

# *The Corporation of the Village of McBride*

## 2008 ANNUAL REPORT



# Village of McBride

## *2008 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 2007.....</b>	<b>4</b>
<b>5. Statement of Municipal Objectives for 2008 and 2009.....</b>	<b>5</b>
<b>6. Audited Financial Statements.....</b>	<b>7</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 2007.

**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 2007.

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 2007**

In 2006, Council set the following objectives for 2007. 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>	Continued partnership with Regional District on Community Hall	Implement a conference strategy to maximize use of Community Hall  <i>Strategy:</i> Completion and implementation of a conference strategy	Strategy was completed and Tourism grant monies were used to pay for the completion of the strategy. Regional District of Fraser Fort George was provided with a copy as part of the hall management.
	Recognize the 75 <sup>th</sup> Anniversary of the Village of McBride	Provide events to celebrate the Village of McBride's 75 <sup>th</sup> Anniversary  <i>Strategy:</i> Successful attendance of a celebration and community feedback	The 75 <sup>th</sup> Anniversary Celebration was a huge success with a great turnout. There was considerable amount of positive feedback from participants.

	Continued success with the McBride Community Forest Corporation	Work with McBride Community Forest Board and obtain a 25 year secure Community Forest Licence and develop long term strategies  <i>Strategy:</i> Signed 25 year licence and a long term strategy in place	The McBride Community Forest Corporation had a very successful year and signed a 25 year long term licence. As well, our corporation hosted the BC Community Forests Association annual conference and showcased our community forest.
	Collaboration with McBride and District Chamber of Commerce	Work to implement a hotel tax to assist in providing revenue for tourism  <i>Strategy:</i> Hotel Tax in place	Hotel Tax was not well received by the Hotel owners and Council decided to not pursue this option at this time.
<b>Public Works</b>	Improve recreations facilities	Work with community youth to enhance recreation facilities  <i>Strategy:</i> Facility improvements that have been implemented	Skateboard Park equipment has been installed and provides some alternate opportunities for youth. A public washroom for the recreation users has been ordered and will be installed.
<b>Infrastructure Improvements</b>	Road Improvements	Access NDI funding to allow for paving of approximately 4-5 km of streets  <i>Strategy:</i> Streets paved	A road assessment was completed. Drainage will need to be addressed before paving can take place. Project costs are high; funding will need to be sourced for this project and project will need to be completed in phases.
	Water System Upgrades	Utilize grant funding to improve the water intake system  <i>Strategy:</i> Completed improvement to water intake system	Some ground water drilling had taken place at the Water system to help find an additional ground source. This was unsuccessful and further monitoring is taking place and the engineers will provide us with a plan to complete the upgrade.

## 5. Statement of Municipal Objectives for 2008 and 2009

### Current Year (2008)

In 2007, Council set the following objectives, which it hoped to accomplish in 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.

<i>Department</i>	<i>Objective</i>	<i>Strategies</i>	<i>Measures</i>
<b>Council/Administration</b>	Continued partnership with Regional District on Community Hall	Ensure proper management plan in place for the Community Hall	Management plan in place and operating effectively.
	Economic Development	EDO in place and EDO strategy to be implemented and working on encouraging new investment	Strategy implemented and plans for new investment
	McBride Community Forest Corporation	Work with McBride Community Forest Board and ensure it remains profitable	Financial Statements of the Corporation and amount of dividends made available
	Staff Training	Provide opportunities to attend training sessions to allow for continued education	Sessions attended and certificates obtained
<b>Public Works</b>	Improve recreations facilities	Work with community to enhance recreation facilities	Facility improvements and amount of grants received
<b>Infrastructure Improvements</b>	Road Improvements	Implement road rehabilitation study and allow for drainage and paving improvements of approximately 4-5 km of streets	Streets paved and drainage approved
	Water System Upgrades	Utilize grant funding received to improve the water intake system	Grant money received and water intake project upgrade completed

### Next Year (2009)

Looking ahead to 2009, 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>	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>Council/Public Works</b>			
<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.

