

# *The Corporation of the Village of McBride*

## 2009 ANNUAL REPORT



# Village of McBride

## *2009 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 2008.

## **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 2008.

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 certification and monitoring, sidewalk replacements, street maintenance, cemetery improvements, dust control measures as well as many very effective administrative stream-lining initiatives.

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.

In 2007 Council hired an Economic Development Officer 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. With the downturn in the Forestry/lumber industry, attracting investments in communities has been difficult; however, there are a few bright spots in the McBride future. The people in this valley always "find a way" ..... and we will survive.

Last year was another successful year for our McBride Community Forest Corporation and commendations to our Community Forest staff! We turned a reasonable profit, 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.

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. Finally, as a result of very successful partnering with the Regional District and the McBride Community Forest, we were able to complete the new Community Hall which will present many opportunities to our residents. We have started a local skateboard park with assistance from the schools and local volunteers and more improvements are in order.

We continue to partner with our Chamber of Commerce and have secured tourism funding for specific projects. We will continue to work on the Hotel Tax initiative that would provide for more dollars available for tourism initiatives.

We still have approximately \$1.28 million dollars of NDI money in reserve for major projects or partnership ventures, for 2008/2009 we may plan for accessing some of our allocation in order to continue our street pavement initiative.

Congratulations again to all residents of the valley on McBride's 75<sup>th</sup> anniversary of incorporation!! The celebration was even more proof of the strength, dedication and commitment the residents have to the area.

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 2008 and looking ahead to 2009, 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 2008

In 2007, Council set the following objectives for 2008. 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.

Objective	Organization	Measure/Strategy	Implementation/Comments
Council/Administration	Continued partnership with Regional District on Community Hall	Ensure proper management plan in place for the Community Hall	Hall opened in 2008 and Regional District is managing and booking the facility.
	Economic Development	EDO in place and EDO strategy to be implemented and working on encouraging new investment	EDO strategy has been implemented and the EDO, Council, Administration and MCFC have been working with groups to encourage investment to the area.
	McBride Community Forest Corporation	Work with McBride Community Forest Board and ensure it remains profitable	Members of Council and Administration are on the MCFC Board and 2008 the MCFC has operated successfully.
	Staff Training	Provide opportunities to attend training sessions to allow for continued education	Public Works staff attended some training sessions to upgrade on new initiatives. Some sessions included Waste Water Treatment Level 1

<b>Public Works</b>	Improve recreations facilities	Work with community to enhance recreation facilities	Committees worked together to apply for funding to improve facility, as of December 31, 2008 \$20,000 of accessibility improvement monies had been approved. Skateboard Park has been completed.
<b>Infrastructure Improvements</b>	Road Improvements	Implement road rehabilitation study and allow for drainage and paving improvements of approximately 4-5 km of streets	Grant of \$1.1 million was received from the Ministry of Transportation and we were able to do drainage improvements and pave, Eddy St., McBride South Road, Kolida Street and 2 <sup>nd</sup> Avenue.
	Water System Upgrades	Utilize grant funding received to improve the water intake system	Continued engineering studies to review best option for water quality improvement.

## 5. Statement of Municipal Objectives for 2009 and 2010

### Current Year (2009)

In 2008, Council set the following objectives, which it hoped to accomplish in 2009. 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>Strategy</i>	<i>Measures</i>
<b>Council/Administration</b>	Economic Development	Have the EDO work with potential investors to attract new industry to the Community	New industry in place and under construction or operating
	Economic Development	EDO to encourage developers to come in and build a Seniors Housing facility	Developers found and designs are being developed.
	McBride Community Forest Corporation	Lobby to acquire an increased annual allowable cut	Increased annual allowable cut
	Staff Training	Provide opportunities to attend training sessions to allow for continued education	Sessions attended and certificates obtained

<b>Infrastructure Improvements</b>	Improve recreations facilities	Encourage community involvement by establishing a committee to review and enhance recreation facilities	Committee in place and some plans and initiatives identified
	Road Improvements	Implement road rehabilitation study and allow for drainage and paving improvements	Phase 1 of rehabilitation plan implemented and completed.
	Water System	Develop a water conservation plan	Plan in place and implementation initiatives and dates identified
	Waste Water Lagoon	Establish a partnership with the adjacent property owner to implement an effluent irrigation system for the lagoon effluent and to create a park area	Signed partnership agreement in place and a test pilot area commenced.

