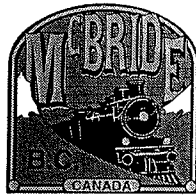
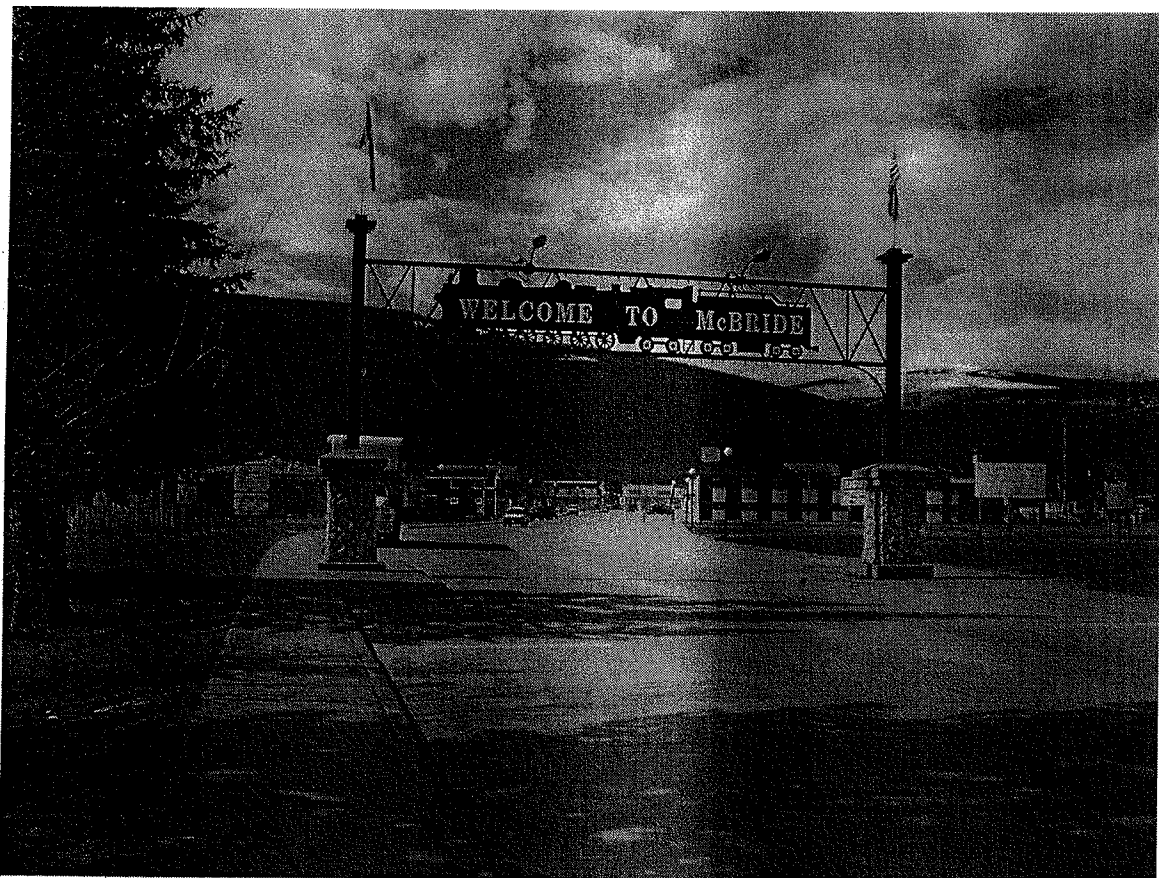


# *The Corporation of the Village of McBride*



## 2011 ANNUAL REPORT





# Village of McBride

## *2011 Annual Report*

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## 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 2010.

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> | \$ 578.56 |
| 2. <i>Roman Catholic Episcopal Corp. of Prince Rupert</i><br><i>Lot 3-5, Block 4, Plan 1373, DL 5316</i>                 | \$ 401.28 |
| 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 2010.

Over the past year, Council has worked with staff and citizens to provide residents of McBride with the best possible Municipal Services. The Council is 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.

