

The Corporation of the Village of McBride



2013 ANNUAL REPORT



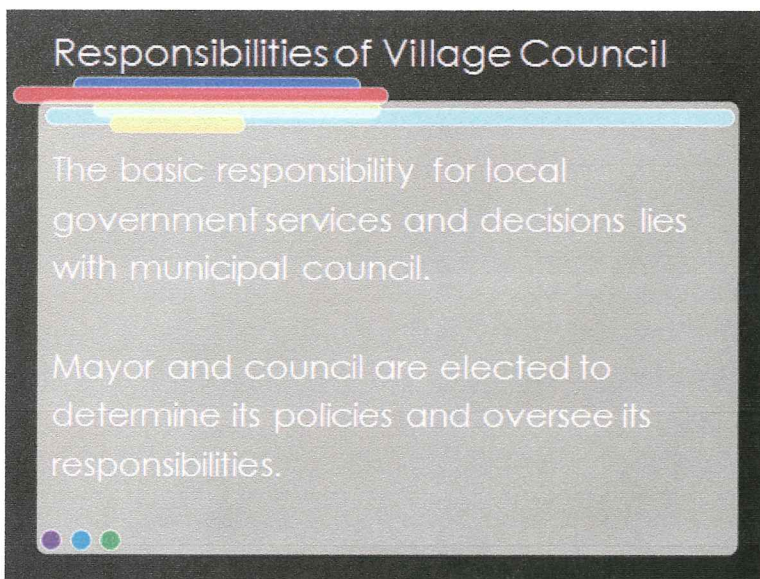


Village of McBride
2013 Annual Report

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1. Village of McBride Council



Responsibilities of Village Council

The Council is the governing body of the municipality and is responsible for ensuring that its powers are used for the benefit and protection of its citizens.



Community is the Centre of Council

Village Council enacts policies and bylaws and works with staff, administration and community to make decisions regarding taxation and community development



bylaws & policies



Other Funding Sources – Grants etc.



Mayoralty Appointments

- Each term of office, the Mayor is responsible for dividing up the duties by assigning tasks to individual Council members.
- The current Mayoralty appointments are ...

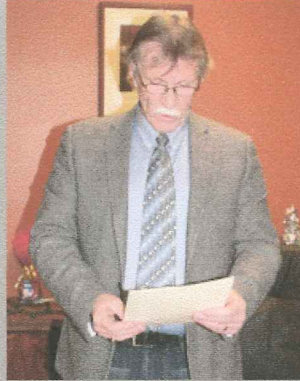
Mayoralty Appointments

- BC Hydro Task Force
- McBride Community Forest Corporation Board
- Municipal Finance Authority Representative
- Municipal Insurance Authority Representative



Mayoralty Appointments

- North Central Local Government Association Director - Fraser Fort George
- Northern Development Initiative Trust Regional Advisory Committee Representative
- Regional District of Fraser Fort George Representative



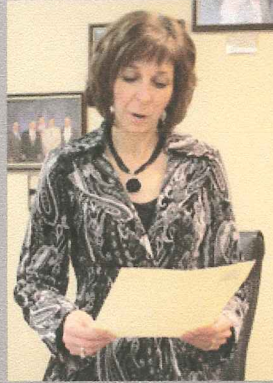
Mayoralty Appointments

- Public Works and Airport Committee
- Recreation Committee
- Tourism/Community Development Committee
- Yellowhead Highway Association Representative



Mayoralty Appointments

- Health and Healthy Communities
- McBride Chamber of Commerce Representative
- McBride Community Foundation
- Youth Committee



Mayoralty Appointments

- Beautification Project
- Cemetery
- Health and Healthy Communities
- McBride Community Forest Corporation Board
- McBride Community Foundation



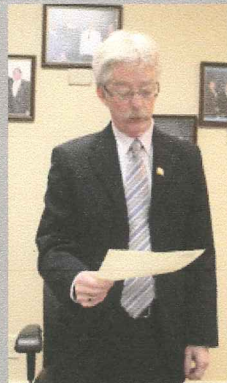
Mayoralty Appointments

- Provincial Emergency Program
- Public Relations and Community Events
- Recreation Committee
- Seniors
- Spirit of BC Community Committee



Mayoralty Appointments

- CNC Advisory Committee
- High Tech Issues including McBride Web Site
- McBride Community Forest Corporation Board
- Northern Development Initiative Trust Regional Advisory Committee Alternate



Mayoralty Appointments

- Omineca Beetle Action Coalition Representative
- Prince George Treaty Advisory Committee Representative
- Public Works and Airport Committee
- Regional District of Fraser Fort George Alternate



Mayoralty Appointments

- Robson Valley Recreation Committee (RD Liaison)
- Spirit of BC Community Committee
- Tourism/Community Development Committee
- Youth Committee



2. Report Respecting Municipal Services & Operations

A letter to the Citizens of the Village of McBride from Mayor Frazier

Again, Council is pleased to take this opportunity to provide this update to the citizens of McBride regarding Municipal services and operations in McBride for the year 2012. Over the past year, Council has worked with staff and citizens to provide residents of McBride with the best possible Municipal Services. The Council continues to be a balanced team with diverse interests and expertise. While local interests take priority, we continue to be actively involved with Forestry issues, BC Hydro, Health, Transportation, Communications, Economic Development, Chamber of Commerce, Regional District, Provincial Government, etc.