### **Next Year (2010)**

Looking ahead to 2010, 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.

<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 with Valemount Council hosted and initiatives identified.
	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.
	Website improvements	Continue to develop website to allow for access to information	Website accessible and allows for easier navigation.
	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	A strategy implemented that has stakeholders for a common goal
	Water Conservation	Review metering information and implement measures in conservation plan to promote conservation	Water Conservation plan upgraded to reflect metering information

<b>Infrastructure Improvements</b>	Sidewalk Improvements	To repair and replace aging sidewalks to accessibility around the municipality	Sections of sidewalks replace
	Waste Water Lagoon	Acquire funding to commence Phase 2 & Phase 3 of the "Eco Sensitive Waste Water Treatment Project"	Funding secured to commence Phase 2 & Phase 3 of the project
	Road Improvements	Continue to find funding to complete further road improvements	Funding in place and more streets paved.

## 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 July 2009 July 2010	\$493,923 \$177,107 \$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.		

## 7. Audited Financial Statements

For Fiscal year ending December 31, 2008  
(See attachment)



**THE CORPORATION OF THE VILLAGE  
OF McBRIDE  
FINANCIAL STATEMENTS  
December 31, 2008**

**RHN SCHMITZ de GRACE**  
Chartered Accountants

# RHN SCHMITZ de GRACE

Chartered Accountants

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• Denotes professional corporation

## AUDITORS' REPORT

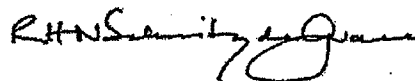
To the Mayor and Councillors  
The Corporation of the Village of McBride,

We have audited the consolidated statement of financial position of the Corporation of the Village of McBride as at December 31, 2008 and the consolidated statements of financial activities, current fund operations, reserve fund operations, capital fund operations, and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and the results of its financial activities and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on the financial position, financial activities and investment in capital fund assets of individual funds included in Exhibits A through P is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.



Prince George, BC  
February 19, 2009

Chartered Accountants

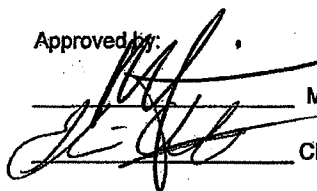
**THE CORPORATION OF THE VILLAGE OF McBRIDE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

December 31, 2008

**ASSETS**

	<u>2008</u>	<u>2007</u>
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments		
Operating	\$ 1,499,402	\$ 733,176
Restricted - reserve and trust funds	93,086	39,572
Accounts receivable	262,968	455,277
MFA cash deposits (Note 7)	23,034	22,107
Inventory of lots	7,762	7,762
Prepaid expenses	8,597	6,784
Investment (Note 9)	<u>1,600,357</u>	<u>1,562,697</u>
	<u>3,495,206</u>	<u>2,827,375</u>
<b>PHYSICAL ASSETS</b>		
Capital assets (Note 2)		
General	7,046,917	5,970,003
Sewer	661,192	661,192
Water	<u>1,933,934</u>	<u>1,933,934</u>
	<u>9,642,043</u>	<u>8,565,129</u>
	<u>\$ 13,137,249</u>	<u>\$ 11,392,504</u>

Approved by:

  
\_\_\_\_\_  
Mayor

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

## LIABILITIES

	<u>2008</u>	<u>2007</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued charges	\$ 285,854	\$ 130,078
Tax sale liability	<u>20,076</u>	<u>-</u>
	305,930	130,078
<b>MFA CASH RESERVE (Note 7)</b>	<u>23,034</u>	<u>22,107</u>
<b>COMMUNITY HALL PROJECT (Note 10)</b>	-	124,134
<b>TRUST FUNDS</b>	<u>21,285</u>	<u>19,639</u>
<b>LONG-TERM DEBT (Note 3)</b>	<u>292,518</u>	<u>342,935</u>
	<u>642,767</u>	<u>638,893</u>

## FINANCIAL POSITION

<b>FINANCIAL EQUITY</b>		
Current fund	1,179,489	998,880
Reserve fund (Note 4)	71,801	19,933
Capital fund	343,403	-
McBride Community Forest Corporation (Exhibit P)	<u>1,550,264</u>	<u>1,512,604</u>
	3,144,957	2,531,417
<b>INVESTMENT IN ASSETS</b>		
Capital (Note 8)	<u>9,349,525</u>	<u>8,222,194</u>
	<u>12,494,482</u>	<u>10,753,611</u>
<b>CONTINGENT LIABILITIES (Note 5)</b>		
	<u>\$ 13,137,249</u>	<u>\$ 11,392,504</u>