## 6. Audited Financial Statements

For Fiscal year ending December 31, 2007

(See attachment)



**THE CORPORATION OF THE VILLAGE**

**OF McBRIDE**

**FINANCIAL STATEMENTS**

**December 31, 2007**

**RHN SCHMITZ de GRACE**  
Chartered Accountants

**THE CORPORATION OF THE VILLAGE OF McBRIDE**

**INDEX TO THE FINANCIAL STATEMENTS**

**December 31, 2007**

	Page
Auditors' report	2
Consolidated financial statements	
- Statement of financial position	3
- Statement of financial activities	4
- Statement of current fund operations	5
- Statement of reserve fund operations	6
- Statement of capital fund operations	7
- Statement of cash flow	8
- Notes to the financial statements	9
- Schedule 1 – Grants	18
- Schedule 2 – Other revenue	19
- Schedule 3 – General departmental expenditure	20
Supplementary financial information	
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

Page 2

**Partners**

- Lynn Ross CA
- Norm Hildebrandt BBA, CA
- Kerry Nichiporik CA

• Denotes professional corporation

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)

## AUDITORS' REPORT

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

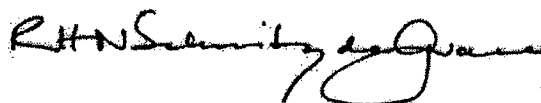
We have audited the consolidated statement of financial position of the Corporation of the Village of McBride as at December 31, 2007 and the consolidated statements of financial activities, current fund operations, reserve fund operations, capital fund operations, and cash flow for the year then ended. 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, 2007 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 7, 2008



Chartered Accountants

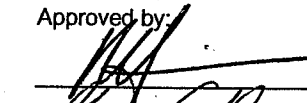
**THE CORPORATION OF THE VILLAGE OF McBRIDE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

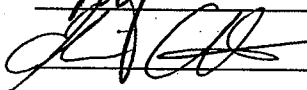
**December 31, 2007**

**ASSETS**

	<u>2007</u>	<u>2006</u>
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments		
Operating	\$ 733,176	\$ 571,124
Restricted - reserve and trust funds	39,572	85,540
Accounts receivable	455,277	308,569
MFA cash deposits (Note 7)	22,107	21,193
Inventory of lots	7,762	7,762
Prepaid expenses	6,784	7,804
Investment (Note 9)	<u>1,562,697</u>	<u>1,723,464</u>
	<u>2,827,375</u>	<u>2,725,456</u>
<b>PHYSICAL ASSETS</b>		
Capital assets (Note 2)		
General	5,970,003	5,605,274
Sewer	661,192	605,024
Water	<u>1,933,934</u>	<u>1,917,612</u>
	<u>8,565,129</u>	<u>8,127,910</u>
	<u><u>\$ 11,392,504</u></u>	<u><u>\$ 10,853,366</u></u>

Approved by:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Treasurer

## LIABILITIES

	<u>2007</u>	<u>2006</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued charges	\$ 130,078	\$ 104,995
<b>MFA CASH RESERVE (Note 7)</b>	22,107	21,193
<b>COMMUNITY HALL PROJECT (Note 10)</b>	124,134	-
<b>TRUST FUNDS</b>	19,639	18,647
<b>LONG-TERM DEBT (Note 3)</b>	<u>342,935</u>	<u>390,952</u>
	<u>638,893</u>	<u>535,787</u>

## FINANCIAL POSITION

<b>FINANCIAL EQUITY</b>		
Current fund	998,880	840,357
Reserve Fund (Note 4)	19,933	66,893
McBride Community Forest Corporation (Exhibit P)	<u>1,512,604</u>	<u>1,673,371</u>
	2,531,417	2,580,621
<b>INVESTMENT IN ASSETS</b>		
Capital (Note 8)	<u>8,222,194</u>	<u>7,736,958</u>
	<u>10,753,611</u>	<u>10,317,579</u>
<b>CONTINGENT LIABILITIES (Note 5)</b>		
	<u>\$ 11,392,504</u>	<u>\$ 10,853,366</u>