As in previous years, continued reviews made by Administration and Operations have resulted in very positive changes in how services are delivered to our residents. Complaints, service calls, etc have been minimized, and the prioritized planning of operations has been great. We continue to receive many positive comments on our local maintenance, improvements and administration. Some improvements in services include: planned routine sanitary sewer clean-outs and maintenance, water plant upgrades, water line looping and certification and monitoring, sidewalk replacements, street maintenance as well as some paving, storm sewer drainage upgrades, cemetery improvements, dust control measures as well as many very effective administrative-stream lining initiatives. The new Eco

Sensitive Solution for Waste Water Treatment has begun 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, particularly the lagoon improvements and expansion options, water line looping, etc. As well, we had our engineers complete a road rehabilitation study to provide us with information on resurfacing our roads with pavement and addressing the drainage issues associated with our current drainage ditches.

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. With the downturn in the Forestry/lumber industry, attracting investments in communities has been difficult; however, there are bright spots in the McBride future.

Our McBride Community Forest Corporation experienced ....and over-came numerous challenges in 2010. Commendations to our Community Forest staff for helping to make the best of poor economic times for the forest industry. We streamlined operations, established some partnerships with other tenure holders, and promoted a healthy timber salvage community. The Corporation is suffering some growing pains and may experience some minor changes but we have 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 was officially formed in 2008. The 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 2010 The McBride Community Foundation Board finally dispersed interest dollars through non-profit organisations to local initiatives, and has proven to be very successful.

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 keeping costs and budget impacts minimized. 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.

We continue to partner with our Chamber of Commerce and have secured tourism funding for specific projects.

For 2010 we applied for, and received approval, to use some of our Northern Development Initiative allocation in order to facilitate and move our Waste Water project forward. We still have approximately \$600,000 dollars of NDI

money in reserve for major projects or partnership ventures.

In 2010, after years of deliberations between the Village and BC Hydro, the power authority installed diesel generators in McBride to provide stability and consistency in power delivery for the McBride area. The generators are a temporary measure while we work with our local independent power producers and BC Hydro on the Robson Valley Task Force toward the 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.

Last year we partnered with BC Housing, the Northern Health Authority, using McBride Community Forest dividends, to provide the land and servicing for the new 10 Senior Housing Units in McBride. The units are finished, with the landscaping and final touches to be done very soon.

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.

As noted more specifically in the reports following, the Village undertook a number of initiatives last year for which Council is hopeful would significantly benefit the Community in the long term. Council welcomes input from residents on this progress report and would encourage you to submit your comments in writing to the Village Office.

Council would like to remind residents of our concern about the ongoing challenges of animal control, property maintenance, and vandalism. 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. There are a few, whom we must encourage to take ownership in keeping our Village clean and tidy.

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

As for 2010 and looking ahead to 2011 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. Again, 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 2010

In 2009, Council set the following objectives for 2010. 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>
<b>Council/Administration</b>	Foster Collaboration with the Village of Valemount to identify and facilitate ideas that mutually benefit the Region	Ensure that Council continues to host an annual meeting with the Village of Valemount Council	Joint meeting was held with Valemount Council and initiatives identified. Completed Economic Resiliency Study with Regional District and Village of Valemount and are now moving forward with partnership for a branding strategy for the area.
	2010 Olympic Torch Relay & 2010 Olympics/Paralympics	Spirit of BC to host 2010 Olympic Torch Relay and 2010 Olympics/Paralympics events planned at the Community Hall	Successful torch relay and 2010 Events hosted at the Community Hall by the Spirit of BC Committee. Great community collaboration.
	Website improvements	Continue to develop website to allow for access to information	Website accessible and allows for easier navigation. Continued revisions to McBride website to provide open access to information.
	Develop a strategy to bring community stakeholders to a common goal	Work with community stakeholders to bring the synergy of various groups to a common goal	Invited Chamber of Commerce to be part of the BC Hydro meeting and have a member on the Robson Valley Task Force that was established
	Water Conservation	Review metering information and implement measures in conservation plan to promote conservation	Water Conservation plan outlining some initiatives and strategies has been approved
<b>Infrastructure Improvements</b>	Sidewalk Improvements	To repair and replace aging sidewalks to accessibility around the municipality	Sidewalk replacement plan approved. Phase one of plan implemented and identified sidewalks repaired

	Waste Water Lagoon	Acquire funding to commence Phase 2 & Phase 3 of the "Eco Sensitive Waste Water Treatment Project"	Funding has been approved for Phase 2 & Phase 3. Phase 3 is partially completed.
	Road Improvements	Continue to find funding to complete further road improvements	Grants applied for improvements and grant confirmation not yet received.

