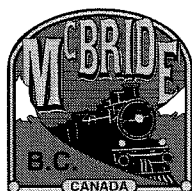


# *The Corporation of the Village of McBride*



## 2012 ANNUAL REPORT





# Village of McBride

## *2012 Annual Report*

### Table of Contents

---

<b>1. Statement of Property Tax Exemptions.....</b>	<b>2</b>
<b>2. Report Respecting Municipal Services &amp; Operations.....</b>	<b>2</b>
<b>3. Declaration and Identification of Disqualified Council Members.....</b>	<b>4</b>
<b>4. Progress Report for 2011 .....</b>	<b>4</b>
<b>5. Statement of Municipal Objectives for 2012 and 2013.....</b>	<b>6</b>
<b>6. Strategic Community Investment (SCI) Funds Plan.....</b>	<b>8</b>
<b>7. Audited Financial Statements.....</b>	<b>8</b>

## 1. 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 2011.

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><br><i>Lot 7, Block 13, Plan 1373, DL 5316 AMD Lot 8</i> | \$ 541.44 |
| 2. <i>Roman Catholic Episcopal Corp. of Prince Rupert</i><br><i>Lot 3-5, Block 4, Plan 1373, DL 5316</i>                 | \$ 376.32 |
| 3. <i>Pentecostal Assemblies of Canada</i><br><i>Lot 9, Block 7, Plan 1373, DL 5316</i>                                  | \$ 636.80 |
| 4. <i>McBride Evangelical Free Church</i><br><i>Parcel 1, Plan PGP 44550, DL 5316</i>                                    | \$3138.56 |

## 2. Report Respecting Municipal Services & Operations

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

Again, I am pleased to take this opportunity to provide this update to the citizens of McBride regarding Municipal services and operations in McBride for the year 2011.

Over the past year, Council has worked with staff and citizens to provide residents of McBride with the best possible Municipal Services. We had an election in late 2011 that resulted in the replacement of two councillors. 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. 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.

The new Eco Sensitive Solution for Waste Water Treatment will be completed in 2013 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 there was a waterline looping, with storm sewer installation and improvements on Columbia St. and Second Ave. Further surface improvements are planned in that area. As well, we periodically review our road rehabilitation study to provide us with information on resurfacing our roads with pavement and addressing the drainage issues associated with our current drainage system.

Our Economic Development Officer remains in place to ensure that we had a person dedicated to working at providing our community with an economic plan and looking to attract new industry to our area. We continue to work with the OBAC, the NDI and the Regional District 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.

Our McBride Community Forest Corporation experienced ....and over-came numerous challenges in 2011. 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 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. In 2011 The McBride Community Foundation Board continued to disperse interest dollars through non-profit organisations to local initiatives.

Our partnership with the Regional District 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 2011, we continue 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. BC Housing has filled the units .....another success story.

I 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 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.

We live in a pristine valley surrounded by unparalleled scenery. Most of our residents are proud of our Village and do a remarkable job of maintaining their property.

**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.....I 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....

Mayor Mike Frazier

### **3. Declaration and Identification of Disqualified Council Members**

None

### **4. Progress Report for 2011**

In 2010, Council set the following objectives for 2011. 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 (2011)**

In 2010, Council set the following objectives, which it hoped to accomplish in 2011. 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><b>Department</b></i>	<i><b>Objective</b></i>	<i><b>Measures/Strategies</b></i>	<i><b>Achievements/Outcomes</b></i>
<b>Council/Administration</b>	Junior Council program	Foster collaboration with the local schools to make youth aware of local government	Did not have an opportunity to work with the educators to do presentations/talks about local government.
	Seniors Housing	Promote for unit expansions which will include independent and assisted living units	New Seniors independent units were completed and units have been rented. Talk to the Minister responsible for Senior regarding the possible need for assisted living units.
	BC Hydro line	Partner in a task force to work with local IPP's and BC Hydro	Task force report was completed and presented to BC Hydro Board and Minister responsible.
	McBride Community Foundation	Structure in place to provide reports on success to the Village, NDI & MCFC	Reports were provided to Council on grant distribution.
	Village Beautification	Improve beautification bylaws and review bylaw enforcement	Maintenance bylaw was completed.
	McBride Community Forest	Board structure issues resolved, continue to be a stable and profitable company.	Five member board structure in place, two directors at large in the community. MCFC continues to be operating and continually reviewing operations and planning.
<b>Infrastructure Improvements</b>	Sidewalk Improvements	Have a five year replacement plan completed	Replacement continues annually and Council committed to budgeting annually.
	Waste Water Lagoon	Phase 2 of the "Eco Sensitive Waste Water Treatment Project" to be commenced	Phase 2 commenced and project approximately 50% complete before shutting down for the winter months.