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

For the year ended December 31, 2007

	2007		2006
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>REVENUE</b>			
Taxation (Note 6)	\$ 349,500	\$ 250,796	\$ 246,246
Utility user charges and connection fees	121,600	141,208	123,776
Grants - Schedule 1	531,835	683,765	350,861
Sale of services	100,555	142,557	111,841
Robson Centre	137,950	139,116	140,344
Other revenue - Schedule 2	99,460	180,286	188,525
	<u>1,340,900</u>	<u>1,537,728</u>	<u>1,161,593</u>
<b>EXPENDITURES</b>			
General departmental expenditure - Schedule 3	1,036,560	2,110,580	776,169
Water system	64,100	57,476	43,788
Sewer system	58,800	64,376	59,139
Capital expenditures	745,000	437,219	148,308
Interest, bank charges and debt issue costs	71,570	71,570	71,570
Robson Centre	61,900	59,480	47,846
	<u>2,037,930</u>	<u>2,800,701</u>	<u>1,146,820</u>
<b>NET REVENUE (EXPENDITURES) FOR THE YEAR</b>	(697,030)	(1,262,973)	14,773
<b>DEBT PRINCIPAL REPAYMENT</b>	(25,464)	(25,464)	(25,464)
<b>McBRIDE COMMUNITY FOREST CORPORATION</b>			
Net income from operations	<u>-</u>	<u>1,239,233</u>	<u>1,462,485</u>
<b>CHANGE IN FINANCIAL EQUITY</b>	(722,494)	(49,204)	1,451,794
<b>FINANCIAL EQUITY AT BEGINNING OF THE YEAR</b>	<u>2,580,621</u>	<u>2,580,621</u>	<u>1,128,827</u>
<b>FINANCIAL EQUITY AT END OF THE YEAR</b>	<u>\$ 1,858,127</u>	<u>\$ 2,531,417</u>	<u>\$ 2,580,621</u>

**RHN SCHMITZ de GRACE**

See notes to the consolidated financial statements. Chartered Accountants

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

For the year ended December 31, 2007

	2007		2006
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>REVENUE</b>			
Taxation (Note 6)	\$ 349,500	\$ 250,796	\$ 246,246
Utility user charges and connection fees	121,600	141,208	123,776
Grants - Schedule 1	531,835	407,918	350,861
Sale of services	100,555	142,557	111,841
Robson Centre	137,950	139,116	140,344
Other revenue - Schedule 2	99,460	135,156	153,456
Dividend income	155,000	1,400,000	150,000
	<u>1,495,900</u>	<u>2,616,751</u>	<u>1,276,524</u>
<b>EXPENDITURES</b>			
General departmental expenditure			
- Schedule 3	1,036,560	2,110,580	776,169
Water system	64,100	57,476	43,788
Sewer system	58,800	64,376	59,139
Interest, bank charges and debt issue costs	71,570	71,570	71,570
Robson Centre	61,900	59,480	47,846
	<u>1,292,930</u>	<u>2,363,482</u>	<u>998,512</u>
<b>NET REVENUE FOR THE YEAR</b>	<u>202,970</u>	<u>253,269</u>	<u>278,012</u>
<b>ADDITIONS (DEDUCTIONS) FROM NET REVENUE</b>			
Capital expenditures	(745,000)	(151,408)	(148,308)
Debt principal repayment	(25,464)	(25,464)	(25,464)
Appropriation from reserve	70,000	82,126	20,011
	<u>(700,464)</u>	<u>(94,746)</u>	<u>(153,761)</u>
<b>CHANGE IN CURRENT FUND BALANCE</b>	(497,494)	158,523	124,251
<b>CURRENT FUND BALANCE AT BEGINNING OF THE YEAR</b>	<u>840,357</u>	<u>840,357</u>	<u>716,106</u>
<b>CURRENT FUND BALANCE AT END OF THE YEAR</b>	<u>\$ 342,863</u>	<u>\$ 998,880</u>	<u>\$ 840,357</u>
Represented by:			
General		\$ 775,229	\$ 723,888
Sewer		67,688	5,760
Water utility		155,963	110,709
		<u>\$ 998,880</u>	<u>\$ 840,357</u>

**RHN SCHMITZ de GRACE**

See notes to the consolidated financial statements. Chartered Accountants

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

For the year ended December 31, 2007

	<u>2007</u>		<u>2006</u>
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>REVENUE</b>			
Interest - Schedule 2	\$ 3,107	\$ 2,135	\$ 1,561
Fuel tax rebate - Schedule 2	-	42,995	33,508
	3,107	45,130	35,069
<b>EXPENDITURE</b>	-	-	-
<b>NET REVENUE FOR THE YEAR</b>	3,107	45,130	35,069
<b>APPROPRIATED TO:</b>			
Current fund operations	(70,000)	(82,126)	(20,011)
Capital fund operations	-	(9,964)	-
	(70,000)	(92,090)	(20,011)
<b>CHANGE IN RESERVE FUND BALANCE</b>	(66,893)	(46,960)	15,058
<b>RESERVE FUND BALANCE AT BEGINNING OF THE YEAR</b>	66,893	66,893	51,835
<b>RESERVE FUND BALANCE AT END OF THE YEAR</b>	\$ -	\$ 19,933	\$ 66,893