## 5. Statement of Municipal Objectives for 2011 and 2012

### 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>Department</i>	<i>Objective</i>	<i>Strategies</i>	<i>Measures</i>
<b>Council/Administration</b>	Junior Council program	Foster collaboration with the local schools to make youth aware of local government	Joint presentations with educators to talk about local government.
	Seniors Housing	Promote for unit expansions which will include independent and assisted living units	More seniors housing made available.
	BC Hydro line	Partner in a task force to work with local IPP's and BC Hydro	Plans in place for a new transmission line.
	McBride Community Foundation	Structure in place to provide reports on success to the Village, NDI & MCFC	Reports provided
	Village Beautification	Improve beautification bylaws and review bylaw enforcement	Property/beautification bylaw in place.
	McBride Community Forest	Board structure issues resolved, continue to be a stable and profitable company.	A Profit made and continues to contribute to the Village's Economic Development.
<b>Infrastructure Improvements</b>	Sidewalk Improvements	Have a five year replacement plan completed	Plan approved and replacement commenced.
	Waste Water Lagoon	Phase 2 of the "Eco Sensitive Waste Water Treatment Project" to be commenced	Holding pond completed and remainder scheduled to be completed 2013.

**Next Year (2012)**

Looking ahead to 2012, 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>
<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, Whine 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.
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## 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 2009	\$493,923
		July 2009	\$177,107
		July 2010	\$106,546

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

<i>Intended Use</i>	<i>Performance Targets</i>	<i>First Progress Report (by June 30, 2010)</i>	<i>Second Progress Report (by June 30, 2011)</i>
Use of funding to support local government services to avoid significant tax increases.	Minimize tax rate increases.	Funds were used to offset revenue from taxation. If these funds were not available taxation would be increased by 95%.	Funds were used to offset revenue from taxation. If these funds were not available taxation would be increased by 93%.

## 7. Audited Financial Statements

For Fiscal year ending December 31, 2010

(See attachment)

**THE CORPORATION OF THE VILLAGE  
OF McBRIDE  
FINANCIAL STATEMENTS  
December 31, 2010**

**RHN SCHMITZ de GRACE**  
Chartered Accountants

**THE CORPORATION OF THE VILLAGE OF McBRIDE**

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# RHN 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, 2010, and the consolidated statements of financial activities, changes in net financial assets and cash flows 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

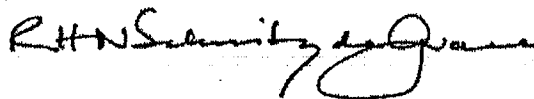
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 auditor's 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 auditor considers 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, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Prince George, BC  
April 5, 2011

Chartered Accountants

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

**December 31, 2010**

**ASSETS**

	<u>2010</u>	<u>2009</u>
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments		
Operating	\$ 888,724	\$ 1,756,552
Restricted - reserve and trust funds	32,835	33,475
Accounts receivable	551,573	381,685
Municipal Finance Authority cash deposits (Note 6)	24,460	23,691
Investment (Note 7)	<u>1,227,322</u>	<u>1,462,536</u>
	<u>2,724,914</u>	<u>3,657,939</u>

**LIABILITIES**

Accounts payable and accrued liabilities	520,025	567,000
Municipal Finance Authority cash reserves (Note 6)	24,460	23,691
Trust funds	24,320	23,710
Long-term debt (Note 2)	<u>404,385</u>	<u>536,579</u>
	<u>973,190</u>	<u>1,150,980</u>

**NET FINANCIAL ASSETS**

	<u>1,751,724</u>	<u>2,506,959</u>
--	------------------	------------------

**NON-FINANCIAL ASSETS**

Inventory of lots	7,762	7,762
Prepaid expenses	9,313	8,623
Tangible capital assets - Schedule 4	<u>7,761,288</u>	<u>6,077,129</u>
	<u>7,778,363</u>	<u>6,093,514</u>

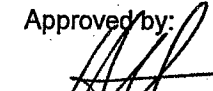
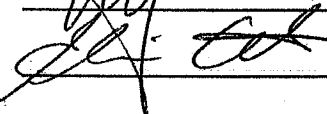
**ACCUMULATED SURPLUS**

