

The Corporation of the Village of McBride

2015 Annual Report





Village of McBride

2015 Annual Report

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1. Letter from the Mayor

Residents of McBride,

2014 was a year of many changes, major initiatives completed, a new gas station and, the Village's purchase of the old Forestry building and surrounding lands. November's municipal election saw one of the highest voter turnouts in British Columbia which resulted in a complete turnover of Council; the election of McBride's first female Mayor and the first Council with more females than males.

2015 should prove to be an exciting and challenging year.

At the time of writing, Council has been in office for six months. During this time Council has dealt with: two major emergencies, (a record overnight snow fall, followed by a sudden drop to freezing cold temperatures causing a prolonged power outage (called the perfect storm) then an evacuation due to an ammonia leak); the departure of senior staff; Council delivered a modest budget, a Tax Rate Bylaw and a 5 Year Financial Plan; entered into a By-election and (for the first time in the Village history) negotiations with the union who represent employees.

It has not been easy, but, Council continues to move forward. We continue to work with BC Hydro to improve response times and processes, we've participated in Emergency Preparedness training and are scheduled to take more training, the by-election is in process, Council has appointed a bargaining committee and negotiations are on-going.

Council also took the opportunity to have a full review of vacant positions and their interactions within the organization. To accomplish this, plus assist in hiring a new CAO and CFO, we hired an interim CAO with over 40 years' experience in municipal governance, who was a former Building Inspector and RCMP member. We have since hired a new CAO, are well into the hiring process of a permanent CFO and into succession planning.

PRIORITIZATION AND REVIEW OF KEY BYLAWS, POLICIES AND PROCEDURES

The recent review of vacant positions and their interaction led to the review and updating of several key bylaws, policies and procedures and to the creation of new ones. Council's Procedure Bylaw, the CAO/CO/CFO statutory Bylaw and the Procurement and Tendering Policy/Procedure) were identified and are scheduled for review. This is an on-going initiative which will be included in our annual plan.

STAFF TRAINING AND PROFESSIONAL DEVELOPMENT

During the review and budget process it did not go unnoticed that staff has really stepped up to the plate for their community. Council greatly appreciates their dedication and looks forward to working with them in serving our community.

One of the best decisions, I personally think, Council has made is to increase our human resource's capacity by investing in and developing our staff. Over the long-run, this should reduce operating costs, such as having outside monitoring of our water system and increase the knowledge and abilities of staff.

Therefore over the next several years, a portion of the budget will be used to have all Public Works staff receive further water and sewer certification and other staff will receive upgrading or mentoring. Some of these are mandatory, some are not. Council will also participate in different training sessions.

CAPITAL PROJECTS

The most questioned part of our budget is the Capital Project's budget, which can often lead to employment of local companies and citizens. The budget will be used to upgrade and repair the new Public Works building, giving the Public Works Department a home where they will be located and work from, to repair the bridge leading to the water intake system and to repair the CN Station. We've also applied for Gas Tax funding to update the water intake system and holding tank. We are waiting for the results.

ECONOMIC ACTIVITIES

McBride is a great place to live, work, retire, visit and do business. Council continues to engage with citizens and stakeholder groups to identify, assess and assist in opportunities that increase jobs and business. Increased tourism, for example, into the valley and into the downtown core (most noted was summer tourism) and recreational opportunities that benefit locals, visitors and business are identified as goals by several groups.

Council has supported the Robson Valley's Mountain Bike Club's application for Gas Tax funding to create a series of mountain bike and hiking trails, has struck a standing committee to review the relocation and implications of the Library/Museum and continues to work with other stakeholder groups on projects that benefit the community. Council will review its practices to ensure they are business friendly.

INCREASE NON-TAXATION REVENUE SOURCES

The Village cannot live on taxation revenue alone, Council will continue to apply for grants to upgrade aging infrastructure in order to minimize any increases in taxation. Council is always looking for ways to minimize operating costs without decreasing services by creating efficiencies, by cutting unnecessary costs or by pursuing different revenue sources. One of Council's goals is to identify non-taxation revenue sources.