Continued reviews made by Administration and Operations have resulted in very positive changes in how services are delivered to our residents. A new public works supervisor was hired to replace the previous retiring foreman. Some improvements in services include: planned routine sanitary sewer clean-outs and maintenance, the water plant monitoring system upgrade, water line looping and certification and monitoring, sidewalk replacements, street maintenance as well as some paving, storm sewer drainage, cemetery improvements, dust control measures and other effective administrative-stream lining initiatives. In 2012 the Snow Removal policy was updated, the McBride Emergency Plan was updated, a Community Energy and Emissions plan was put into place, and we celebrated a number of community events: 25th Anniversary of the Rick Hansen Tour, JobFest – Rock Your Future, and we worked with the Chamber and Elks/Royal Purple on the Pioneer day and Adventure weekend and our Village's 80th Anniversary of Incorporation.

2012 was a busy year which saw council under take many new initiatives. This included conducting a Deer Survey for the residents to determine future plans with regard to wildlife management inside the municipality. The Municipality advertised a Request for Proposal for the operation of the Tourist Information center. The McBride Chamber of Commerce was the successful proponent and took over the responsibility for the info center with a 3year agreement and funding from the Village. We worked with the Regional District of Fraser Fort George on the Robson Valley Marketing Strategya marketing and economic development tool we can use for the whole valley. In 2012 the Village committed to ways to better communicate with the public. For early 2013 an open-house information session is planned to give Municipal residents more and detailed info about community plans, services etc. The McBride website has had some challenges (aging technology) and we have been working to upgrade and provide more and better info on-line. 2013 will see more work on a new website. Also in 2012 we enjoyed a working visit from the Canadian Army 1 Service Battalion. They made good use of our Community Hall and local facilities, conducted training in the area and

donated in a big way to local charities.

The new Eco Sensitive Solution for Waste Water Treatment project continued in 2012 and will be completed in 2013/14. The new system will serve us well and promises many community economic improvements, including the new lagoon system, interpretive park etc. Council and staff continue to work with our engineers to discuss further sewer and water infrastructure improvements, etc. In 2011/12 there was a waterline looping, with storm sewer installation and improvements on Columbia St. and Second Ave. Further surface paving was completed in that area and a sidewalk loop trail project was started. 2013 will see the completion of the Columbia St.-First Ave sidewalk project. As well, we periodically review our road rehabilitation study to provide us with information on resurfacing our roads with sealcoat or pavement and addressing the drainage issues associated with our current drainage system. 2013 will see more road improvement projects.

Our Economic Development Officer has been busy over the past year working on many different initiatives promoting our area, including compiling the Investment Ready Profile 2012, participating in the development and maintenance of the North Central Investment Website and working with the Province on the Opportunities BC Website. As we work into 2013, our EDO will continue to work on committed projects and act in an advisory capacity to Mayor and Council and will follow Council direction in implementing the economic opportunities and development plans. We continue to work with the Regional District of Fraser Fort George and the Village of Valemount on the Robson Valley Revitalization Plan as well as other local initiatives to promote our area. An overall “Robson Valley Branding” initiative is now in place and is being used on advertising of the area.

In addition, we continue to work with the Omineca Beetle Action Coalition (OBAC). OBAC was formed to provide oversight and leadership to the implementation of mountain pine beetle mitigation plans. The Regional Coalition is to provide unified, cross-regional leadership that ensures place-based, innovative driven, economic diversification, sustainable development and, resiliency. Major focuses of the Coalition are the Rural BC Project – creating a new relationship with the Provincial government and Northern BC, strengthening Education and Social services in rural communities, encouraging sustainable development through innovation.

The Village of McBride, upon the advice of the Tourism Advisory Committee, applied for and received an OBAC grant in the area of attraction and retention. The grant will be used in 2013 to develop or improve local hiking trails (non-motorized multi-use trails) and local attractions. The grant will also enable our local mountain bike society to develop a master plan for a proposed mountain bike trail system. A mountain bike trail system would allow for increased tourism in the summer months providing substantial economic boost to our economy.

Our McBride Community Forest Corporation experiencedand over-came numerous challenges in 2012. Commendations to our Community Forest staff for helping to make the best of continued poor economic times for the forest industry. We streamlined operations, and promoted a timber salvage and specialty wood fibre community. The Corporation has a bright future that will allow us to have control over our own resources and are an important step in maintaining stability.

The McBride Community Foundation governance structure underwent a review (upon legal advice) in 2012. Rest assured that the new McBride Community Foundation Board continues to disperse interest dollars through non-profit organisations for local initiatives. The Foundation is a fund comprised of \$100,000.00 donated by two equal partners: The Village of McBride (using a dividend from the McBride Community Forest Corp.) and a matching grant from the Northern Development Initiative.

Our partnership with the Regional District of Fraser Fort George continues and we work together on land use issues, planning and development inspections. All our local service suppliers (Fire Department, Libraries, TV Rebroadcast, Arena, etc.) have worked diligently to provide excellent services while trying to minimize budget impacts. As well, our Community Hall has presented many opportunities to our residents, accommodating many large gatherings and will serve us all well in the future.

For 2012, we continued to deliberate with BC Hydro and the Provincial Government regarding our goal of extending the transmission line from the south and building a sub-station in the area. This area has great potential as a “green power “producer. 2011 saw the final completion of the 10 new Senior Housing Units in McBride. 2012 was our start to request additional housing and possible assisted living capabilities.

We take this opportunity to thank all residents and businesses, both inside and outside the Municipality, for your support of local government and for your extraordinary efforts to make McBride a great place to live and prosper. Council welcomes input from residents on this progress report and we would encourage you to submit your comments in writing to the Village Office. Please visit the McBride website for updates, agendas, more links and information.

Please continue to help us to make our Village a beautiful, attractive place that people would want to come and visit.

As for 2012 and looking ahead to 2013 and beyond, Council has established a list of objectives, which were developed through Council members’ ongoing consultation with residents, businesses and organizations. These are listed later in this report. Residents are welcome and encouraged to provide input on this list and to bring forward suggestions, which could be considered for future years.