	<u>\$ 9,530,087</u>	<u>\$ 8,600,473</u>
--	---------------------	---------------------

**CONTINGENT LIABILITIES (Note 4)**

**COMMITMENTS (Note 8)**

Approved by:

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

**RHN SCHMITZ de GRACE**

See notes to the consolidated financial statements. Chartered Accountants

**THE CORPORATION OF THE VILLAGE OF McBRIDE**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
For the year ended December 31, 2010

	<b>2010</b>		<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(unaudited)</b>		
<b>REVENUE</b>			
Taxation (Note 5)	\$ 439,100	\$ 324,892	\$ 291,827
Utility user charges and connection fees	147,690	149,415	146,013
Grants - Schedule 1	1,780,040	1,718,957	1,326,717
Sale of services	132,660	143,398	130,906
Robson Centre	138,500	147,755	147,986
Other revenue - Schedule 2	101,780	230,769	251,717
	<u>2,739,770</u>	<u>2,715,186</u>	<u>2,295,166</u>
<b>EXPENSES</b>			
General departmental expenses - Schedule 3	1,361,510	1,094,250	1,179,087
Water system	100,600	107,046	81,804
Sewer system	45,500	33,471	37,630
Interest, bank charges and debt issue costs	71,570	75,263	71,568
Robson Centre	173,300	64,282	128,811
Grants - Community Foundation Reserve	-	1,250	-
Amortization - Schedule 4	192,159	344,796	334,815
	<u>1,944,639</u>	<u>1,720,358</u>	<u>1,833,715</u>
<b>EXCESS REVENUE</b>	795,131	994,828	461,451
<b>McBRIDE COMMUNITY FOREST CORPORATION</b>			
Net income from operations (Exhibit P)	-	(65,214)	22,179
<b>ANNUAL SURPLUS</b>	795,131	929,614	483,630
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	<u>8,600,473</u>	<u>8,600,473</u>	<u>8,116,843</u>
<b>ACCUMULATED SURPLUS AT END OF THE YEAR</b>	<u>\$ 9,395,604</u>	<u>\$ 9,530,087</u>	<u>\$ 8,600,473</u>
Comprised of:			
General Fund		\$ 5,233,033	\$ 4,784,574
Sewer Fund		1,195,169	511,919
Water Fund		1,916,141	1,881,772
Reserves (Note 3)		8,515	9,765
McBride Community Forest Corporation (Exhibit P)		1,177,229	1,412,443
		<u>\$ 9,530,087</u>	<u>\$ 8,600,473</u>

See notes to the consolidated financial statements.

**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, 2010

	<u>2010</u>	<u>2009</u>
<b>ANNUAL SURPLUS</b>	<b>\$ 929,614</b>	<b>\$ 483,630</b>
Tangible Capital Assets:		
Acquisition	(2,028,955)	(1,147,540)
Amortization	<u>344,796</u>	<u>334,815</u>
	(754,545)	(329,095)
Non-Financial Assets:		
Acquisition of prepaid expenses	<u>(690)</u>	<u>(26)</u>
<b>CHANGES IN NET FINANCIAL ASSETS</b>	<b>(755,235)</b>	<b>(329,121)</b>
<b>NET FINANCIAL ASSETS AT BEGINNING OF THE YEAR</b>	<b><u>2,506,959</u></b>	<b><u>2,836,080</u></b>
<b>NET FINANCIAL ASSETS AT END OF THE YEAR</b>	<b><u>\$ 1,751,724</u></b>	<b><u>\$ 2,506,959</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, 2010**