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, 2008

	2008		2007
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>REVENUE</b>			
Taxation (Note 6)	\$ 396,305	\$ 285,553	\$ 250,796
Utility user charges and connection fees	139,930	141,090	141,208
Grants - Schedule 1	2,038,045	1,758,074	683,765
Sale of services	101,300	131,399	142,557
Robson Centre	137,950	144,580	139,116
Other revenue - Schedule 2	100,960	216,412	180,286
	<u>2,914,490</u>	<u>2,677,108</u>	<u>1,537,728</u>
<b>EXPENDITURES</b>			
General departmental expenditure - Schedule 3	1,198,860	1,023,280	2,110,580
Water system	64,100	69,735	57,476
Sewer system	68,800	33,387	64,376
Capital expenditures	2,212,000	1,076,914	437,219
Interest, bank charges and debt issue costs	71,570	71,570	71,570
Robson Centre	66,400	70,878	59,480
	<u>3,681,730</u>	<u>2,345,764</u>	<u>2,800,701</u>
<b>NET REVENUE (EXPENDITURES) FOR THE YEAR</b>	(767,240)	331,344	(1,262,973)
<b>DEBT PRINCIPAL REPAYMENT</b>	(25,464)	(25,464)	(25,464)
<b>McBRIDE COMMUNITY FOREST CORPORATION</b>			
Net income from operations (Exhibit P)	-	307,660	1,239,233
<b>CHANGE IN FINANCIAL EQUITY</b>	(792,704)	613,540	(49,204)
<b>FINANCIAL EQUITY AT BEGINNING OF THE YEAR</b>	<u>2,531,417</u>	<u>2,531,417</u>	<u>2,580,621</u>
<b>FINANCIAL EQUITY AT END OF THE YEAR</b>	<u>\$ 1,738,713</u>	<u>\$ 3,144,957</u>	<u>\$ 2,531,417</u>

**RHN SCHMITZ de GRACE**  
Chartered Accountants

See notes to the consolidated financial statements.

**THE CORPORATION OF THE VILLAGE OF McBRIDE**  
**CONSOLIDATED STATEMENT OF CURRENT FUND OPERATIONS**

For the year ended December 31, 2008

	2008		2007
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>REVENUE</b>			
Taxation (Note 6)	\$ 396,305	\$ 285,553	\$ 250,796
Utility user charges and connection fees	139,930	141,090	141,208
Grants - Schedule 1	2,038,045	533,921	407,918
Sale of services	101,300	131,399	142,557
Robson Centre	137,950	144,580	139,116
Other revenue - Schedule 2	100,960	164,544	135,156
Dividend income	400,000	270,000	1,400,000
	<u>3,314,490</u>	<u>1,671,087</u>	<u>2,616,751</u>
<b>EXPENDITURES</b>			
General departmental expenditure			
- Schedule 3	1,198,860	1,023,280	2,110,580
Water system	64,100	69,735	57,476
Sewer system	68,800	33,387	64,376
Interest, bank charges and debt issue costs	71,570	71,570	71,570
Robson Centre	66,400	70,878	59,480
	<u>1,469,730</u>	<u>1,268,850</u>	<u>2,363,482</u>
<b>NET REVENUE FOR THE YEAR</b>	<u>1,844,760</u>	<u>402,237</u>	<u>253,269</u>
<b>ADDITIONS (DEDUCTIONS) FROM NET REVENUE</b>			
Capital expenditures	(2,212,000)	(196,164)	(151,408)
Debt principal repayment	(25,464)	(25,464)	(25,464)
Appropriation from reserve	9,180	-	82,126
	<u>(2,228,284)</u>	<u>(221,628)</u>	<u>(94,746)</u>
<b>CHANGE IN CURRENT FUND BALANCE</b>	<u>(383,524)</u>	<u>180,609</u>	<u>158,523</u>
<b>CURRENT FUND BALANCE AT BEGINNING OF THE YEAR</b>	<u>998,880</u>	<u>998,880</u>	<u>840,357</u>
<b>CURRENT FUND BALANCE AT END OF THE YEAR</b>	<u>\$ 615,356</u>	<u>\$ 1,179,489</u>	<u>\$ 998,880</u>
Represented by:			
General		\$ 922,419	\$ 775,229
Sewer		90,501	67,688
Water utility		166,569	155,963
		<u>\$ 1,179,489</u>	<u>\$ 998,880</u>

**RHN SCHMITZ de GRACE**  
Chartered Accountants

See notes to the consolidated financial statements.