STRATEGIC AND LAND USE PLANNING

The Village of McBride has a small tax base to draw from which leads to higher taxation rates per property. With the purchase of the new Public Works Building, and specifically considering the 10 acres surrounding the property which borders the highway, Council will undergo a review of the land use of Village-owned properties and infrastructure.

OPENESS, TRANSPARENCY AND ACCESSIBILITY

One of the Council's goals, to increase openness, transparency and accessibility, has already in part been accomplished. For the first time in our history the regularly scheduled Council meetings are being video-recorded, by volunteers, albeit on borrowed equipment, and posted on the Village's face book page through YouTube.

Council considers this a desirable goal so a portion of this year's budget has been set aside to purchase equipment. Several members of the public have requested a microphone for delegates as the gallery cannot hear them, which will be considered going forward.

Another level of transparency and accountability is the proper recording and reporting of in-camera items. Council will be strengthening its Procedure bylaw to ensure a greater level of public accountability.

REVIEW OF PORTFOLIOS AND COMMITTEES

Concerns over declining school enrolment, the recruitment and retention of doctors and hospital staff, the lack of employment, a declining population, as well as, meeting with Provincial and Regional representatives and bodies has resulted in Council sitting on numerous committees, participating in many projects and events and continuously meeting with members of the public on a variety of topics.

McBride is a small community. Council and staff are continuously tasked to do more with far less resources than some of our municipal counterparts. To increase the effectiveness of Council's participation, Council and senior staff will review Council's roles and participation on committees towards the creation of individual portfolios.

COMMUNITY HEALTH AND WELL-BEING

Many of the concerns citizens have is in regard to the health care. As mentioned the recruitment and retention of doctors and hospital staff are just a few of the items concerning our citizens. Council is scheduling a meeting with the Minister of Health at UBCM and start to build a health care plan for the hospital.

MCBRIDE COMMUNITY FOREST CORPORATION

There is no better way to get to know your own corporation and its operations than by sitting on its board. Council was appointed as the interim Board at our Inaugural meeting. We've been on a steep learning curve in respect to our duties and obligations in our roles as directors and as shareholder. As part of our due diligence the Board will be reviewing the financial, operational and managerial functions of the community forest.

The McBride Community Forest is one of the most valuable assets the Village holds. Although the community forest corporation has earned a modest profit, current reserves will only cover operating costs for approximately a one-year period.

The biggest objective for the community forest is to secure more volume and we continue to move forward on the Carrier proposal. There are still many details that have to be finalized before the completion of the Carrier deal, the end result is to increase the fibre supply which will provide stability, increase employment and business opportunities in the wood manufacturing sector.

THANK YOU FOR YOUR CONTINUED SUPPORT

There are always many more community wants than means available. Council continues to engage and build rapport with residents and groups and is dedicated to making McBride a better place to live. We have a solid working relationship with the Regional District and continue to work on projects that benefit the entire valley.

In the largest part our Strategic Plan and Priorities are based on input Council has received as to the direction citizens want to see their community take over the next several years. The Plan is revisited and updated annually, as progress on initiatives is completed or new initiatives are put forth. Citizens are invited to review and comment our Plan and respond in writing to our CAO.

Until then I remain,

Respectfully submitted,

Loranne Martin

Mayor

Village of McBride

2. Declaration and Identification of Disqualified Council Members

None

3. 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 2014.

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

- | | |
|--|-----------|
| 1. <i>St. Pauls United Church – Trustees of the Congregation</i>
<i>Lot 7, Block 13, Plan 1373, DL 5316 AMD Lot 8</i> | \$ 478.18 |
| 2. <i>Roman Catholic Episcopal Corp. of Prince Rupert</i>
<i>Lot 3-5, Block 4, Plan 1373, DL 5316</i> | \$ 529.45 |
| 3. <i>Pentecostal Assemblies of Canada</i>
<i>Lot 9, Bock 7, Plan 1373, DL 5316</i> | \$ 530.61 |
| 4. <i>McBride Evangelical Free Church</i>
<i>Parcel 1, Plan PGP 44550, DL 5316</i> | \$2239.95 |

4. Progress Report for 2014

In 2013, Council set the following objectives for 2014.