	<u>2010</u>	<u>2009</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 929,614	\$ 483,630
Non-cash items:		
Amortization of tangible capital assets	344,796	334,815
McBride Community Forest Corporation net loss (income)	65,214	(22,179)
Changes in non-cash working capital balances:		
Accounts receivable	(169,888)	(118,717)
Accounts payable and accrued liabilities	(46,975)	281,146
Tax sale liability	-	(20,076)
Prepaid expenses	(690)	(26)
	<u>1,122,071</u>	<u>938,593</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets	(2,028,955)	(1,147,540)
Dividends from McBride Community Forest Corporation	170,000	160,000
Changes in trust funds	610	2,425
	<u>(1,858,345)</u>	<u>(985,115)</u>
<b>FINANCING ACTIVITIES</b>		
Debt repayments	(132,194)	(52,939)
Proceeds from long-term debt	-	297,000
	<u>(132,194)</u>	<u>244,061</u>
<b>(DECREASE) INCREASE IN CASH AND EQUIVALENTS</b>	<u>(868,468)</u>	<u>197,539</u>
<b>CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<u>1,790,027</u>	<u>1,592,488</u>
<b>CASH AND EQUIVALENTS AT END OF THE YEAR</b>	<u><u>\$ 921,559</u></u>	<u><u>\$ 1,790,027</u></u>
Cash and equivalents are represented by:		
Cash and short-term deposits		
Operating	\$ 888,724	\$ 1,756,552
Reserve and trust funds	32,835	33,475
	<u><u>\$ 921,559</u></u>	<u><u>\$ 1,790,027</u></u>
During the year, the following payments were made for:		
Interest	\$ 75,263	\$ 71,570

See notes to the consolidated financial statements.

**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, 2010**

**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 11, 2010. 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 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.

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, 2010**

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

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

**For the year ended December 31, 2010**

Land and improvements	No Depreciation
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	5 to 10 years
Software	5 to 10 years
Infrastructure (dependant on component and material)	
Electrical and IT	20 to 25 years
Water	25 to 80 years
Engineered structures	10 to 100 years
Sewer	50 to 80 years
Transportation	5 to 15 years

**Reserves**

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

**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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2010

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>2010</u> <u>Net</u> <u>Debt</u>	<u>2009</u> <u>Net</u> <u>Debt</u>
<b>MUNICIPAL FINANCE AUTHORITY</b>		
General Fund		
Bylaw #510 Issue #55	\$ 78,667	\$ 102,433
Water Utility Fund		
Resolution 139/09	220,391	297,000
Bylaw #513 Issue #55	<u>105,327</u>	<u>137,146</u>
	<u>\$ 404,385</u>	<u>\$ 536,579</u>

The rate of interest payable on the principal amount of the Issue #55 debentures is 8.5%. The rate of interest on the Resolution 139 loan is 1.25% per annum. Total interest paid in 2010 on debt amounted to \$75,263 (2009 - \$71,570).

The debentures and loan mature in 2013.

Future principal repayment requirements are as follows:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Total</u>
2011	\$ 24,954	\$ 107,661	\$ 132,615
2012	26,202	109,331	135,533
2013	<u>27,511</u>	<u>108,726</u>	<u>136,237</u>
	<u>\$ 78,667</u>	<u>\$ 325,718</u>	<u>\$ 404,385</u>

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**For the year ended December 31, 2010**

**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 trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The Corporation paid \$26,532 for employer contributions to the plan in fiscal 2010.

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

For the year ended December 31, 2010

**5. TAXATION**

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

	<b>2010</b>		<b>2009</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(unaudited)</b>		
General municipal purposes	\$ 399,000	\$ 399,230	\$ 364,209
Regional District	288,000	288,416	268,929
School purposes	207,000	207,519	189,801
Hospital District	25,000	24,681	22,077
Policing purposes	24,000	23,921	19,854
B.C. Assessment Authority	5,061	4,896	4,445
Municipal Finance Authority	13	13	11
	<u>948,074</u>	<u>948,676</u>	<u>869,326</u>
Less: Amounts paid by provincial grants	<u>-</u>	<u>117,074</u>	<u>112,492</u>
	<u>948,074</u>	<u>831,602</u>	<u>756,834</u>
Transfers to other governments			
Regional District	288,415	288,415	268,931
School Board	207,150	207,150	189,801
Hospital District	24,679	24,679	22,078
Policing	23,921	23,921	19,854
B.C. Assessment Authority	4,896	4,896	4,445
Municipal Finance Authority	13	13	12
	<u>549,074</u>	<u>549,074</u>	<u>505,121</u>
Total general municipal taxes	399,000	282,528	251,713
Frontage taxes			
Water system	<u>40,100</u>	<u>42,364</u>	<u>40,114</u>
	<u>\$ 439,100</u>	<u>\$ 324,892</u>	<u>\$ 291,827</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2010