**THE CORPORATION OF THE VILLAGE OF McBRIDE**  
**CONSOLIDATED STATEMENT OF RESERVE FUND OPERATIONS**

For the year ended December 31, 2008

	2008		2007
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>REVENUE</b>			
Interest - Schedule 2	\$ -	\$ 439	\$ 2,135
Gas tax rebate - Schedule 2	-	51,429	42,995
	-	51,868	45,130
<b>EXPENDITURE</b>	-	-	-
<b>NET REVENUE FOR THE YEAR</b>	-	51,868	45,130
<b>APPROPRIATED TO:</b>			
Current fund operations	(9,180)	-	(82,126)
Capital fund operations	-	-	(9,964)
	(9,180)	-	(92,090)
<b>CHANGE IN RESERVE FUND BALANCE</b>	(9,180)	51,868	(46,960)
<b>RESERVE FUND BALANCE AT BEGINNING OF THE YEAR</b>	9,180	19,933	66,893
<b>RESERVE FUND BALANCE AT END OF THE YEAR</b>	\$ -	\$ 71,801	\$ 19,933

**THE CORPORATION OF THE VILLAGE OF McBRIDE**  
**CONSOLIDATED STATEMENT OF CAPITAL FUND OPERATIONS**

For the year ended December 31, 2008

	2008		2007
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
<b>SOURCES OF CAPITAL FINANCING</b>			
Provincial grants - Schedule 1	\$ -	\$ 1,224,153	\$ 275,847
Net interfund transfer from Current Fund	2,212,000	196,164	151,408
Net interfund transfer from Reserve Fund	-	-	9,964
	<u>2,212,000</u>	<u>1,420,317</u>	<u>437,219</u>
<b>CAPITAL EXPENDITURE</b>			
Streets	1,000,000	756,597	-
Village complex	50,000	-	-
Office equipment	12,000	-	6,624
Sidewalks	10,000	-	-
Park	20,000	15,301	-
Public Works Equipment	-	-	16,529
CN station	-	-	17,000
Municipal airport	15,000	13,284	48,729
Sewer system	545,000	-	56,168
Water distribution system	360,000	-	16,322
Emergency centre	200,000	291,732	275,847
	<u>2,212,000</u>	<u>1,076,914</u>	<u>437,219</u>
<b>CHANGE IN CAPITAL FUND BALANCE</b>	-	343,403	-
<b>CAPITAL FUND BALANCE AT BEGINNING OF THE YEAR</b>	-	-	-
<b>CAPITAL FUND BALANCE AT END OF THE YEAR</b>	<u>\$ -</u>	<u>\$ 343,403</u>	<u>\$ -</u>

**RHN SCHMITZ de GRACE**  
 See notes to the consolidated financial statements. Chartered Accountants



**THE CORPORATION OF THE VILLAGE OF McBRIDE**

**CONSOLIDATED STATEMENT OF CASH FLOW**

**For the year ended December 31, 2008**

	<u>2008</u>	<u>2007</u>
<b>CASH PROVIDED (USED) BY:</b>		
Operating Activities		
Net revenue for the year	\$ 331,344	\$ (1,262,973)
Changes in non-cash working capital balances		
Accounts receivable	192,309	(146,708)
Tax sale liability	20,076	-
Accounts payable and accrued liabilities	155,776	25,083
Other	<u>(1,813)</u>	<u>1,020</u>
	697,692	(1,383,578)
Financing Activities		
Debt principal repayments - capital	(25,464)	(25,464)
Changes in trust funds	(122,488)	125,126
Investing Activities		
Investment in McBride Community Forest Corporation	<u>270,000</u>	<u>1,400,000</u>
<b>INCREASE IN CASH AND EQUIVALENTS</b>	<b>819,740</b>	<b>116,084</b>
<b>CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b><u>772,748</u></b>	<b><u>656,664</u></b>
<b>CASH AND EQUIVALENTS AT END OF THE YEAR</b>	<b><u>\$ 1,592,488</u></b>	<b><u>\$ 772,748</u></b>
Represented by:		
Cash and short-term deposits		
Operating	\$ 1,499,402	\$ 733,176
Reserve and trust funds	<u>93,086</u>	<u>39,572</u>
	<u>\$ 1,592,488</u>	<u>\$ 772,748</u>
During the year, the following payments were made for:		
Interest	\$ 71,570	\$ 71,570