## 5. Statement of Municipal Objectives for 2012 and 2013

### 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>Strategies</i>	<i>Measures</i>
<b>Council/Administration</b>	Staff Transition and Training	Review positions versus municipal requirements	Clarity of positions, responsibility and reporting requirements.
	Annual Report	Implement a quarterly meeting to review the Annual Report objectives identified	Updated objectives and strategies identified.
	Equipment/Infrastructure replacement reserve	Implement a bylaw to create a reserve for replacement of equipment and infrastructure improvements	Bylaw in place for collection of parcel tax to commence 2014.
	Community Foundation	Encourage more community involvement on the committee	Community participation increased.
	Policy Manual	Review and provide updated policy lists	To have updated policies in place.
	Tourist Information Centre	Review the current delivery model of the information centre services	Clarity around program delivery and cost savings achieved.
	Website	Ensure that all links to the website are updated and current	Positive feedback on the website.
<b>Infrastructure Improvements</b>	Sidewalks	Repair/replace and improve main street sidewalks.	Sidewalks improved and refreshed.
	Waste Water Lagoon	Continuing on Phase 2 of the "Eco Sensitive Waste Water Treatment Project.	Wetland area completed and woodlot area started.
<b>Economic Development</b>	Continued promotion of our area corridor	Work with other agencies and government to promote our area	Positive feedback from people interested in the area and active involvement from other groups.
	Promotion	Promote McBride as a welcoming/destination community for events/tours.	Spirit of BC successfully host community uplifting celebrations. (i.e. Texas 400, village anniversary, Rick Hansen Tour, Wine Festival)
	Boundary Expansion	Discuss with the Regional District the possibility of conducting a feasibility study for a boundary expansion	Discussions commenced with the Regional District to consider conducting a feasibility study.

**Next Year (2013)**

Looking ahead to 2013, 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><b>Department</b></i>	<i><b>Objective</b></i>	<i><b>Strategies</b></i>	<i><b>Measures</b></i>
<b>Council/Administration</b>	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
<b>Council</b>	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.
<b>Economic Development</b>	Private Sector Development	Continue to support and facilitate an environment for public sector development through our economic development initiative	More private sector investment.
<b>Public Works</b>	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.
<b>Infrastructure Improvements</b>	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)



## 6. 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

## 7. Audited Financial Statements

For Fiscal year ending December 31, 2011  
(See attachment)

**THE CORPORATION OF THE VILLAGE  
OF McBRIDE  
FINANCIAL STATEMENTS  
December 31, 2011**

**RHN SCHMITZ de GRACE**  
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE

INDEX TO THE FINANCIAL STATEMENTS

December 31, 2011

	Page
Independent Auditors' Report	2
Consolidated financial statements	
- Statement of financial position	3
- Statement of financial activities	4
- Statement of changes in net financial assets	5
- Statement of cash flow	6
- Notes to the financial statements	7-15
- Schedule 1 – Grants	16
- Schedule 2 – Other revenue	17
- Schedule 3 – General departmental expenses	18-19
- Schedule 4 – Tangible capital assets	20
Supplementary financial information	
Independent Auditors' Report on Supplementary Information	21
General	
- Exhibit A - Financial position	22
- Exhibit B - Financial activities	23
- Exhibit C - Current fund balance	24
- Exhibit D - Investment in capital fund assets	25
Sewer	
- Exhibit E - Financial position	26
- Exhibit F - Financial activities	27
- Exhibit G - Current fund balance	28
- Exhibit H - Investment in capital fund assets	29
Water Utility	
- Exhibit I - Financial position	30
- Exhibit J - Financial activities	31
- Exhibit K - Current fund balance	32
- Exhibit L - Investment in capital fund assets	33
Reserves	
- Exhibit M - Financial position	34
Trusts	
- Exhibit N - Financial position	35
McBride Community Forest Corporation	
- Exhibit O - Financial position	36
- Exhibit P - Financial activities	37