**RHN SCHMITZ de GRACE**

See notes to the consolidated financial statements, Chartered Accountants



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

For the year ended December 31, 2007

	<b>2007</b>		<b>2006</b>
	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Actual</b></u>
	<b>(unaudited)</b>		
<b>SOURCES OF CAPITAL FINANCING</b>			
Provincial grant	\$ -	\$ 275,847	\$ -
Net interfund transfer from Current Fund	745,000	151,408	148,308
Net interfund transfer from Reserve Fund	-	9,964	-
	<u>745,000</u>	<u>437,219</u>	<u>148,308</u>
<b>CAPITAL EXPENDITURE</b>			
Streets	150,000	-	54,809
Village complex	50,000	-	41,943
Office equipment	10,000	6,624	4,633
Sidewalks	10,000	-	-
Park	10,000	-	8,192
Public Works Equipment	30,000	16,529	38,731
CN station	20,000	17,000	-
Municipal airport	45,000	48,729	-
Sewer system	60,000	56,168	-
Water distribution system	360,000	16,322	-
Emergency centre	-	275,847	-
	<u>745,000</u>	<u>437,219</u>	<u>148,308</u>
<b>CHANGE IN CAPITAL FUND BALANCE</b>	-	-	-
<b>CAPITAL FUND BALANCE AT BEGINNING OF THE YEAR</b>	-	-	-
<b>CAPITAL FUND BALANCE AT END OF THE YEAR</b>	<u>\$ -</u>	<u>\$ -</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, 2007

	<u>2007</u>	<u>2006</u>
<b>CASH PROVIDED (USED) BY:</b>		
Operating Activities		
Net revenue for the year	\$ (1,262,973)	\$ 14,773
Changes in non-cash working capital balances		
Accounts receivable	(146,708)	98,396
Inventory	-	2,420
Accounts payable and accrued liabilities	25,083	32,989
Other	<u>1,020</u>	<u>1,240</u>
	(1,383,578)	149,818
Financing Activities		
Debt principal repayments - capital	(25,464)	(25,464)
Changes in trust funds	125,126	(26,421)
Investing Activities		
Investment in McBride Community Forest Corporation	<u>1,400,000</u>	<u>150,000</u>
<b>INCREASE IN CASH AND EQUIVALENTS</b>	<b>116,084</b>	<b>247,933</b>
<b>CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b><u>656,664</u></b>	<b><u>408,731</u></b>
<b>CASH AND EQUIVALENTS AT END OF THE YEAR</b>	<b><u>\$ 772,748</u></b>	<b><u>\$ 656,664</u></b>
Represented by:		
Cash and short-term deposits		
Operating	\$ 733,176	\$ 571,124
Reserve funds	<u>39,572</u>	<u>85,540</u>
	<u>\$ 772,748</u>	<u>\$ 656,664</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, 2007****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 8, 2007.

**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.

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, 2007

## 2. CAPITAL ASSETS (Note 1)

Capital assets are comprised of the following:

	Balance December 31, 2006	Net Additions	Balance December 31, 2007
<b>GENERAL</b>			
Streets	\$ 3,436,183	\$ -	\$ 3,436,183
Village complex	687,023	-	687,023
Municipal airport	395,652	48,729	444,381
Public works equipment	238,981	16,529	255,510
Downtown revitalization	192,342	-	192,342
Sidewalks	145,791	-	145,791
Office equipment	152,721	6,624	159,345
CN station	113,628	17,000	130,628
Park	95,147	-	95,147
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	275,847
	<u>5,605,274</u>	<u>364,729</u>	<u>5,970,003</u>
<b>SEWER</b>			
Distribution system	<u>605,024</u>	<u>56,168</u>	<u>661,192</u>
<b>WATER</b>			
Distribution system	<u>1,917,612</u>	<u>16,322</u>	<u>1,933,934</u>
	<u>\$ 8,127,910</u>	<u>\$ 437,219</u>	<u>\$ 8,565,129</u>

## THE CORPORATION OF THE VILLAGE OF McBRIDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007

## 3. LONG-TERM DEBT

	2007			2006
	Gross Debt	Sinking Fund Deposit	Net Debt	Net Debt
<b>DEBENTURES PAYABLE</b>				
General Fund				
Bylaw #510 Issue #55	\$ 360,000	\$ 213,377	\$ 146,623	\$ 167,153
Water Utility Fund				
Bylaw #513 Issue #55	<u>482,000</u>	<u>285,688</u>	<u>196,312</u>	<u>223,799</u>
	<u>\$ 842,000</u>	<u>\$ 499,065</u>	<u>\$ 342,935</u>	<u>\$ 390,952</u>

The rate of interest payable on the principal amount of the debentures is 8.5%. Total interest paid in 2007 on debt amounted to \$71,570 (2006 - \$71,570).