**RHN SCHMITZ de GRACE**  
See notes to the consolidated financial statements. Chartered Accountants

**THE CORPORATION OF THE VILLAGE OF McBRIDE****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2008****1. SIGNIFICANT ACCOUNTING POLICIES**

The Corporation is a municipality in the Province of British Columbia. Its 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.

**Budget amounts**

Budget amounts reflect the Annual Budget included in the initial Five Year Financial Plan adopted by Council on May 13, 2008.

**Capital Assets**

Capital assets are recorded at cost but are not amortized.

**Inventories**

Inventory of lots is stated at cost.

**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 net income.

**Revenue Recognition**

The Corporation recognizes revenue as follows:

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 is recognized in the year in which it is 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.

**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, 2008**

**2. CAPITAL ASSETS (Note 1)**

Capital assets are comprised of the following:

	<u>Balance December 31, 2007</u>	<u>Net Additions</u>	<u>Balance December 31, 2008</u>
<b>GENERAL</b>			
Streets	\$ 3,436,183	\$ 756,597	\$ 4,192,780
Village complex	687,023	-	687,023
Municipal airport	444,381	13,284	457,665
Public works equipment	255,510	-	255,510
Downtown revitalization	192,342	-	192,342
Sidewalks	145,791	-	145,791
Office equipment	159,345	-	159,345
CN station	130,628	-	130,628
Parks	95,147	15,301	110,448
Land - transfer station	59,822	-	59,822
Public works building	45,907	-	45,907
Municipal office	27,717	-	27,717
Cemetery	12,243	-	12,243
Traffic controls	2,117	-	2,117
Emergency centre	275,847	291,732	567,579
	<u>5,970,003</u>	<u>1,076,914</u>	<u>7,046,917</u>
<b>SEWER</b>			
Distribution system	<u>661,192</u>	<u>-</u>	<u>661,192</u>
<b>WATER</b>			
Distribution system	<u>1,933,934</u>	<u>-</u>	<u>1,933,934</u>
	<u><u>\$ 8,565,129</u></u>	<u><u>\$ 1,076,914</u></u>	<u><u>\$ 9,642,043</u></u>

During the year the Village consulted the transitional provision guidelines of Public Sector Guideline 7 (PSG-7) in relation to the implementation and disclosure of tangible capital assets. The Village has commenced the process of inventorying its assets by major category which includes land, buildings, machinery and equipment, furniture and fixtures, information technology infrastructure, roads, water and sewer systems. The Village is expected to have fully adopted Public Sector Handbook Section 3150 (PS3150) for the year ending December 31, 2009.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2008**

**3. LONG-TERM DEBT**

	<b>2008</b>		<b>2007</b>
	<u><b>Gross Debt</b></u>	<u><b>Sinking Fund Deposit</b></u>	<u><b>Net Debt</b></u>
<b>DEBENTURES PAYABLE</b>			
<b>General Fund</b>			
By law #510 Issue #55	\$360,000	\$ 234,933	\$ 125,067
			\$ 146,623
<b>Water Utility Fund</b>			
By law #513 Issue #55	<u>482,000</u>	<u>314,549</u>	<u>167,451</u>
			<u>196,312</u>
	<u><u>\$842,000</u></u>	<u><u>\$ 549,482</u></u>	<u><u>\$292,518</u></u>
			<u><u>\$ 342,935</u></u>

The rate of interest payable on the principal amount of the debentures is 8.5%. Total interest paid in 2008 on debt amounted to \$71,570 (2007 - \$71,750).

The debentures mature in 2013.