# RHN SCHMITZ de GRACE

Chartered Accountants

**Partners**

- Lynn Ross CA
- Norm Hildebrandt BBA, CA
- Allison Twiss BComm, CA

1116 Sixth Avenue  
Prince George, BC, V2L 3M6  
Tel. (250) 564-2515  
Fax (250) 562-8722  
E-mail: [office@rhngroup.ca](mailto:office@rhngroup.ca)

• 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, 2011, 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

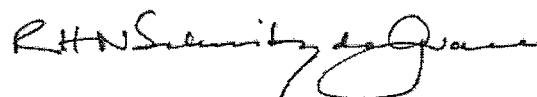
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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, 2011, 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 12, 2012

Chartered Accountants

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

December 31, 2011


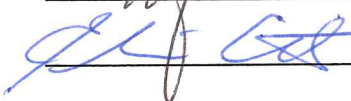
**ASSETS**

	<u>2011</u>	<u>2010</u>
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments		
Operating	\$ 325,856	\$ 888,724
Restricted - reserve and trust funds	32,835	32,835
Accounts receivable	992,127	551,573
Municipal Finance Authority cash deposits (Note 6)	25,595	24,460
Investment (Note 7)	<u>915,165</u>	<u>1,227,322</u>
	<u>2,291,578</u>	<u>2,724,914</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	455,875	520,025
Municipal Finance Authority cash reserves (Note 6)	25,595	24,460
Trust funds	25,060	24,320
Long-term debt (Note 2)	<u>434,241</u>	<u>404,385</u>
	<u>940,771</u>	<u>973,190</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,350,807</u>	<u>1,751,724</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory of lots	7,762	7,762
Prepaid expenses	9,705	9,313
Tangible capital assets - Schedule 4	<u>8,762,886</u>	<u>7,761,288</u>
	<u>8,780,353</u>	<u>7,778,363</u>
<b>ACCUMULATED SURPLUS</b>	<u><u>\$ 10,131,160</u></u>	<u><u>\$ 9,530,087</u></u>

**CONTINGENT LIABILITIES (Note 4)**

**COMMITMENTS (Note 8)**

Approved by:

  
 \_\_\_\_\_ Mayor  
  
 \_\_\_\_\_ Chief Financial Officer

**RHN SCHMITZ de GRACE**  
 Chartered Accountants

See notes to the consolidated financial statements.

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

For the year ended December 31, 2011

	2011		2010
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
<b>REVENUE</b>			
Grants - Schedule 1	\$ 2,537,517	\$ 1,444,783	\$ 1,718,957
Taxation (Note 5)	460,100	309,807	324,892
Other revenue - Schedule 2	122,180	243,556	230,769
Sale of services	137,260	162,775	143,398
Utility user charges and connection fees	155,430	157,689	149,415
Robson Centre	138,500	146,717	147,755
	<u>3,550,987</u>	<u>2,465,327</u>	<u>2,715,186</u>
<b>EXPENSES</b>			
General departmental expenses - Schedule 3	1,181,778	1,058,293	1,094,250
Water system	81,300	94,433	107,046
Sewer system	57,600	58,780	33,470
Interest, bank charges and debt issue costs	71,570	75,160	75,263
Robson Centre	171,800	73,345	64,283
Grants - Community Foundation Reserve	-	740	1,250
Amortization - Schedule 4	192,159	341,346	344,796
	<u>1,756,207</u>	<u>1,702,097</u>	<u>1,720,358</u>
<b>EXCESS REVENUE</b>	1,794,780	763,230	994,828
<b>McBRIDE COMMUNITY FOREST CORPORATION</b>			
Net loss from operations (Note 1)	-	(162,157)	(65,214)
<b>ANNUAL SURPLUS</b>	1,794,780	601,073	929,614
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	<u>9,530,087</u>	<u>9,530,087</u>	<u>8,600,473</u>
<b>ACCUMULATED SURPLUS AT END OF THE YEAR</b>	<u>\$ 11,324,867</u>	<u>\$ 10,131,160</u>	<u>\$ 9,530,087</u>
Comprised of:			
General Fund		\$ 5,380,762	\$ 5,233,031
Sewer Fund		1,848,643	1,195,170
Water Fund		2,028,908	1,916,142
Reserves (Note 3)		7,775	8,515
McBride Community Forest Corporation (Exhibit P)		865,072	1,177,229
		<u>\$ 10,131,160</u>	<u>\$ 9,530,087</u>