**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>2010</u>		<u>2009</u>
	<u>Cash Deposits</u>	<u>Demand Notes</u>	<u>Total</u>
General	\$ 10,458	\$ 17,144	\$ 27,602
Water utility	14,002	22,953	36,955
	<u>\$ 24,460</u>	<u>\$ 40,097</u>	<u>\$ 64,557</u>
			<u>\$ 63,788</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>2010</u>	<u>2009</u>
Investment and advances	\$ 50,093	\$ 50,093
Accumulated operating income	1,343,827	1,572,443
Dividends received in the year	(170,000)	(160,000)
	<u>\$ 1,223,920</u>	<u>\$ 1,462,536</u>

**8. COMMITMENTS**

The Corporation has entered into the following operating leases:

Public works truck	\$329 per month, expiring August 2013
Garbage truck	\$886 per month, expiring October 2011
Grader	\$648 per month, expiring June 2014

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2010**

**9. RELATED PARTY TRANSACTIONS**

During the year, the Corporation received revenues from its wholly-owned subsidiary for sales of services of \$29,682 (2009 - \$26,694), rent of \$12,000 (2009 - \$12,000) and dividends of \$170,000 (2009 - \$160,000).

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.

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## THE CORPORATION OF THE VILLAGE OF McBRIDE

Schedule 1

## CONSOLIDATED SCHEDULE OF GRANTS

For the year ended December 31, 2010

	2010		2009
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>FEDERAL OPERATING GRANTS</b>			
General Operating Fund			
In lieu of taxes	\$ 6,500	\$ 6,403	\$ 6,033
Water Operating Fund			
In lieu of taxes	555	555	555
<b>PROVINCIAL OPERATING GRANTS</b>			
General Operating Fund			
Revenue sharing	382,242	388,788	388,788
In lieu of taxes	12,000	12,003	12,083
Miscellaneous	382,500	228,995	115,071
<b>UTILITIES</b>			
In lieu of taxes	4,500	11,664	11,655
	788,297	648,408	534,185
<b>PROVINCIAL HOME OWNERS GRANT</b>	-	117,074	112,492
	788,297	765,482	646,677
<b>PROVINCIAL CAPITAL GRANTS</b>	991,743	953,475	680,040
	<u>\$ 1,780,040</u>	<u>\$ 1,718,957</u>	<u>\$ 1,326,717</u>

See notes to the consolidated financial statements.

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THE CORPORATION OF THE VILLAGE OF McBRIDE

Schedule 2

CONSOLIDATED SCHEDULE OF OTHER REVENUE

For the year ended December 31, 2010

	2010		2009
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>CURRENT FUND</b>			
Motor vehicle	\$ 28,000	\$ 28,979	\$ 31,913
Sundry	13,200	27,412	31,236
Community Futures Development Corporation	24,660	24,660	24,660
Interest - investments	13,000	6,100	18,113
Interest - taxes	9,500	14,299	13,802
Licences	7,000	9,170	9,355
Cemetery	1,420	3,419	8,842
Tourism booth	5,000	10,000	6,200
	<u>101,780</u>	<u>124,039</u>	<u>144,121</u>
<b>CAPITAL FUND</b>			
Actuarial income	<u>-</u>	<u>30,121</u>	<u>27,474</u>
<b>RESERVE FUND</b>			
Gas tax rebate	-	76,609	77,023
Community Foundation Reserve	-	-	2,005
Interest	<u>-</u>	<u>-</u>	<u>1,094</u>
	<u>-</u>	<u>76,609</u>	<u>80,122</u>
	<u>\$ 101,780</u>	<u>\$ 230,769</u>	<u>\$ 251,717</u>

See notes to the consolidated financial statements.

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THE CORPORATION OF THE VILLAGE OF McBRIDE

