

Consolidated Financial Statements of

CULTUS LAKE PARK BOARD

Year ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

To the Commissioners of Cultus Lake Park Board

We have audited the accompanying consolidated financial statements of Cultus Lake Park Board which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and notes 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 consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Cultus Lake Park Board as at December 31, 2010, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Chartered Accountants

April 13, 2011
Abbotsford, British Columbia

CULTUS LAKE PARK BOARD

Consolidated Statement of Financial Position

December 31, 2010 with comparative figures for 2009

	2010	2009
Financial Assets:		
Cash	\$ 447,384	\$ 127,458
Investments (Note 3)	906,804	487,802
Accounts receivable	106,631	78,535
Long term receivables	-	8,331
	1,460,819	702,126
Liabilities:		
Accounts payable and deposits	319,179	243,778
Deferred revenue	218,151	238,441
Funds held in trust (Note 3)	190,375	187,802
Landfill closure liability (Note 5)	461,976	461,976
	1,189,681	1,131,997
Net Financial Assets (Debt)	271,138	(429,871)
Non-Financial Assets:		
Tangible Capital Assets (Note 4)	1,850,279	2,095,706
Prepaid expenses	60,987	69,464
	1,911,266	2,165,170
Accumulated Surplus	\$ 2,182,404	\$ 1,735,299
Represented by:		
Operating Funds	\$ (280,737)	\$ (382,486)
Reserve Funds (Schedule 1)	612,862	22,079
Equity in Tangible Capital Assets	1,850,279	2,095,706
	\$ 2,182,404	\$ 1,735,299

Approved by:

Rebecca Johnson, Manager of Financial Services

Ron Campbell, Chief Administrative Officer

See accompanying notes to consolidated financial statements

CULTUS LAKE PARK BOARD

Consolidated Statement of Operations

Year ended December 31, 2010 with comparative figures for 2009

	2010	2009
Revenues:		
Sunnyside Campground	\$ 1,938,760	\$ 1,780,635
Commercial leases	458,457	410,147
Residential leases	693,746	578,661
Vedder River Campground	385,122	400,231
Cabin rentals	141,032	121,728
Other	156,273	100,984
Interest	11,169	21,532
	3,784,559	3,413,918
Expenses:		
Advertising and promotion	14,442	36,016
Amortization	382,619	385,887
Bank charges and interest	64,475	76,045
Commissioners indemnities	53,066	58,364
Community policing	10,000	3,333
Donations and grants	235	6,067
Grounds maintenance	34,240	48,553
Information systems	19,995	40,718
Inspections, permits and fees	12,910	17,243
Insurance	112,707	115,298
Janitorial	21,818	23,139
Office, telephone and sundry	113,879	103,499
Professional fees	63,472	165,533
Repairs and maintenance	115,438	165,305
Roads and parking	31,611	29,212
Security	3,961	8,566
Septic and water systems	38,387	18,766
Travel and conferences	16,519	9,130
Utilities	131,781	146,947
Wages and benefits	1,963,493	2,156,522
Waste disposal	128,249	115,403
Waterfront maintenance	4,157	5,589
	3,337,454	3,735,135
Annual Surplus (Deficit)	447,105	(321,217)
Accumulated Surplus, beginning of year	1,735,299	2,056,516
Accumulated Surplus, End of Year	\$ 2,182,404	\$ 1,735,299

See accompanying notes to consolidated financial statements

CULTUS LAKE PARK BOARD

Consolidated Statement of Change in Net Financial Assets (Debt)

Year ended December 31, 2010 with comparative figures for 2009

	2010	2009
Annual surplus (deficit)	\$ 447,105	\$ (321,217)
Add (deduct):		
Acquisition of tangible capital assets	(144,771)	(198,223)
Amortization of tangible capital assets	382,619	385,887
Proceeds from sale of tangible capital assets	7,579	9,181
	<u>692,532</u>	<u>(124,372)</u>
Change in prepaid expenses	8,477	(9,905)
Change in net financial assets (debt)	<u>701,009</u>	<u>(134,277)</u>
Net financial debt, beginning of year	(429,871)	(295,594)
Net financial assets (debt), end of year	<u>\$ 271,138</u>	<u>\$ (429,871)</u>