**RHN 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, 2011

	<u>2011</u>	<u>2010</u>
<b>ANNUAL SURPLUS</b>	<b>\$ 601,073</b>	<b>\$ 929,614</b>
Tangible Capital Assets:		
Acquisition	(1,342,944)	(2,028,955)
Amortization	<u>341,346</u>	<u>344,796</u>
	(400,525)	(754,545)
Non-Financial Assets:		
Acquisition of prepaid expenses	<u>(392)</u>	<u>(690)</u>
<b>CHANGES IN NET FINANCIAL ASSETS</b>	<b>(400,917)</b>	<b>(755,235)</b>
<b>NET FINANCIAL ASSETS AT BEGINNING OF THE YEAR</b>	<b><u>1,751,724</u></b>	<b><u>2,506,959</u></b>
<b>NET FINANCIAL ASSETS AT END OF THE YEAR</b>	<b><u>\$ 1,350,807</u></b>	<b><u>\$ 1,751,724</u></b>

**RHN SCHMITZ de GRACE**  
Chartered Accountants

See notes to the consolidated financial statements.

**THE CORPORATION OF THE VILLAGE OF McBRIDE**

**CONSOLIDATED STATEMENT OF CASH FLOW**

**For the year ended December 31, 2011**

	<u>2011</u>	<u>2010</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 601,073	\$ 929,614
Non-cash items:		
Amortization of tangible capital assets	341,346	344,796
McBride Community Forest Corporation net loss	162,157	65,214
Changes in non-cash working capital balances:		
Accounts receivable	(440,554)	(169,888)
Accounts payable and accrued liabilities	(64,150)	(46,975)
Prepaid expenses	(392)	(690)
	<u>599,480</u>	<u>1,122,071</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,342,944)	(2,028,955)
Dividends from McBride Community Forest Corporation	150,000	170,000
Changes in trust funds	740	610
	<u>(1,192,204)</u>	<u>(1,858,345)</u>
<b>FINANCING ACTIVITIES</b>		
Principal repayment of long-term debt	(134,971)	(132,194)
Proceeds from long-term debt	164,827	-
	<u>29,856</u>	<u>(132,194)</u>
<b>DECREASE IN CASH AND EQUIVALENTS</b>	<u>(562,868)</u>	<u>(868,468)</u>
<b>CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<u>921,559</u>	<u>1,790,027</u>
<b>CASH AND EQUIVALENTS AT END OF THE YEAR</b>	<u><u>\$ 358,691</u></u>	<u><u>\$ 921,559</u></u>
Cash and equivalents are represented by:		
Cash and short-term deposits		
Operating	\$ 325,856	\$ 888,724
Reserve and trust funds	32,835	32,835
	<u><u>\$ 358,691</u></u>	<u><u>\$ 921,559</u></u>
During the year, the following payments were made for:		
Interest	\$ 75,160	\$ 75,263

**RHN SCHMITZ de GRACE**  
Chartered Accountants

See notes to the consolidated financial statements.



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

**For the year ended December 31, 2011**

**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 3, 2011. 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 revenue 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.

**RHN SCHMITZ de GRACE**  
Chartered Accountants

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

For the year ended December 31, 2011

**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.

**RHN SCHMITZ de GRACE**  
Chartered Accountants

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

For the year ended December 31, 2011

**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.

**RHN SCHMITZ de GRACE**  
Chartered Accountants

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

For the year ended December 31, 2011

**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>2011</u> <u>Net Debt</u>	<u>2010</u> <u>Net Debt</u>
<b>MUNICIPAL FINANCE AUTHORITY</b>		
General Fund		
Bylaw #510 Issue #55	\$ 53,714	\$ 78,667
Water Utility Fund		
Resolution 139/09	143,785	220,391
Bylaw #513 Issue #55	71,916	105,327
	<u>269,415</u>	<u>404,385</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 2011 on long-term debt amounted to \$75,160 (2010 - \$75,263).