Previous Year (2014)

In 2013, Council set the following objectives, which it hoped to accomplish in 2014. 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.

5. Statement of Municipal Objectives for 2014

Past Year (2014)

In 2013, Council set the following objectives, which it hoped to accomplish in 2014. 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>	<i>Goal</i>
Council	Youth Council Program	Investigate the possibility of implementing a Youth Council and Mayor for a day program.	A partnership with the schools to implement a program and improved youth awareness in the role of local government.	
Council/Administration	Business Façade Improvement Program	Apply for Northern Development Initiative Trust funding to continue with the business façade program.	Businesses successfully participating in the program and noticeable improvements to business façades.	Accomplished

	Council Chambers Electronic System Implementation	Renovate Council Chambers to install an electronic system to allow for digital presentations.	Electronic system installed.	
	Social Media Communication	Investigate the implementation of Facebook and Twitter communication options for the Village.	A report completed regarding these communication medians and the resources required for maintaining these sites.	Village Facebook Page started August 2014. Determined Twitter not a good fit for the Village.
	Bylaw Enforcement Officer	Investigate the implementation of a bylaw enforcement officer position.	A report completed outlining the requirements for a bylaw enforcement officer position and the best delivery option for this type of position.	Travis Wall has taken Bylaw Enforcement Level 1 with the Justice Institute of BC.
	Robson Valley Marketing Strategy	Identify and commence Implementation of McBride's goals in the completed strategy.	Goals identified and marketing opportunities executed.	Accomplished
Public Works	Robson Centre Building Renovation	Investigate accessibility access for entrance to Council Chambers.	Plan in place to complete this improvement.	FCC Grant application in 2014 for accessibility denied.

Next Year (2015)

Looking ahead to 2015, 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.

6. Statement of Municipal Objectives for 2015/2016

OBJECTIVE	TIME FRAME	BENEFITS	ACTION REQUIRED	ACTION COMPLETE	MEASURES
Economic and Capacity Development Activities	Ongoing	Healthier local economy Increased local employment	Identify projects that create economic growth, increase employment and business opportunities Identify, assist and collaborate with stakeholders Community and regional consultation	Development and research stage	Increased employment Increased economic development
Develop Summer Tourism Establish a series of mountain bike, hiking and multi-use trails.	Ongoing	Increase in summer tourism Increase in local business revenue streams Public awareness of McBride and area as a sporting and life style destination Sustainable low impact development	Work to the developed marketing strategy and timelines Research possibility to apply for NDIT grants. (ongoing) Promote McBride as a sporting and life style destination	Council supported Gas Tax Grant secured 2015 Supported funding and ministerial approval First Nations full support and approval	Self-reported increase in seasonal accommodation and small business revenue streams Participate in provincial and national promotion schemes Host one regional event 2017 Host one provincial event 2019

OBJECTIVE	TIME FRAME	BENEFITS	ACTION REQUIRED	ACTION COMPLETE	MEASURES
Enhance Winter Tourism	Ongoing	Increased winter tourism Increased local employment Sustainable low impact development	Identify, assist and collaborate with stakeholders Community and regional consultation	Develop existing foundation more fully Promote McBride as a winter sporting destination	Self-reported increase in seasonal accommodation and small business revenue streams 2016 Participate in provincial and national promotion schemes
Library/Museum Project Relocation and amalgamation of the McBride Library and Museum	Ongoing	Support and promote literacy, research and community Preserve and exhibit local historical archives and stories	Approached by Boards requesting support of the relocation to 521 Main Street Village staff pursuing grants	Council struck standing committee All stakeholders invited to table to review implications	Feasibility study to be complete 2015 Funding (ongoing)
INCREASE REVENUE STREAMS AND REDUCE UNNECESSARY COSTS	Ongoing		Identify and pursue non-taxation revenue streams		Increased non-taxation revenue
Explore Interest Bearing Accounts Currently not earning any interest on funds	2015	Interest earned revenue to help meet the goal of non-taxation revenue source	Full financial research and report to explore options and parameters Receive reports, review, consult and decide on best plan for the Village	Administration identified lack of interest being realised on Village funds Administration is working with Financial Institute to arrange a public report	Secure and interest bearing financial management plan
Gravel Pit Lease Review opportunities for income potential	New Initiative	Develop and provide constant and reliable non-taxation revenue source	Approached by staff of the potential for an unexplored revenue stream	Administration is researching and will report out in 2015	Provide constant and reliable non-taxation revenue source