Schedule 3

CONSOLIDATED SCHEDULE OF GENERAL DEPARTMENTAL EXPENSES

For the year ended December 31, 2010

	2010		2009
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>GENERAL GOVERNMENT</b>			
Administrative salaries and allowances	\$ 215,500	\$ 193,599	\$ 182,260
Advertising	5,500	4,297	6,149
Audit	20,000	19,500	15,750
Conventions	25,000	18,596	29,886
Council meetings, indemnities and allowances	64,900	40,481	52,142
Employee benefits	74,000	81,027	73,573
Insurance	30,500	31,009	29,588
Legal	30,000	13,358	4,087
Office supplies and equipment	26,850	27,928	26,969
Professional fees	30,000	-	-
Repairs and maintenance	14,000	11,090	10,767
Subscriptions and dues	4,000	4,271	3,848
	<u>540,250</u>	<u>445,156</u>	<u>435,019</u>
<b>TRANSPORTATION SERVICES</b>			
Airport maintenance	25,500	19,412	19,985
Dust control	1,500	2,154	1,303
Engineering fees	25,000	8,324	30,133
Equipment rental, repairs and maintenance	78,400	71,775	61,438
Shop maintenance and equipment	25,700	64,243	74,560
Sidewalk maintenance	22,000	22,658	32,574
Snow removal	32,000	16,256	48,016
Street cleaning and maintenance	92,000	34,704	24,348
Street lighting	21,000	22,256	18,778
Traffic control	18,000	16,200	4,796
	<u>341,100</u>	<u>277,982</u>	<u>315,931</u>
<b>PROTECTIVE SERVICES</b>			
Animal control	2,500	752	734
Fire inspection	15,000	5,791	2,620
PEP expenses	3,000	11	4,959
	<u>20,500</u>	<u>6,554</u>	<u>8,313</u>
<b>BALANCE CARRIED FORWARD</b>	<u>\$ 901,850</u>	<u>\$ 729,692</u>	<u>\$ 759,263</u>

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See notes to the consolidated financial statements. Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE

Schedule 3

CONSOLIDATED SCHEDULE OF GENERAL DEPARTMENTAL EXPENSES

For the year ended December 31, 2010

	2010		2009
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>BALANCE FORWARD</b>	<u>\$ 901,850</u>	<u>\$ 729,692</u>	<u>\$ 759,263</u>
<b>ENVIRONMENTAL AND PUBLIC HEALTH</b>			
Cemetery	9,000	7,452	11,015
Garbage collection	<u>81,000</u>	<u>58,861</u>	<u>61,318</u>
	<u>90,000</u>	<u>66,313</u>	<u>72,333</u>
<b>RECREATIONAL AND CULTURAL SERVICES</b>			
CN station	21,000	14,458	25,514
Community development	126,000	127,554	74,463
Community Futures	24,660	18,731	19,714
Economic development committee	120,000	109,480	118,928
Grants-in-aid	2,000	2,018	1,084
Grounds maintenance	17,000	7,587	6,144
Parks maintenance	52,000	2,734	95,169
Tourism	<u>7,000</u>	<u>15,683</u>	<u>6,475</u>
	<u>369,660</u>	<u>298,245</u>	<u>347,491</u>
	<u>\$ 1,361,510</u>	<u>\$ 1,094,250</u>	<u>\$ 1,179,087</u>

See notes to the consolidated financial statements.

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

For the year ended December 31, 2010

COST	Land	Buildings	Vehicles/ Machinery/ Equipment	Engineered Structures	Total General Assets	Sewer	Water	2010		2009	
								Total		Total	
Opening balance	\$ 98,557	\$ 1,420,120	\$ 414,856	\$ 6,958,941	\$ 8,892,474	\$ 688,731	\$ 2,586,479	\$ 12,167,684		\$ 11,020,144	
Additions	-	-	-	1,072,296	1,072,296	845,459	311,200	2,028,955		1,147,540	
Closing balance	<u>98,557</u>	<u>1,420,120</u>	<u>414,856</u>	<u>8,031,237</u>	<u>9,964,770</u>	<u>1,334,190</u>	<u>2,897,679</u>	<u>14,196,639</u>		<u>12,167,684</u>	
<b>ACCUMULATED AMORTIZATION</b>											
Opening balance	-	560,532	345,647	4,202,243	5,108,422	255,734	726,399	6,090,555		5,755,740	
Amortization expense	-	52,025	10,905	224,088	287,018	9,522	48,256	344,796		334,815	
Closing balance	<u>-</u>	<u>612,557</u>	<u>356,552</u>	<u>4,426,331</u>	<u>5,395,440</u>	<u>265,256</u>	<u>774,655</u>	<u>6,435,351</u>		<u>6,090,555</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>			
Net Carrying Amount for year ended December 31, 2009	<u>\$ 98,557</u>	<u>\$ 859,588</u>	<u>\$ 69,209</u>	<u>\$ 2,756,697</u>	<u>\$ 3,784,051</u>	<u>\$ 432,998</u>	<u>\$ 1,860,080</u>			<u>\$ 6,077,129</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 2011.

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