	<u>2011</u> <u>Net Debt</u>	<u>2010</u> <u>Net Debt</u>
<b>NORTHERN DEVELOPMENT INITIATIVE TRUST (NDIT)</b>		
Sewer Fund - temporary borrowing		
Waste water treatment loan	164,826	-
	<u>\$ 434,241</u>	<u>\$ 404,385</u>

**RHN SCHMITZ de GRACE**  
Chartered Accountants

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

**For the year ended December 31, 2011**

**2. LONG-TERM DEBT, continued**

Although \$164,826 was advanced by December 31, 2011, 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 bylaws under which the temporary borrowing has been made had not yet been adopted at December 31, 2011. The term repayment requirements are not in effect until the end of 2013.

The debentures and loan mature in 2013.

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

	<u>General Fund</u>	<u>Water Fund</u>	<u>Total</u>
2012	\$ 26,202	\$ 109,331	\$ 135,533
2013	27,512	144,673	172,185
	<u>\$ 53,714</u>	<u>\$ 254,004</u>	<u>\$ 307,718</u>

**3. RESERVES**

	<u>2011</u>			<u>2010</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	76,609	-	76,609	76,609
Transfer to general operating fund	(76,609)	-	(76,609)	(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	-	753	753	2,003
Grants	-	(740)	(740)	(1,250)
Balance at end of the year	-	13	13	753
Total	<u>\$ -</u>	<u>\$ 7,775</u>	<u>\$ 7,775</u>	<u>\$ 8,515</u>

**RHN SCHMITZ de GRACE**  
Chartered Accountants

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

**For the year ended December 31, 2011**

**4. CONTINGENT LIABILITIES**

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 defined. The plan has about 173,000 active members and approximately 63,000 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. 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 \$27,586 (2010 - \$26,532) for employer contributions to the Plan in fiscal 2011.

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

For the year ended December 31, 2011

**5. TAXATION**

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

	<b>2011</b>		<b>2010</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(unaudited)</b>		
General municipal purposes	\$ 420,000	\$ 419,265	\$ 399,230
Regional District	289,000	289,765	288,416
School purposes	220,000	222,974	207,519
Hospital District	26,000	24,172	24,681
Policing purposes	26,000	25,443	23,921
B.C. Assessment Authority	5,015	4,706	4,896
Municipal Finance Authority	14	14	13
	986,029	986,339	948,676
Less: Amounts paid by provincial grants	-	150,716	117,074
	986,029	835,623	831,602
Transfers to other governments			
Regional District	290,632	290,632	288,415
School Board	222,898	222,898	207,150
Hospital District	24,245	24,245	24,679
Policing	25,520	25,520	23,921
B.C. Assessment Authority	2,721	4,722	4,896
Municipal Finance Authority	13	13	13
	566,029	568,030	549,074
Total general municipal taxes	420,000	267,593	282,528
Frontage taxes			
Water system	40,100	42,214	42,364
	<u>\$ 460,100</u>	<u>\$ 309,807</u>	<u>\$ 324,892</u>

**RHN SCHMITZ de GRACE**  
Chartered Accountants

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

For the year ended December 31, 2011

**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>2011</u>		<u>2010</u>
	<u>Cash Deposits</u>	<u>Demand Notes</u>	<u>Total</u>
General	\$ 10,815	\$ 17,144	\$ 27,959
Water utility	14,480	22,953	37,433
	<u>\$ 25,295</u>	<u>\$ 40,097</u>	<u>\$ 65,392</u>
			<u>\$ 64,557</u>

**7. INVESTMENT**

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

	<u>2011</u>	<u>2010</u>
Investment and advances	\$ 50,093	\$ 50,093
Accumulated operating income	1,015,072	1,347,229
Dividends received in the year	(150,000)	(170,000)
	<u>\$ 915,165</u>	<u>\$ 1,227,322</u>