As always.....we would like to thank our McBride Village Staff!!!!. They constantly look for improvements and innovation, and are invaluable in this municipality.

Thank you for your ongoing support....

McBride Village Council

3. Declaration and Identification of Disqualified Council Members

None

4. Statement of Property Tax Exemptions

In accordance with Section 98 (2)(b) of the Community Charter, there were no properties in the Village of McBride that were provided permissive property tax exemptions by Council in 2012.

In accordance with Section 220(1) (h) of the Community Charter the following Church properties were exempt from taxation:

- | | |
|--|-----------|
| 1. <i>St. Pauls United Church – Trustees of the Congregation</i>
<i>Lot 7, Block 13, Plan 1373, DL 5316 AMD Lot 8</i> | \$ 591.74 |
| 2. <i>Roman Catholic Episcopal Corp. of Prince Rupert</i>
<i>Lot 3-5, Block 4, Plan 1373, DL 5316</i> | \$ 292.51 |
| 3. <i>Pentecostal Assemblies of Canada</i>
<i>Lot 9, Bock 7, Plan 1373, DL 5316</i> | \$ 647.52 |
| 4. <i>McBride Evangelical Free Church</i>
<i>Parcel 1, Plan PGP 44550, DL 5316</i> | \$2955.70 |

5. Progress Report for 2012

In 2011, Council set the following objectives for 2012. As in the past, Council and staff prepared these objectives following consultation with members of the community at Council meetings and from feedback received by Councillors from constituents throughout the year.

Current Year (2012)

In 2011, Council set the following objectives, which it hoped to accomplish in 2012. As in the past, Council and staff prepared these objectives following consultation with members of the community at Council meetings and from feedback received by Councillors from constituents throughout the year.

<i>Department</i>	<i>Objective</i>	<i>Measures/Strategies</i>	<i>Achievements/Outcomes</i>
Council/Administration	Staff Transition and Training	Review positions versus municipal requirements.	This process commenced with the hiring of a Public Works Supervisor and review of the Public Works Department is ongoing.
	Annual Report	Implement a quarterly meeting to review the Annual Report objectives identified	The items listed in the Annual Report were discussed during relevant Council Meetings.
	Equipment/Infrastructure replacement reserve	Implement a bylaw to create a reserve for replacement of equipment and infrastructure improvements	Information was provided regarding the process to implement a bylaw. Bylaw to be presented to Council in 2013.
	Community Foundation	Encourage more community involvement on the committee	In 2012 committee continued to disburse grants to the community. Council addressed concerns brought forward regarding committee and received legal advice on the fund.
	Policy Manual	Review and provide updated policy lists	The process of updating policies commenced and will be ongoing over the next two years.
	Tourist Information Centre	Review the current delivery model of the information centre services	An RFP was completed for the operation of the Visitor Centre and the operation of the Visitor Information Centre was transferred to the McBride & District Chamber of Commerce.
	Website	Ensure that all links to the website are updated and current	The current website format is an outdated system and existing pages were maintained. A new website will be implemented for 2013/2014.
Infrastructure Improvements	Sidewalks	Repair/replace and improve main street sidewalks.	Sections of sidewalks were improved and Village Loop Phase 1 project commenced.
	Waste Water Lagoon	Continuing on Phase 2 of the "Eco Sensitive Waste Water Treatment Project.	Earthworks completed for the Wetland area and planting to commence 2013.

Economic Development	Continued promotion of our area corridor	Work with other agencies and government to promote our area	Work commenced on Robson Valley Marketing Strategy in partnership with the Regional District and Village of Valemount.
	Promotion	Promote McBride as a welcoming/destination community for events/tours.	Successfully hosted community celebrations – 80 th Anniversary, Rick Hansen Tour and JOBFEST events.
	Boundary Expansion	Discuss with the Regional District the possibility of conducting a feasibility study for a boundary expansion	Informal discussions commenced on what would be required to commence this type of process.

6. Statement of Municipal Objectives for 2013 and 2014

Current Year (2013)

In 2012, Council set the following objectives, which it hoped to accomplish in 2013. As in the past, Council and staff prepared these objectives following consultation with members of the community at Council meetings and from feedback received by Councillors from constituents throughout the year.

<i>Department</i>	<i>Objective</i>	<i>Strategies</i>	<i>Measures</i>
Council/Administration	Communication Strategy	Public input sessions, semi-annual town hall meetings, website improvement surveys	Productive community input and participation and information accessibility
	Bylaw/Policy Reviews	Prioritize, update bylaws and policies and review enforceability	Effective/usable bylaws and policy in place
	Operations Review	Review all operations to find efficiencies to provide improved community service delivery, including Administration, Public Works, Economic Development	Improved and efficient service delivery
Council	Area Promotion	Collaboration with stakeholders, Regional District, Valemount, Tourism Advisory Committee to promote the area and initiatives that are consistent with the Economic Resiliency Study	Successful mechanism and tools in place for the promotion of the Valley.
	Main Street Beautification	Investigate feasibility of implementing a tax revitalization bylaw for Main Street	Stakeholders consulted and bylaw implemented.

Economic Development	Private Sector Development	Continue to support and facilitate an environment for public sector development through our economic development initiative	More private sector investment.
Public Works	Garbage Collection Process	Review garbage collection process and equipment. Implement an RFP for replacement of the Garbage Truck.	New garbage collection unit and efficient collection process in place.
Infrastructure Improvements	Infrastructure upgrades	Continue pursuing funds to support infrastructure improvement projects and complete projects commenced.	New grant opportunities recognized and current projects completed. (i.e. Econ Sensitive Waster Water Project Phase 2)

Next Year (2014)

Looking ahead to 2014, Council hopes to accomplish a wide range of initiatives. Council and staff prepared these objectives following consultation with members of the community, businesses and organizations throughout the year.