See accompanying notes to consolidated financial statements

CULTUS LAKE PARK BOARD

Consolidated Statement of Cash Flows

Year ended December 31, 2010 with comparative figures for 2009

	2010	2009
Cash provided by (used for):		
Operating Activities:		
Annual surplus (deficit)	\$ 447,105	\$ (321,217)
Non-cash item:		
Amortization of tangible capital assets	382,619	385,887
Change in non-cash assets and liabilities:		
Accounts receivable	(28,096)	20,569
Long term receivables	8,331	43,331
Prepaid expenses	8,477	(9,905)
Accounts payable and deposits	75,401	(50,268)
Deferred revenue	(20,290)	18,497
Funds held in trust	2,573	1,727
	876,120	88,621
Capital Activities:		
Proceeds on sale of tangible capital assets	7,579	9,181
Acquisition of tangible capital assets	(144,771)	(198,223)
	(137,192)	(189,042)
Investing Activities:		
(Increase) reduction in investments	(419,002)	196,744
Increase in cash	319,926	96,323
Cash, beginning of year	127,458	31,135
Cash, end of year	\$ 447,384	\$ 127,458

See accompanying notes to consolidated financial statements

CULTUS LAKE PARK BOARD

Notes to the Consolidated Financial Statements

Year ended December 31, 2010

1. General:

The Cultus Lake Park Board (the "Park Board") was formed in 1932 under the Cultus Lake Park Act enacted by the Province of British Columbia. The Park Board is constituted with the regulation, management, maintenance and improvement of Cultus Lake Park.

2. Significant accounting policies:

It is the Park Board's policy to follow Canadian generally accepted accounting principles for municipalities in British Columbia and to apply such principles consistently.

(a) Principles of consolidation:

These consolidated financial statements include the operations of the Revenue and Capital Funds of the Park Board after eliminating any inter-fund balances and transactions.

(b) Investments:

Investments are carried at cost, which approximates fair value.

(c) Tangible capital assets and amortization:

Tangible capital assets are recorded at cost. Tangible capital assets are amortized over their estimated useful lives, on a straight-line basis at rates varying between 5% and 30%. Amortization is charged over the asset's useful life commencing when the asset is acquired.

(d) Landfill closure liability:

Landfill closure costs are accrued based on the most recent engineering estimates available.

(e) Revenue recognition:

The Park Board records as income in the current fiscal year 100% of the revenue from the current leased lots even though the leases are paid-up to March 15 of the next fiscal period. Payments and deposits for campsite fees received in advance for the following year commencing April 1 are recorded in the accounts as deferred revenue.

The remaining sources of revenue are recognized on the accrual basis.

CULTUS LAKE PARK BOARD

Notes to the Consolidated Financial Statements (Continued)

Year ended December 31, 2010

2. Significant accounting policies (continued):

(f) Use of estimates:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require management estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. The landfill closure liability is a particularly difficult liability to estimate and may be materially different once finalized (see Note 5). Actual results could differ from those estimates.

3. Investments:

The Park Board has restrictions on the portfolio investments and cash available for operational use as follows:

	2010	2009
Investments	\$ 906,804	\$ 487,802
Less restricted for:		
Funds held in trust	(190,375)	(187,802)
Reserves	(612,862)	(22,079)
Available for general use	\$ 103,567	\$ 277,921

In 2008, the Park Board received \$103,400 from a commercial tenant and \$80,000 from the Ministry of Transportation to be used for future road development. At December 31, these funds plus interest of \$6,975 (2009 – \$4,402) are recorded as a liability in the statement of financial position.

CULTUS LAKE PARK BOARD

Notes to the Consolidated Financial Statements (Continued)

Year ended December 31, 2010

4. Tangible capital assets:

	2010	2009
Cost:		
Land	\$ 89,265	\$ 89,265
Property under development	287,467	288,976
Buildings	1,405,411	1,405,410
Fire truck and equipment	549,128	549,128
Office and general equipment	506,617	480,897
Park equipment	1,684,358	1,598,206
Plaza building and equipment	282,879	282,879
Property improvements and roads	568,174	541,344
Sunnyside property and equipment	765,972	765,972
Vedder property	90,861	90,861
Water system	747,217	747,217
Waterfront equipment	122,307	122,307
	<u>7,099,656</u>	<u>6,962,462</u>
Accumulated amortization:		
Buildings	1,315,580	1,266,734
Fire truck and equipment	369,174	330,985
Office and general equipment	288,698	240,684
Park equipment	1,170,711	1,100,656
Plaza building and equipment	266,231	262,147
Property improvements and roads	464,150	400,288
Sunnyside property and equipment	552,032	522,354
Vedder property	59,029	53,839
Water system	644,497	571,444
Waterfront equipment	119,275	117,625
	<u>5,249,377</u>	<u>4,866,756</u>
Cost, less accumulated amortization	<u>\$ 1,850,279</u>	<u>\$ 2,095,706</u>