**8. COMMITMENTS**

The Corporation has entered into the following operating leases:

Public works truck	\$329 per month, expiring August 2013
Grader	\$648 per month, expiring June 2014

**RHN SCHMITZ de GRACE**  
Chartered Accountants



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

**For the year ended December 31, 2011**

**9. RELATED PARTY TRANSACTIONS**

During the year, the Corporation received revenues from its wholly-owned subsidiary for sales of services of \$30,168 (2010 - \$29,682), contribution for computer system upgrade of \$5,000 (2010 - \$nil), rent of \$12,000 (2010 - \$12,000) and dividends of \$150,000 (2010 - \$170,000). The Corporation purchased services from its wholly-owned subsidiary in the amount of \$123,675 (2010 - \$69,867).

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.

**10. COMPARATIVE FIGURES**

Certain prior year figures, presented for comparative purposes, have been reclassified to conform with the current year financial statement presentation.

**RHN SCHMITZ de GRACE**  
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE

Schedule 1

CONSOLIDATED SCHEDULE OF GRANTS

For the year ended December 31, 2011

	2011		2010
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
<b>FEDERAL OPERATING GRANTS</b>			
General Operating Fund			
In lieu of taxes	\$ 6,500	\$ 6,363	\$ 6,403
Water Operating Fund			
In lieu of taxes	555	555	555
<b>PROVINCIAL OPERATING GRANTS</b>			
General Operating Fund			
Revenue sharing	382,242	365,472	388,788
In lieu of taxes	14,000	20,760	12,003
Miscellaneous	195,398	224,505	228,995
<b>UTILITIES</b>			
In lieu of taxes	5,500	12,797	11,664
	604,195	630,452	648,408
<b>PROVINCIAL HOME OWNERS GRANT</b>	-	150,716	117,074
	604,195	781,168	765,482
<b>PROVINCIAL CAPITAL GRANTS</b>	1,933,322	663,615	953,475
	<u>\$ 2,537,517</u>	<u>\$ 1,444,783</u>	<u>\$ 1,718,957</u>

**RHN SCHMITZ de GRACE**  
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE

Schedule 2

CONSOLIDATED SCHEDULE OF OTHER REVENUE

For the year ended December 31, 2011

	2011		2010
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
<b>CURRENT FUND</b>			
Motor vehicle	\$ 28,000	\$ 30,619	\$ 28,979
Sundry	38,500	32,829	27,412
Community Futures Development Corporation	24,660	24,660	24,660
Interest - investments	8,000	6,308	6,100
Interest - taxes	9,500	19,476	14,299
Licences	7,100	8,890	9,170
Cemetery	1,420	5,268	3,419
Tourism booth	5,000	5,000	10,000
Donations	-	1,000	-
	<u>122,180</u>	<u>134,050</u>	<u>124,039</u>
<b>CAPITAL FUND</b>			
Actuarial income	<u>-</u>	<u>32,900</u>	<u>30,121</u>
<b>RESERVE FUND</b>			
Gas tax rebate	<u>-</u>	<u>76,606</u>	<u>76,609</u>
	<u>\$ 122,180</u>	<u>\$ 243,556</u>	<u>\$ 230,769</u>

**RHN SCHMITZ de GRACE**  
Chartered Accountants

See notes to the consolidated financial statements.