<i>Department</i>	<i>Objective</i>	<i>Strategies</i>	<i>Measures</i>
Council	Youth Council Program	Investigate the possibility of implementing a Youth Council and Mayor for a day program.	A partnership with the schools to implement a program and improved youth awareness in the role of local government.
Council/Administration	Business Façade Improvement Program	Apply for Northern Development Initiative Trust funding to continue with the business façade program.	Businesses successfully participating in the program and noticeable improvements to business façades.
	Website Development	Implement a new website for the Village of McBride and staff training program for website maintenance	New website in place and staff trained to maintain and update site.
	Council Chambers Electronic System Implementation	Renovate Council Chambers to install an electronic system to allow for digital presentations.	Electronic system installed.
	Social Media Communication	Investigate the implementation of Facebook and Twitter communication options for the Village.	A report completed regarding these communication medians and the resources required for maintaining these sites.

	Bylaw Enforcement Officer	Investigate the implementation of a bylaw enforcement officer position.	A report completed outlining the requirements for a bylaw enforcement officer position and the best delivery option for this type of position.
	Robson Valley Marketing Strategy	Identify and commence Implementation of McBride's goals in the completed strategy.	Goals identified and marketing opportunities executed.
Public Works	Robson Centre Building Renovation	Investigate accessibility access for entrance to Council Chambers.	Plan in place to complete this improvement.

7. Strategic Community Investment (SCI) Funds Plan

- a. Following is a breakdown of the SCI Funds payments to be made to the Village of McBride.

<i>Assured Funds</i>	<i>Use</i>	<i>Date</i>	<i>Amount</i>
Small Community Grants	Local Government Services	March 2012	\$206,247
		June 2012	\$310,059
		March 2013	\$ 68,749
		June 2013	\$172,560
		June 2014	\$241,310

- b. SCI Funds intended use, performance targets and progress made:

<i>Intended Use</i>	<i>Performance Targets</i>	<i>Progress Report (by June 30, 2013)</i>
Use of funding to support local government services to avoid significant tax increases.	Minimize tax rate increases.	<ul style="list-style-type: none"> 73% of the Funds received in 2012 were used to offset revenue from taxation. If these funds were not available taxation would be increased by 95%. The remaining 27% of the funds were put aside to be used for the same purpose next year.

7. Audited Financial Statements

For Fiscal year ending December 31, 2012

(See attachment)

**THE CORPORATION OF THE VILLAGE
OF McBRIDE
FINANCIAL STATEMENTS
December 31, 2012**

THE CORPORATION OF THE VILLAGE OF McBRIDE

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December 31, 2012

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RHB SCHMITZ de GRACE

Chartered Accountants

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• Denotes professional corporation

INDEPENDENT AUDITORS' REPORT

**To the Mayor and Council of
The Corporation of the Village of McBride**

We have audited the accompanying financial statements of The Corporation of the Village of McBride, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of financial activities, changes in net financial assets and of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

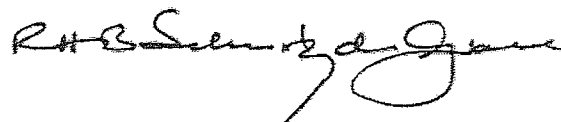
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 consolidated financial statements. The procedures selected depend on the auditors' 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, the auditors 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 The Corporation of the Village of McBride as at December 31, 2012, and its financial performance and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.



Prince George, BC
April 3, 2013

Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

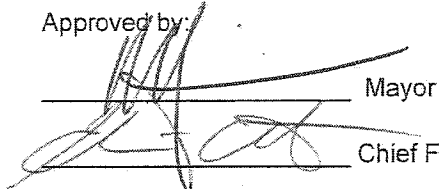
December 31, 2012

	<u>2012</u>	<u>2011</u>
FINANCIAL ASSETS		
Cash and short-term investments		
Operating	\$ 964,886	\$ 325,856
Restricted - reserve and trust funds	34,255	32,835
Accounts receivable	624,812	992,127
Municipal Finance Authority cash deposits (Note 6)	26,058	25,595
Investment (Note 7)	977,125	915,165
	<u>2,627,136</u>	<u>2,291,578</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	504,545	455,875
Municipal Finance Authority cash reserves (Note 6)	26,058	25,595
Trust funds	25,970	25,060
Long-term debt (Note 2)	389,281	434,241
	<u>945,854</u>	<u>940,771</u>
NET FINANCIAL ASSETS	<u>1,681,282</u>	<u>1,350,807</u>
NON-FINANCIAL ASSETS		
Inventory of lots	7,762	7,762
Prepaid expenses	13,135	9,705
Tangible capital assets - Schedule 4	8,956,082	8,762,886
	<u>8,976,979</u>	<u>8,780,353</u>
ACCUMULATED SURPLUS	<u>\$ 10,658,261</u>	<u>\$ 10,131,160</u>

CONTINGENCIES (Note 4)

COMMITMENTS (Note 8)

Approved by:

