND PRINTING	6,593	8,000	8,575
SUNDRY	8,564	4,500	5,885
TELEPHONE AND POSTAGE	<u>9,537</u>	<u>8,000</u>	<u>8,666</u>
	<u>\$ 226,335</u>	<u>\$ 226,510</u>	<u>\$ 218,454</u>

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2002

1. ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which necessarily involves the use of estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

Basis of accounting

The Village uses the modified accrual basis of accounting, which is full accrual except for accrued interest on long-term debt.

Capital assets

Capital assets are recorded at cost. In accordance with Ministry of Municipal Affairs guidelines, amortization is not recorded.

Intangible asset

Intangible asset is comprised of the gas main extension costs and is recorded at cost. In accordance with Ministry of Municipal Affairs guidelines, amortization is not recorded.

2. ACCOUNTS RECEIVABLE

	<u>2002</u>	<u>2001</u>
Taxes	\$ 10,146	\$ 35,804
GST rebate receivable	13,205	13,361
Other	<u>796</u>	<u>100</u>
	\$ <u>24,147</u>	\$ <u>49,265</u>

3. CAPITAL ASSETS

	<u>2002</u>	<u>2001</u>
Land	\$ 81,500	\$ 81,500
Buildings	229,001	229,001
Office equipment	69,757	69,757
Vehicles	117,684	117,684
Engineering structures	214,266	197,391
Roads	1,159,405	1,096,029
Machinery and equipment	62,802	57,501
Water storage tanks	<u>702,471</u>	<u>601,485</u>
	\$ <u>2,636,886</u>	\$ <u>2,450,348</u>

4. GAS MAIN EXTENSION COSTS RECOVERABLE

In 1995 the Village paid and incurred costs towards the construction of a gas distribution pipeline to properties within the Village's boundaries. Certain property owners opted to pay their share of the cost over ten years. During the year the Village recovered \$ 21,309 (2001 - \$ 20,294), leaving \$ 55,714 to be recovered over the next two years.

Village of Belcarra
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2002

5. DEBENTURES PAYABLE	2002	2001
Municipal Finance Authority – requiring annual principal and interest payments totalling \$ 1,478 with interest calculated at the rate of 6.5%, due May 15, 2005	\$ 3,482	\$ 4,534
Municipal Finance Authority – requiring annual principal and interest payments totalling \$ 31,701 with interest calculated at 7.0% semi-annually, in each and every year during the term of the debenture, due December 1, 2005	70,535	91,843
	\$ 74,017	\$ 96,377

6. TAXATION - NET

Taxation revenue comprises the following amounts raised less transfers:

	2002	2001
General municipal purposes *	\$ 342,624	\$ 335,246
Collections for other governments		
School District - School tax	507,731	500,671
Greater Vancouver Regional District	84,549	82,845
Greater Vancouver Transit Authority (GVTA)	40,416	29,193
B.C. Assessment Authority	17,152	17,129
	992,472	965,084
Transfers to other governments		
School District - School tax	504,789	498,171
Greater Vancouver Regional District	84,480	82,764
Greater Vancouver Transit Authority (GVTA)	40,416	29,267
B.C. Assessment Authority	17,145	17,090
Municipal Finance Authority	25	40
	646,855	627,332
	\$ 345,617	\$ 337,752

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

7. CONTINGENT LIABILITY

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

8. PENSION LIABILITY

The Village of Belcarra and its employees contribute to the Municipal Pension Plan (the pension plan), a jointly trusted pension plan governed by the BC Public Sector Pension Plans Act. The pension plan is a multi-employer contributory defined benefit pension plan with about 125,000 active contributors, including approximately 26,000 contributors from over 180 local governments. Joint trusteeship was established effective April 5, 2001. The board of trustees, representing plan members and employers, is fully responsible for the management of the pension plan, including investment of the assets and administration of the plan.

Village of Belcarra

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2002

8. PENSION LIABILITES - continued

The British Columbia Pension Corporation provides benefit administration services and the British Columbia Investment Management Corporation provides investment management services for the pension plan.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2000 indicates a surplus of \$ 436 million, an improved position of 9% surplus of covered payroll from a 14% unfunded liability of covered payroll as at the previous valuation of December 1997. The Joint Trust Agreement specifies how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers. Each employer expenses contributions to the plan in the year in which payments are made.