CULTUS LAKE PARK BOARD

Notes to the Consolidated Financial Statements (Continued)

Year ended December 31, 2010

5. Landfill closure liability:

In 2001, the Ministry of Water, Land and Air Protection (the "Ministry") required the Park Board to complete a closure plan for its landfill. A preliminary closure plan was completed in April, 2002, and was forwarded to the Ministry for approval. As a result of these requirements, the Park Board adopted Section 3270 of the Public Sector Accounting Recommendations, *Solid Waste and Landfill Closure and Post-Closure Liability*.

The preliminary closure plan contains three landfill closure options ranging in cost from \$462,000 to \$3,300,000. To date, approval of one or more of these options has not been received from the Ministry. It is the Park Board's intent to implement the lowest cost option if such approval is obtained and have recorded \$461,976 as a best estimate of the liability. In the event the Ministry requires a modification of the chosen option or a different option altogether, any incremental costs will be recorded on a prospective basis once determined.

The Park Board also has responsibilities for post-closure environmental monitoring costs relating to the landfill. The preliminary closure plan presents a semi-annual monitoring schedule of existing wells, surface water, up and down gradients, run-off and gas samples. The cost of these post-closure costs cannot be determined at this time and, as a result have not been provided for in the financial statements.

CULTUS LAKE PARK BOARD

Notes to the Consolidated Financial Statements (Continued)

Year ended December 31, 2010

6. Fair value of financial assets and financial liabilities:

The carrying values of cash, investments, accounts receivable and accounts payable approximate their fair value due to the relatively short periods to maturity of the financial instruments.

The fair values of the landfill closure liability and the funds held in trust are not practicable to determine as these instruments have no fixed date of payment.

7. Pension plan:

The Park Board and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 contributors from local governments.

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, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The Park Board paid \$52,264 (2009 - \$56,834) for employer contributions to the Plan in fiscal 2010.

CULTUS LAKE PARK BOARD

Schedule 1

Appropriated Financial Equity - Reserve Accounts

December 31, 2010, with comparative figures for 2009

	Capital Equipment Replacement	Future Development	Community Recreation	Milfoil	Water and Sewer	Roads and Buildings	Recycling	Sunnyside	Cabins	Vedder River	Public Parks Projects	Landfill Closure	2010 Total	2009 Total
Balance, beginning of year	\$ 32,610	\$ 97,986	\$ 18,565	\$ 20,276	\$ 156,625	\$ (241,019)	\$ 5,148	\$ 8,411	\$ -	\$ 38,341	\$ (124,716)	\$ 9,852	\$ 22,079	\$ (210,340)
Add:														
Bylaw reallocations	-	-	-	-	-	257,617	-	-	-	-	124,716	-	382,333	-
Contributions from operations	34,900	330,000	-	-	37,100	-	-	149,004	2,200	53,600	-	-	606,804	371,960
Interest earned	1,162	873	319	348	3,329	285	-	2,705	38	1,580	-	169	10,808	11,610
	36,062	330,873	319	348	40,429	257,902	-	151,709	2,238	55,180	124,716	169	999,945	383,570
	68,672	428,859	18,884	20,624	197,054	16,883	5,148	160,120	2,238	93,521	-	10,021	1,022,024	173,230
Less:														
Bylaw reallocations	-	377,184	-	-	-	-	5,148	-	-	-	-	-	382,332	-
Operating expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	225
Capital asset purchases	-	-	-	-	-	26,830	-	-	-	-	-	-	26,830	150,926
	-	377,184	-	-	-	26,830	5,148	-	-	-	-	-	409,162	151,151
Balance, end of year	\$ 68,672	\$ 51,675	\$ 18,884	\$ 20,624	\$ 197,054	\$ (9,947)	\$ -	\$ 160,120	\$ 2,238	\$ 93,521	\$ -	\$ 10,021	\$ 612,862	\$ 22,079