 Mayor

 Chief Financial Officer

RHB SCHMITZ de GRACE
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2012

	2012		2011
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
REVENUE			
Grants - Schedule 1	\$ 1,463,335	\$ 1,005,721	\$ 1,444,783
Taxation (Note 5)	469,950	334,433	309,807
Other revenue - Schedule 2	116,210	237,631	243,556
Sale of services	143,234	170,283	162,775
Utility user charges and connection fees	158,825	165,483	157,689
Robson Centre	140,500	147,981	146,717
	<u>2,492,054</u>	<u>2,061,532</u>	<u>2,465,327</u>
EXPENSES			
General departmental expenses - Schedule 3	1,097,859	1,013,789	1,058,293
Water system	94,500	83,615	94,433
Sewer system	55,425	33,203	58,780
Interest, bank charges and debt issue costs	71,570	73,896	75,160
Robson Centre	166,100	49,619	73,345
Grants - Community Foundation Reserve	-	-	740
Amortization - Schedule 4	192,159	392,269	341,346
	<u>1,677,613</u>	<u>1,646,391</u>	<u>1,702,097</u>
EXCESS REVENUE	814,441	415,141	763,230
McBRIDE COMMUNITY FOREST CORPORATION			
Net income (loss) from operations (Note 1)	-	111,960	(162,157)
ANNUAL SURPLUS	814,441	527,101	601,073
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	<u>10,131,160</u>	<u>10,131,160</u>	<u>9,530,087</u>
ACCUMULATED SURPLUS AT END OF THE YEAR	<u>\$ 10,945,601</u>	<u>\$ 10,658,261</u>	<u>\$ 10,131,160</u>
Comprised of:			
General Fund		\$ 5,516,498	\$ 5,380,762
Sewer Fund		2,126,118	1,848,643
Water Fund		2,080,328	2,028,908
Reserves (Note 3)		8,285	7,775
McBride Community Forest Corporation (Exhibit P)		927,032	865,072
		<u>\$ 10,658,261</u>	<u>\$ 10,131,160</u>

RHB SCHMITZ de GRACE
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2012

	<u>2012</u>	<u>2011</u>
ANNUAL SURPLUS	\$ 527,101	\$ 601,073
Tangible Capital Assets:		
Acquisition	(585,465)	(1,342,944)
Amortization	<u>392,269</u>	<u>341,346</u>
	333,905	(400,525)
Non-Financial Assets:		
Acquisition of prepaid expenses	<u>(3,430)</u>	<u>(392)</u>
CHANGES IN NET FINANCIAL ASSETS	330,475	(400,917)
NET FINANCIAL ASSETS AT BEGINNING OF THE YEAR	<u>1,350,807</u>	<u>1,751,724</u>
NET FINANCIAL ASSETS AT END OF THE YEAR	<u>\$ 1,681,282</u>	<u>\$ 1,350,807</u>

RHB SCHMITZ de GRACE
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31, 2012

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 527,101	\$ 601,073
Non-cash items:		
Amortization of tangible capital assets	392,269	341,346
McBride Community Forest Corporation net (income) loss	(111,960)	162,157
Changes in non-cash working capital balances:		
Accounts receivable	367,315	(440,554)
Accounts payable and accrued liabilities	48,670	(64,150)
Prepaid expenses	(3,430)	(392)
	<u>1,219,965</u>	<u>599,480</u>
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(585,465)	(1,342,944)
Dividends from McBride Community Forest Corporation	50,000	150,000
Changes in trust funds	910	740
	<u>(534,555)</u>	<u>(1,192,204)</u>
FINANCING ACTIVITIES		
Principal repayment of long-term debt	(137,888)	(134,971)
Proceeds from long-term debt	92,928	164,827
	<u>(44,960)</u>	<u>29,856</u>
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	640,450	(562,868)
CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR	<u>358,691</u>	<u>921,559</u>
CASH AND EQUIVALENTS AT END OF THE YEAR	<u>\$ 999,141</u>	<u>\$ 358,691</u>
Cash and equivalents are represented by:		
Cash and short-term deposits		
Operating	\$ 964,886	\$ 325,856
Reserve and trust funds	34,255	32,835
	<u>\$ 999,141</u>	<u>\$ 358,691</u>

RHB SCHMITZ de GRACE
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The Corporation of the Village of McBride (the "Corporation") is a municipality in the Province of British Columbia. Its consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for local government using guidelines developed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

Principles of Consolidation

These consolidated financial statements include the accounts of all the funds of the Corporation. Inter-fund revenues, expenses, assets and liabilities have been eliminated.

Budget Amounts

Budget amounts reflect the Statutory Financial Plan adopted by Council on May 8, 2012. They have been reallocated to conform to PSAB financial statement presentation requirements where appropriate. These figures have not been subjected to the same auditing procedures applied to the actual financial statement figures and are presented for information purposes only. Subsequent amendments have been authorized by Council to reflect changes in the budget. Such amendments are not reflected in the financial statement budget figures.

Revenue Recognition

Revenue generated by property taxes and utilities, including interest and penalties calculated on amounts in arrears, is recognized in the period to which it relates.

Unrestricted revenues from government and other grants are recognized in the year in which they are approved by the funders.

Grants received for specific projects or purposes are recognized as the related expenditures are incurred. The gas tax rebate, however, is recognized when received.

Revenue from sales and services is recognized at the point of sale or when service is provided.

Cash and Equivalents

Management considers all highly liquid investments with maturity of twelve months or less at acquisition to be cash equivalents.

Investments

The Corporation accounts for its investment in the McBride Community Forest Corporation (MCFC) using the modified equity method, whereby the initial investment is increased or decreased by income or losses reported on the investee company's financial statements and decreased by dividends paid or payable by the investees. MCFC's financial statements are presented under separate cover.

Other investments are classified as held-for-trading and reported at fair market value. Income and gains and losses, both realized and unrealized, are reported in annual surplus.

RHB SCHMITZ de GRACE
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012

1. **SIGNIFICANT ACCOUNTING POLICIES, continued**

Inventory

Inventory of lots is valued at the lower of cost and net realizable value. Costs of inventory include the original land costs and design, engineering and other related costs associated with holding the property.

Tangible Capital Assets

Tangible capital assets are carried at cost less accumulated amortization and any impairment losses, except land as indicated below.