Future principal requirements are as follows:

	<u><b>General Fund</b></u>	<u><b>Water Fund</b></u>	<u><b>Total</b></u>
2009	\$ 22,633	\$ 30,304	\$ 52,937
2010	23,766	31,820	55,586
2011	24,954	33,411	58,365
2012	26,202	35,081	61,283
2013	27,512	36,835	64,347

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**For the year ended December 31, 2008**

**4. RESERVES**

	<u>General Capital</u>	<u>Sewer Capital</u>	<u>Other</u>	<u>Total</u>
Gas Tax Rebate				
Balance at beginning of the year	\$ 11,573	\$ -	\$ -	\$ 11,573
Rebate allocation	51,429	-	-	51,429
Interest allocation	439	-	-	439
	<u>63,441</u>	<u>-</u>	<u>-</u>	<u>63,441</u>
Land development				
Balance at beginning and end of the year	<u>-</u>	<u>-</u>	<u>7,762</u>	<u>7,762</u>
Replacement				
Balance at beginning and end of the year	<u>-</u>	<u>-</u>	<u>598</u>	<u>598</u>
Total	<u>\$ 63,441</u>	<u>\$ -</u>	<u>\$ 8,360</u>	<u>\$ 71,801</u>

Gas Tax Agreement funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the local government and the Union of British Columbia Municipalities. Gas Tax Agreement funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

**THE CORPORATION OF THE VILLAGE OF McBRIDE****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2008****5. CONTINGENT LIABILITIES****MIA**

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.

**MFA 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 of the Village of McBride 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 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 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, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The Corporation of the Village of McBride paid \$20,951 for employer contributions to the plan in fiscal 2008.

**THE CORPORATION OF THE VILLAGE OF McBRIDE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2008**

**6. TAXATION**

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

	<b>2008</b>		<b>2007</b>
	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Actual</b></u>
	<b>(unaudited)</b>		
General municipal purposes	\$ 357,805	\$ 358,905	\$ 311,707
Hospital and Regional District purposes	264,430	264,492	248,502
School purposes	181,179	181,698	171,367
Policing purposes	20,419	20,486	18,595
Sundry	3,448	4,213	3,822
	<u>827,281</u>	<u>829,794</u>	<u>753,993</u>
Less: Amounts paid by provincial grants	-	113,471	100,846
	<u>827,281</u>	<u>716,323</u>	<u>653,147</u>
Transfers to other governments			
Regional District	243,180	243,180	228,222
School Board	181,179	181,698	170,891
Hospital District	21,250	21,250	20,274
Policing	20,419	20,486	18,594
B.C. Assessment Authority	3,442	4,207	3,821
Municipal Finance Authority	6	7	7
	<u>469,476</u>	<u>470,828</u>	<u>441,809</u>
Total general municipal taxes	357,805	245,495	211,338
Frontage taxes			
Water system	38,500	40,058	39,458
	<u>\$ 396,305</u>	<u>\$ 285,553</u>	<u>\$ 250,796</u>

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**THE CORPORATION OF THE VILLAGE OF McBRIDE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2008**

**7. 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>Cash Deposits</u>	<u>Demand Notes</u>	<u>Total</u>
General	\$ 9,848	\$ 17,144	\$ 26,992
Water utility	<u>13,186</u>	<u>22,953</u>	<u>36,139</u>
	<u>\$ 23,034</u>	<u>\$ 40,097</u>	<u>\$ 63,131</u>

**8. INVESTMENT IN CAPITAL ASSETS**

	<u>2008</u>	<u>2007</u>
Balance at beginning of the year	\$ 8,222,194	\$ 7,736,958
Add: Provincial grants	880,760	275,847
Reserve Fund Operations	-	9,964
Current Fund Operations		
Capital expenditures	196,164	151,408
Debt principal repayment	25,464	25,464
Actuarial increase in fund deposits	<u>24,953</u>	<u>22,553</u>
Balance at end of the year	<u>\$ 9,349,525</u>	<u>\$ 8,222,194</u>

**9. INVESTMENT**

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

	<u>2008</u>	<u>2007</u>
Investment and advances	\$ 50,093	\$ 50,093
Accumulated operating income	1,820,264	2,912,604
Dividends received in the year	<u>(270,000)</u>	<u>(1,400,000)</u>
	<u>\$ 1,600,357</u>	<u>\$ 1,562,697</u>

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**THE CORPORATION OF THE VILLAGE OF McBRIDE**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2008**

**10. COMMUNITY HALL PROJECT**

The Corporation has been given the responsibility of administering the construction of a community hall within municipal limits. The project is being financed by contributions from the Regional District of Fraser-Fort George, the Provincial Government and the Corporation, and the structure will become the property of the Regional District when complete. The budgeted cost of the project is \$833,000.