The debentures mature in 2013.

Future principal requirements are as follows:

	General Fund	Water Fund	Total
2008	\$ 21,556	\$ 28,861	\$ 50,417
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
Balance remaining	27,515	36,835	64,350

## THE CORPORATION OF THE VILLAGE OF McBRIDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007

## 4. RESERVES

	General Capital	Sewer Capital	Other	Total
Fuel Tax Rebate				
Balance at beginning of the year	\$ 48,570	\$ -	\$ -	\$ 48,570
Rebate allocation	42,995	-	-	42,995
Interest allocation	2,134	-	-	2,134
Expended in the year	(82,126)	-	-	(82,126)
Balance at end of the year	11,573	-	-	11,573
Unexpended funds				
Balance at beginning of the year	9,964	-	-	9,964
Expended in the year	(9,964)	-	-	(9,964)
Balance at end of the year	-	-	-	-
Land development				
Balance at beginning and end of the year	-	-	7,762	7,762
Replacement				
Balance at beginning of the year	-	-	597	597
Interest allocation	-	-	1	1
Balance at end of the year	-	-	598	598
Total	\$ 11,573	\$ -	\$ 8,360	\$ 19,933

**THE CORPORATION OF THE VILLAGE OF McBRIE****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2007****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 144,000 active members and approximately 51,000 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, 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 \$19,261 for employer contributions to the plan in fiscal 2007.

## THE CORPORATION OF THE VILLAGE OF McBRIDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007

## 6. TAXATION

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

	2007		2006
	Budget (unaudited)	Actual	Actual
General municipal purposes	\$ 311,000	\$ 311,707	\$ 307,729
Hospital and Regional District purposes	225,915	248,502	239,471
School purposes	194,940	171,367	194,160
Policing purposes	25,000	18,595	-
Sundry	4,608	3,822	4,417
	761,463	753,993	745,777
Less: Amounts paid by provincial grants	-	100,846	102,320
	761,463	653,147	643,457
Transfers to other governments			
Regional District	205,000	228,222	216,471
School Board	194,940	170,891	194,160
Hospital District	20,915	20,274	21,929
Policing	25,000	18,594	-
B.C. Assessment Authority	4,601	3,821	4,401
Municipal Finance Authority	7	7	7
	450,463	441,809	436,968
Total general municipal taxes	311,000	211,338	206,489
Frontage taxes			
Water system	38,500	39,458	39,757
	\$ 349,500	\$ 250,796	\$ 246,246



# THE CORPORATION OF THE VILLAGE OF McBRIDE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007

### 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:

	<u>Budget Total</u>	<u>2007</u>	<u>2006</u>
Expenditure	<u>\$ 833,000</u>	<u>\$ 1,853,866</u>	<u>\$ 898,150</u>
Less: Received			
Regional District of Fraser-Fort George	350,000	340,000	340,000
Provincial Government	330,000	220,000	220,000
Corporation	<u>153,000</u>	<u>1,418,000</u>	<u>218,000</u>
	<u>833,000</u>	<u>1,978,000</u>	<u>778,000</u>
Balance (in trust) receivable at end of the year	<u>\$ -</u>	<u>\$ (124,134)</u>	<u>\$ 120,150</u>

### 11. COMMITMENTS

The Corporation has entered into the following operating leases:

Public works truck	\$381 per month, expiring August 2008
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.

**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, 2007

**13. FINANCIAL INSTRUMENTS, continued**Credit Risk

The Corporation provides credit to its customers in the normal course of business and carried 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. CHANGE IN ACCOUNTING POLICY**

The Corporation has adopted the provisions of the CICA Handbook Sections 3855 Financial Instruments – Recognition and Measurement and Section 3861 Financial Instruments – Disclosure and Presentation for the fiscal year ended December 31, 2007. As the opening balances of the financial instruments classified as held-for-trading are at fair market value, no adjustment to opening fund balances is required as a result of adopting these new standards.

In accordance with the transitional provision in the new standards, the change has been applied on a prospective basis. The financial statements of the prior period have not been restated.

**15. RELATED PARTY TRANSACTIONS**

During the year, the Corporation received revenues from their wholly-owned subsidiary for sales of services of \$40,969 (2006 - \$11,190), rent of \$12,000 (2006 - \$12,000) and dividends of \$1,400,000 (2006 - \$150,000).