The cost of a tangible capital asset comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs incurred in the acquisition, establishment and installation of such assets so as to bring them to a working condition for their intended use.

The cost of a tangible capital asset acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its costs are measured at the carrying amount of the asset given up.

The cost of constructed or developed assets includes costs directly attributable to the assets constructed or developed including, but not limited to, construction costs, professional fees and architectural costs.

Donated or contributed assets are recorded at the fair value at the date of contribution. Fair value may be determined using market or appraisal values.

Government contributions for the acquisition of tangible capital assets are reported as capital revenue and do not reduce the cost of the related tangible capital asset.

Amortization is calculated so as to write off the cost of tangible capital assets on a straight-line basis over their estimated useful lives. Amortization of assets commence in the year after the asset is ready for its intended use.

Assets held under finance leases are amortized over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term.

Gains and losses arising on the disposal or retirement of tangible capital assets are recognized in the consolidated statement of financial activities in the period in which they occur.

Where the values of tangible capital assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognized as an expense in the period that the impairment is identified.

THE CORPORATION OF THE VILLAGE OF McBRIDE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES, continued

The annual amortization rates are based on the following estimated lives:

Land and improvements	No Amortization
Parks infrastructure	4 to 20 years
Building structures	20 to 40 years
Building improvements	
Exterior envelope	5 to 40 years
HVAC systems	10 to 12 years
Roofs	15 to 20 years
Electrical/Plumbing/Fire	15 to 20 years
Site Works - Asphalt, Water, Sewer lines and Other	10 to 100 years
Machinery and equipment	
General equipment	5 to 10 years
Grounds equipment and machinery	6 to 15 years
Heavy construction equipment	10 to 15 years
Vehicles	
Cars and light trucks	5 to 10 years
Fire trucks	15 to 20 years
IT infrastructure	
Hardware	3 to 5 years
Software	5 to 10 years
Infrastructure (dependant on component and material)	
Electrical and IT	20 to 25 years
Water	10 to 100 years
Engineered structures	10 to 100 years
Sewer	10 to 100 years
Drainage	10 to 100 years
Transportation	10 to 100 years

Reserves

Reserves consist of funds set aside from current and prior years' operations as well as third party contributions and are available for future expenditures.

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THE CORPORATION OF THE VILLAGE OF McBRIDE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments and Fair Values

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, Municipal Finance Authority cash deposits, accounts payable and accrued liabilities, Municipal Finance Authority cash reserves and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to any significant currency, credit or interest rate risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

2. LONG-TERM DEBT

	<u>2012 Net Debt</u>	<u>2011 Net Debt</u>
MUNICIPAL FINANCE AUTHORITY		
General Fund		
Bylaw #510 Issue #55	\$ 27,512	\$ 53,714
Water Utility Fund		
Resolution 139/09	67,180	143,785
Bylaw #513 Issue #55	36,835	71,916
	<u>104,015</u>	<u>215,701</u>
	<u>131,527</u>	<u>269,415</u>

The rate of interest payable on the principal amount of the Issue #55 debentures is 8.5% per annum. The rate of interest on the Resolution 139 loan is 1.7% per annum. Total interest paid in 2012 on long-term debt amounted to \$73,896 (2011 - \$75,160).

	<u>2012 Net Debt</u>	<u>2011 Net Debt</u>
NORTHERN DEVELOPMENT INITIATIVE TRUST (NDIT)		
Sewer Fund - temporary borrowing		
Waste water treatment loan	257,754	164,826
	<u>\$ 389,281</u>	<u>\$ 434,241</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012

2. LONG-TERM DEBT, continued

NDIT has approved an interest free loan, to a maximum of \$450,000, to be repaid in five equal payments of \$90,000 beginning in 2014. The term repayment requirements are not in effect until the end of 2013.

The debentures mature in 2013, while the NDIT loan matures in 2018.

Future principal repayment requirements on the long-term debt are as follows:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Total</u>
2013	\$ 27,512	\$ 75,138	\$ 102,650
2014	-	28,877	28,877
	<u>\$ 27,512</u>	<u>\$ 104,015</u>	<u>\$ 131,527</u>

3. RESERVES

	<u>2012</u>			<u>2011</u>
	<u>General Capital</u>	<u>Other</u>	<u>Total</u>	<u>Total</u>
Gas Tax Rebate				
Balance at beginning of the year	\$ -	\$ -	\$ -	\$ -
Rebate allocation	76,606	-	76,606	76,609
Transfer to water operating fund	(76,606)	-	(76,606)	(76,609)
Balance at end of the year	-	-	-	-
Land development				
Balance at beginning and end of the year	-	7,762	7,762	7,762
Community Foundation				
Balance at beginning of the year	-	13	13	753
Grants	-	510	510	(740)
Balance at end of the year	-	523	523	13
Total	<u>\$ -</u>	<u>\$ 8,285</u>	<u>\$ 8,285</u>	<u>\$ 7,775</u>

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THE CORPORATION OF THE VILLAGE OF McBRIDE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012

4. CONTINGENCIES

Municipal Insurance Association

The Corporation is insured through the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the Corporation, along with the other participants, would be required to contribute towards this deficiency.

Municipal Finance Authority Debt Issues

The Corporation is jointly and severally liable, as a member of the Regional District of Fraser-Fort George, for any sinking fund deficiencies on capital debt issued through the Regional District.

Unfunded Pension

The Corporation 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 based on a formula. The plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local governments.

The most recent actuarial valuation as at December 31, 2009 indicated a \$1,024 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the Plan.

The Corporation paid \$26,952 (2011 - \$27,586) for employer contributions to the Plan in fiscal 2012.