During the year, the following amounts were received and expended on account of the project:

	<b>Budget Total</b>	<b>2008</b>	<b>2007</b>
Expenditure	<u>\$ 833,000</u>	<u>\$ 2,064,320</u>	<u>\$ 1,853,866</u>
Less: Received			
Regional District of Fraser-Fort George	350,000	350,000	340,000
Provincial Government	330,000	330,000	220,000
Corporation	<u>153,000</u>	<u>1,384,320</u>	<u>1,418,000</u>
	<u>833,000</u>	<u>2,064,320</u>	<u>1,978,000</u>
Balance (in trust) receivable at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (124,134)</u>

**11. COMMITMENTS**

The Corporation has entered into the following operating leases:

Public works truck	\$329 per month, expiring August 2013
Grader	\$690 per month, expiring June 2009
Garbage truck	\$886 per month, expiring October 2011

**12. USE OF ESTIMATES**

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.

**13. FINANCIAL INSTRUMENTS**

The Corporation's financial instruments are comprised of cash and short term investments, accounts receivable, MFA cash deposits, accounts payable and accrued charges, and long-term debt.

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THE CORPORATION OF THE VILLAGE OF McBRIDE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2008

13. FINANCIAL INSTRUMENTS, continued

Credit Risk

The Corporation provides credit to its customers in the normal course of business and carries out specific procedures to minimize the risk. Credit risk is minimal.

Fair Value

Investments which are considered held-for-trading are recorded at fair market value.

The carrying value for other primary instruments approximates fair value, due to their short term maturities. The carrying value of non current instruments approximates fair value because it is based upon interest rates currently available to corporations in similar circumstances.

14. RELATED PARTY TRANSACTIONS

During the year, the Corporation received revenues from their wholly-owned subsidiary for sales of services of \$28,152 (2007 - \$40,969), rent of \$10,427 (2007 - \$12,000) and dividends of \$270,000 (2007 - \$1,400,000).

Accounts receivable include \$Nil (2007 - \$3,042) owing from the wholly-owned subsidiary.

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.

## THE CORPORATION OF THE VILLAGE OF McBRIDE

## CONSOLIDATED SCHEDULE OF GRANTS

For the year ended December 31, 2008

	2008		2007
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>FEDERAL OPERATING GRANTS</b>			
General Operating Fund			
In lieu of taxes	\$ 5,000	\$ 11,002	\$ 11,089
Water Operating Fund			
In lieu of taxes	555	555	555
<b>PROVINCIAL OPERATING GRANTS</b>			
General Operating Fund			
Revenue sharing	320,000	324,971	265,381
In lieu of taxes	6,000	11,880	7,173
Miscellaneous	1,052,000	55,660	12,137
Water Operating Fund			
Financial Assistance	240,000	-	-
Sewer Operating Fund			
Infrastructure	404,490	4,850	-
<b>UTILITIES</b>			
In lieu of taxes	10,000	11,532	10,737
	2,038,045	420,450	307,072
<b>PROVINCIAL HOME OWNERS GRANT</b>	-	113,471	100,846
	2,038,045	533,921	407,918
<b>PROVINCIAL CAPITAL GRANTS</b>	-	1,224,153	275,847
	<u>\$ 2,038,045</u>	<u>\$ 1,758,074</u>	<u>\$ 683,765</u>

See notes to the consolidated financial statements. **RHN SCHMITZ de GRACE**  
Chartered Accountants

## THE CORPORATION OF THE VILLAGE OF McBRIDE

## CONSOLIDATED SCHEDULE OF OTHER REVENUE

For the year ended December 31, 2008

	2008		2007
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>CURRENT FUND</b>			
Motor vehicle	\$ 34,000	\$ 33,138	\$ 38,766
Sundry	6,600	25,827	15,785
Interest - taxes	12,000	18,549	19,695
Community Futures Development Corp	24,660	24,660	24,660
Licences	7,350	10,091	9,010
Cemetery	1,350	7,870	2,810
Interest - investments	10,000	34,324	19,080
Tourism booth	5,000	9,935	5,350
Donations	-	150	-
	100,960	164,544	135,156
<b>RESERVE FUND</b>			
Gas tax rebate	-	51,429	42,995
Interest	-	439	2,135
	<u>\$ 100,960</u>	<u>\$ 216,412</u>	<u>\$ 180,286</u>