Accounts receivable include \$3,042 (2006 – nil) 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 OTHER REVENUE

For the year ended December 31, 2007

	2007		2006
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
<b>CURRENT FUND</b>			
Motor vehicle	\$ 33,000	\$ 38,766	\$ 36,013
Sundry	6,100	15,785	21,886
Interest - taxes	12,000	19,695	25,778
Community Futures Development Corp	24,660	24,660	24,660
Licences	7,350	9,010	7,619
Cemetery	1,350	2,810	4,615
Interest - investments	10,000	19,080	23,787
Tourism booth	5,000	5,350	7,661
Donations	-	-	1,437
	99,460	135,156	153,456
<b>RESERVE FUND</b>			
Fuel tax rebate	-	42,995	33,508
Interest	-	2,135	1,561
	<u>\$ 99,460</u>	<u>\$ 180,286</u>	<u>\$ 188,525</u>

**THE CORPORATION OF THE VILLAGE OF McBRIDE**  
**SCHEDULE OF GENERAL DEPARTMENTAL EXPENDITURE**

Page 20  
Schedule 3

For the year ended December 31, 2007

	2007		2006
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
<b>GENERAL GOVERNMENT</b>			
Administrative salaries and allowances	\$ 146,000	\$ 171,069	\$ 113,552
Advertising	5,000	4,257	3,856
Audit	13,500	13,208	12,025
Conventions	22,000	22,201	16,303
Council meetings indemnities and allowances	44,400	38,147	32,556
Employee benefits	64,300	71,299	59,894
Employment programs	4,000	-	3,640
Insurance	29,000	29,505	25,612
Legal	10,000	5,954	2,998
Office supplies and equipment	28,800	31,617	23,082
Election	5,000	7,472	-
Repairs and maintenance	10,000	10,222	8,600
Subscriptions and dues	3,500	3,987	3,481
	<u>385,500</u>	<u>408,938</u>	<u>305,599</u>
<b>TRANSPORTATION SERVICES</b>			
Airport maintenance	1,500	7,734	549
Dust control	3,500	-	3,176
Equipment rental, repairs and maintenance	67,000	78,000	55,593
Shop maintenance and equipment	109,300	88,425	91,453
Sidewalk maintenance	4,000	758	5,226
Snow removal	30,000	38,033	23,659
Street cleaning and maintenance	30,500	32,155	35,723
Street lighting	21,000	20,684	15,287
Traffic control	7,000	2,003	5,582
	<u>273,800</u>	<u>267,792</u>	<u>236,248</u>
<b>PROTECTIVE SERVICES</b>			
Advertising	6,000	-	-
Animal control	3,000	1,142	2,119
PEP expenses	1,000	279	-
	<u>10,000</u>	<u>1,421</u>	<u>2,119</u>
<b>BALANCE CARRIED FORWARD</b>	<u>\$ 669,300</u>	<u>\$ 678,151</u>	<u>\$ 543,966</u>

**RHN SCHMITZ de GRACE**

See notes to the consolidated financial statements. Chartered Accountants

**THE CORPORATION OF THE VILLAGE OF McBRIDE**  
**SCHEDULE OF GENERAL DEPARTMENTAL EXPENDITURE**

For the year ended December 31, 2007

	2007		2006
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>BALANCE FORWARD</b>	\$ 669,300	\$ 678,151	\$ 543,966
<b>ENVIRONMENTAL AND PUBLIC HEALTH</b>			
Cemetery	11,500	4,873	8,856
Garbage collection	72,000	59,234	62,094
	<u>83,500</u>	<u>64,107</u>	<u>70,950</u>
<b>RECREATIONAL AND CULTURAL SERVICES</b>			
Olympic project	-	1,200,000	65,000
CN station	31,500	19,780	11,863
Community development	55,000	37,513	27,455
Community Futures	24,660	18,767	18,967
Economic development committee	127,000	58,753	20,000
Grants-in-aid	5,000	3,100	100
Grounds maintenance	5,000	3,263	5,755
UNBC Northern medical program	5,000	5,000	5,000
Parks maintenance	9,600	7,405	4,068
Planning	1,000	-	-
Tourism	20,000	14,741	3,045
	<u>283,760</u>	<u>1,368,322</u>	<u>161,253</u>
	<u>\$ 1,036,560</u>	<u>\$ 2,110,580</u>	<u>\$ 776,169</u>

**RHN SCHMITZ de GRACE**

See notes to the consolidated financial statementsChartered Accountants