McBride Community Forest Corporation

The financial statements of McBride Community Forest Corporation (MCFC), a 100% owned subsidiary, show the following contingent liabilities as at December 31, 2012:

MCFC has taken action in small claims court to collect unpaid debts owed by certain customers.

During the year, a former contractor instituted proceedings alleging breach of contract and claiming indeterminable damages in connection therewith. MCFC has contested this claim and in management's opinion, the lawsuit is groundless.

MCFC is exempt from income tax as a wholly owned subsidiary of a municipality. However, its exempt status is currently being challenged by specific tax authorities, creating uncertainty about its future tax status.

The outcome of these matters is not known at this time, but the financial impact, if any, will be recorded in the year that it occurs.

THE CORPORATION OF THE VILLAGE OF McBRIDE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012

5. TAXATION

Taxation revenue comprises the following amounts raised, less transfers to other governments.

	2012		2011
	Budget	Actual	Actual
	(unaudited)		
General municipal purposes	\$ 427,650	\$ 440,739	\$ 419,265
Regional District	310,000	313,974	289,765
School purposes	218,000	218,077	222,974
Hospital District	26,175	23,725	24,172
Policing purposes	26,175	23,462	25,443
B.C. Assessment Authority	3,923	4,537	4,706
Municipal Finance Authority	13	13	14
	<u>1,011,936</u>	<u>1,024,527</u>	<u>986,339</u>
Less: Amounts paid by provincial grants	<u>-</u>	<u>147,834</u>	<u>150,716</u>
	<u>1,011,936</u>	<u>876,693</u>	<u>835,623</u>
Transfers to other governments			
Regional District	314,461	314,461	290,632
School Board	218,048	218,048	222,898
Hospital District	23,760	23,760	24,245
Policing	23,461	23,461	25,520
B.C. Assessment Authority	4,543	4,543	4,722
Municipal Finance Authority	13	13	13
	<u>584,286</u>	<u>584,286</u>	<u>568,030</u>
Total general municipal taxes	427,650	292,407	267,593
Frontage taxes			
Water system	<u>42,300</u>	<u>42,026</u>	<u>42,214</u>
	<u>\$ 469,950</u>	<u>\$ 334,433</u>	<u>\$ 309,807</u>

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THE CORPORATION OF THE VILLAGE OF McBRIDE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012

6. MUNICIPAL FINANCE AUTHORITY RESERVE DEPOSITS AND DEMAND NOTES

The Corporation issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The Corporation also executes demand notes in connection with each debenture whereby it may be required to loan certain amounts to the Municipal Finance Authority.

These demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and demand notes at the year end are as follows:

	<u>2012</u>		<u>2011</u>
	<u>Cash Deposits</u>	<u>Demand Notes</u>	<u>Total</u>
General	\$ 11,141	\$ 17,144	\$ 28,285
Water utility	14,917	22,953	37,870
	<u>\$ 26,058</u>	<u>\$ 40,097</u>	<u>\$ 66,155</u>
			<u>\$ 65,392</u>

7. INVESTMENT

The Corporation owns 100% of the issued shares of the McBride Community Forest Corporation. The investment is comprised of the following:

	<u>2012</u>	<u>2011</u>
Investment and advances	\$ 50,093	\$ 50,093
Accumulated operating income	977,032	1,015,072
Dividends received in the year	<u>(50,000)</u>	<u>(150,000)</u>
	<u>\$ 977,125</u>	<u>\$ 915,165</u>

8. COMMITMENTS

The Corporation has entered into the following operating leases:

Public works truck	\$335 per month, expiring August 2013
Grader	\$659 per month, expiring June 2014

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THE CORPORATION OF THE VILLAGE OF McBRIDE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2012

9. RELATED PARTY TRANSACTIONS

During the year, the Corporation received revenues from its wholly-owned subsidiary for sales of services of \$33,758 (2011 - \$30,168), contribution for computer system upgrade of \$nil (2011 - \$5,000), rent of \$12,000 (2011 - \$12,000) and dividends of \$50,000 (2011 - \$150,000). The Corporation purchased services from its wholly-owned subsidiary in the amount of \$nil (2011 - \$123,675).

These transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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THE CORPORATION OF THE VILLAGE OF McBRIDE

CONSOLIDATED SCHEDULE OF GRANTS

For the year ended December 31, 2012

	2012		2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
FEDERAL OPERATING GRANTS			
General Operating Fund			
In lieu of taxes	\$ 6,000	\$ 6,408	\$ 6,363
Water Operating Fund			
In lieu of taxes	650	555	555
PROVINCIAL OPERATING GRANTS			
General Operating Fund			
Revenue sharing	379,468	378,801	365,472
In lieu of taxes	15,000	25,089	20,760
Miscellaneous	38,000	47,071	224,505
UTILITIES			
In lieu of taxes	11,000	13,121	12,797
	450,118	471,045	630,452
PROVINCIAL HOME OWNERS GRANT	-	147,834	150,716
	450,118	618,879	781,168
PROVINCIAL CAPITAL GRANTS	1,013,217	386,842	663,615
	<u>\$ 1,463,335</u>	<u>\$ 1,005,721</u>	<u>\$ 1,444,783</u>

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THE CORPORATION OF THE VILLAGE OF McBRIDE