## THE CORPORATION OF THE VILLAGE OF McBRIDE

Schedule 3

## CONSOLIDATED SCHEDULE OF GENERAL DEPARTMENTAL EXPENSES

For the year ended December 31, 2011

	2011		2010
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
<b>GENERAL GOVERNMENT</b>			
Administrative salaries and allowances	\$ 237,287	\$ 179,671	\$ 193,599
Advertising	5,500	6,476	4,297
Audit	20,000	18,315	19,500
Conventions	32,000	23,487	18,596
Council meetings, indemnities and allowances	54,400	42,881	40,481
Elections	10,000	8,877	-
Employee benefits	74,000	80,404	81,027
Insurance	30,500	31,307	31,009
Legal	18,000	5,454	13,358
Office supplies and equipment	25,950	24,429	27,928
Professional fees	15,000	-	-
Repairs and maintenance	18,000	18,292	11,090
Subscriptions and dues	4,200	3,773	4,271
	<u>544,837</u>	<u>443,366</u>	<u>445,156</u>
<b>TRANSPORTATION SERVICES</b>			
Airport maintenance	22,200	16,953	19,412
Dust control	1,500	3,041	2,154
Engineering fees	12,000	10,985	8,324
Equipment rental, repairs and maintenance	82,200	92,486	64,243
Shop maintenance and equipment	36,681	44,013	71,775
Sidewalk maintenance	23,500	20,098	22,658
Snow removal	48,000	87,088	16,256
Street cleaning and maintenance	52,500	45,016	34,704
Street lighting	23,000	19,396	22,256
Traffic control	6,000	5,073	16,200
	<u>307,581</u>	<u>344,149</u>	<u>277,982</u>
<b>PROTECTIVE SERVICES</b>			
Animal control	2,500	468	752
Fire inspection	8,000	481	5,791
PEP expenses	9,000	4,808	11
	<u>19,500</u>	<u>5,757</u>	<u>6,554</u>
<b>BALANCE CARRIED FORWARD</b>	<u>\$ 871,918</u>	<u>\$ 793,272</u>	<u>\$ 729,692</u>

**RHN SCHMITZ de GRACE**  
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE

Schedule 3

CONSOLIDATED SCHEDULE OF GENERAL DEPARTMENTAL EXPENSES

For the year ended December 31, 2011

	2011		2010
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>BALANCE FORWARD</b>	\$ 871,918	\$ 793,272	\$ 729,692
<b>ENVIRONMENTAL AND PUBLIC HEALTH</b>			
Cemetery	10,500	10,413	7,452
Garbage collection	76,200	61,930	58,861
	<u>86,700</u>	<u>72,343</u>	<u>66,313</u>
<b>RECREATIONAL AND CULTURAL SERVICES</b>			
CN station	22,000	18,689	14,458
Community development	45,000	19,165	127,554
Community Futures	24,660	18,216	18,731
Economic development committee	95,000	112,701	109,480
Grants-in-aid	2,000	500	2,018
Grounds maintenance	13,500	12,035	7,587
Parks maintenance	15,000	6,008	2,734
Tourism	6,000	5,364	15,683
	<u>223,160</u>	<u>192,678</u>	<u>298,245</u>
	<u>\$ 1,181,778</u>	<u>\$ 1,058,293</u>	<u>\$ 1,094,250</u>

**RHN SCHMITZ de GRACE**  
Chartered Accountants

See notes to the consolidated financial statements.

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

For the year ended December 31, 2011

	Land	Buildings	Vehicles/ Machinery/ Equipment	Engineered Structures	Total General Assets	Sewer	Water	2011 Total	2010 Total
<b>COST</b>									
Opening balance	\$ 98,557	\$ 1,420,120	\$ 414,856	\$ 8,031,237	\$ 9,964,770	\$ 1,334,190	\$ 2,897,679	\$ 14,196,639	\$ 12,167,684
Additions	-	-	-	452,101	452,101	731,189	159,654	1,342,944	2,028,955
Closing 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
<b>ACCUMULATED AMORTIZATION</b>									
Opening balance	-	612,557	356,552	4,426,331	5,395,440	265,256	774,655	6,435,351	6,090,555
Amortization expense	-	51,986	10,214	221,368	283,568	9,522	48,256	341,346	344,796
Closing balance	-	664,543	366,766	4,647,699	5,679,008	274,778	822,911	6,776,697	6,435,351
<b>Net Carrying Amount for year ended December 31, 2011</b>	<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>	
Net Carrying Amount for year ended December 31, 2010	<u>\$ 98,557</u>	<u>\$ 807,563</u>	<u>\$ 58,304</u>	<u>\$ 3,604,906</u>	<u>\$ 4,569,330</u>	<u>\$ 1,068,934</u>	<u>\$ 2,123,024</u>		<u>\$ 7,761,288</u>

Tangible capital assets, include assets with a net carrying amount of \$2,222,728, that are not being amortized as they will not be put into service until 2012.

**RHN SCHMITZ de GRACE**  
Chartered Accountants