CONSOLIDATED SCHEDULE OF OTHER REVENUE

For the year ended December 31, 2012

	2012		2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
CURRENT FUND			
Motor vehicle	\$ 28,500	\$ 29,099	\$ 30,619
Sundry	33,500	33,297	32,829
Community Futures Development Corporation	24,660	4,110	24,660
Interest - investments	6,000	10,305	6,308
Interest - taxes	11,000	19,759	19,476
Licences	6,100	10,188	8,890
Cemetery	1,450	4,188	5,268
Tourism booth	5,000	13,750	5,000
Community Foundation	-	510	-
Donations	-	-	1,000
	<u>116,210</u>	<u>125,206</u>	<u>134,050</u>
CAPITAL FUND			
Actuarial income	<u>-</u>	<u>35,819</u>	<u>32,900</u>
RESERVE FUND			
Gas tax rebate	<u>-</u>	<u>76,606</u>	<u>76,606</u>
	<u>\$ 116,210</u>	<u>\$ 237,631</u>	<u>\$ 243,556</u>

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THE CORPORATION OF THE VILLAGE OF McBRIDE
CONSOLIDATED SCHEDULE OF GENERAL DEPARTMENTAL EXPENSES

For the year ended December 31, 2012

	2012		2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
GENERAL GOVERNMENT			
Administrative salaries and allowances	\$ 233,244	\$ 193,452	\$ 179,671
Advertising	6,000	5,696	6,476
Audit	21,000	18,824	18,315
Conventions	29,000	21,445	23,487
Council meetings, indemnities and allowances	56,900	40,672	42,881
Elections	-	-	8,877
Employee benefits	78,000	78,956	80,404
Insurance	32,000	28,807	31,307
Legal	5,000	4,116	5,454
Office supplies and equipment	25,950	29,133	24,429
Professional fees	7,500	-	-
Repairs and maintenance	13,500	12,185	18,292
Subscriptions and dues	4,000	3,861	3,773
	<u>512,094</u>	<u>437,147</u>	<u>443,366</u>
TRANSPORTATION SERVICES			
Airport maintenance	17,000	28,861	16,953
Dust control	2,000	971	3,041
Engineering fees	10,000	11,351	10,985
Equipment rental, repairs and maintenance	58,650	65,825	92,486
Shop maintenance and equipment	37,050	54,636	44,013
Sidewalk maintenance	21,500	24,414	20,098
Snow removal	42,500	43,976	87,088
Street cleaning and maintenance	86,000	50,422	45,016
Street lighting	23,000	23,463	19,396
Traffic control	6,000	7,380	5,073
	<u>303,700</u>	<u>311,299</u>	<u>344,149</u>
PROTECTIVE SERVICES			
Animal control	2,600	391	468
Fire inspection	10,000	1,041	481
PEP expenses	5,000	39,964	4,808
	<u>17,600</u>	<u>41,396</u>	<u>5,757</u>
BALANCE CARRIED FORWARD	<u>\$ 833,394</u>	<u>\$ 789,842</u>	<u>\$ 793,272</u>

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THE CORPORATION OF THE VILLAGE OF McBRIDE
CONSOLIDATED SCHEDULE OF GENERAL DEPARTMENTAL EXPENSES

For the year ended December 31, 2012

	2012		2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
BALANCE FORWARD	<u>\$ 833,394</u>	<u>\$ 789,842</u>	<u>\$ 793,272</u>
ENVIRONMENTAL AND PUBLIC HEALTH			
Cemetery	10,000	4,552	10,413
Garbage collection	<u>69,000</u>	<u>61,618</u>	<u>61,930</u>
	<u>79,000</u>	<u>66,170</u>	<u>72,343</u>
RECREATIONAL AND CULTURAL SERVICES			
CN station	22,000	13,631	18,689
Community development	29,000	14,708	19,165
Community Futures	6,165	3,058	18,216
Economic development committee	94,000	101,755	112,701
Grants-in-aid	-	250	500
Grounds maintenance	12,500	9,909	12,035
Parks maintenance	9,300	4,680	6,008
Tourism	<u>12,500</u>	<u>9,786</u>	<u>5,364</u>
	<u>185,465</u>	<u>157,777</u>	<u>192,678</u>
	<u>\$ 1,097,859</u>	<u>\$ 1,013,789</u>	<u>\$ 1,058,293</u>

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THE CORPORATION OF THE VILLAGE OF McBRIDE
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2012

	Land	Buildings	Vehicles/ Machinery/ Equipment	Engineered Structures	Total General Assets	Sewer	Water	2012 Total	2011 Total
COST									
Opening balance	\$ 98,557	\$ 1,420,120	\$ 414,856	\$ 8,483,338	\$ 10,416,871	\$ 2,065,379	\$ 3,057,333	\$ 15,539,583	\$ 14,196,639
Additions	-	-	-	158,989	158,989	426,466	-	585,465	1,342,944
Closing balance	98,557	1,420,120	414,856	8,642,337	10,575,870	2,491,845	3,057,333	16,125,048	15,539,583
ACCUMULATED AMORTIZATION									
Opening balance	-	664,543	366,766	4,647,699	5,679,008	274,778	822,911	6,776,697	6,435,351
Amortization expense	-	51,986	9,188	254,483	315,657	9,523	67,089	392,269	341,346
Closing balance	-	716,529	375,954	4,902,182	5,994,665	284,301	890,000	7,168,966	6,776,697
Net Carrying Amount for year ended December 31, 2012	<u>\$ 98,557</u>	<u>\$ 703,591</u>	<u>\$ 38,902</u>	<u>\$ 3,740,155</u>	<u>\$ 4,581,205</u>	<u>\$ 2,207,544</u>	<u>\$ 2,167,333</u>	<u>\$ 8,956,082</u>	
Net Carrying Amount for year ended December 31, 2011	<u>\$ 98,557</u>	<u>\$ 755,577</u>	<u>\$ 48,090</u>	<u>\$ 3,835,639</u>	<u>\$ 4,737,863</u>	<u>\$ 1,790,601</u>	<u>\$ 2,234,422</u>		<u>\$ 8,762,886</u>

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See notes to the consolidated financial statements.