OBJECTIVE	TIME FRAME	BENEFITS	ACTION REQUIRED	ACTION COMPLETE	MEASURES
Land Use Planning Purchased new Public Works Building (10 acres) bordering transportation corridor	New Initiative			Administration to inventory Village-owned properties, their zoning and relating infrastructure	Completed Inventory
Development plan to expand the tax roll base	New Initiative	Lower tax rates per property	Review Official Community Plan for options for development	Initial study has started	Expansion of existing tax base
HEALTH CARE Attract more doctors Explore opportunities.	Ongoing	Consistent and full time community doctors	Research ways to attract doctors, lobby, meet with Ministry etc. Collaborative physician recruitment strategy	Council had initial meeting with Northern Health. Schedule meeting with Minister of Health	One full time doctor One locum
OBJECTIVE	TIME FRAME	BENEFITS	ACTION REQUIRED	ACTION COMPLETE	MEASURES
COUNCIL <u>Goal 1</u> Open, transparent and accessible municipal governance	Ongoing	Increased public confidence and engagement	Engage and utilize IT and social media to publish and store for public retrieval all public meetings of the Council Budget for the purchase of IT equipment and camera needed to record and publish the public meetings	Video-taping and publicizing the regularly scheduled meetings of Council on YouTube	That all public meetings of the Village Council will be readily available on line
<u>Goal 2</u> Review of Council's roles, participation and duties on committees.	New Initiative	No committees, projects or groups get overlooked as all work comes through the COTW	Review responsibilities and appoint portfolios Committee of the Whole (COTW) to meet on a regular schedule	COTW has been formed	Portfolios and committee reporting to the COTW and open to the public

<u>Goal 3</u> Lead and govern in accordance to the Community Charter and other legislative authorities	Ongoing	Enhanced confidence in community governance	Research complaints received that that historically Council was not acting in accordance with Community Charter when going in-camera and no official mechanism for reporting out of in-camera items		
<u>Goal 4</u> Council development	Ongoing	Improved skill set and enhanced confidence in community governance	Research most cost effective method of receiving training Training and training schedules identified	Administration has initiated follow up on this objective	Council will participate in at least one training event annually
ADMINISTRATION AND STAFF	On-going	Develop internal capacity and staffing sustainability Supported staff	Create training matrix for staff professional development Succession Planning Review benefits of a Human Resource Standing Committee Review all HR policy, by laws and procedures	Staff positions and descriptions reviewed Discussions started and needs identified Terms of reference complete for the HRSC Report in completion stage	Policies and bylaws updated to reflect best practice and compliance with all legislation Appoint a HRSC Employee Handbook Created and Orientation procedure in place Succession Plan in place
OPERATIONAL McBride Public Works Building	Ongoing	Increased income and balanced expenses	Bring building up to code and advertise for tenants	Budget funds approved for this purpose	Two new tenants at the Forestry Building
Rental income and Self sufficiency	New Initiative	Increased income and balanced expenses	Review leases	Lease review initiated	All tenants will have current leases that reflect fair market value

Community Forest Corporation	New Initiative	Increased accountability and revenues and enhanced public trust	Review operation and finances with the intent of restoring its purpose and improving the bottom line Advisory Committee will be appointed to create terms of reference, then public input for Carrier etc.	Reports, financials and background documentation requested	A significant increase in revenue stream Parity in procurement Increased community input and stakeholder consultation
CAPITAL PROJECTS Infrastructure improvements	Ongoing	Positive economic and community development	Review service requirements to accommodate growth Identify and consult stakeholders Develop report	Base meeting with engineers May 19 th Review of infrastructure initiated	Present report to public Budget for improvements
PUBLIC WORKS Certified staff	New Initiative	Enhanced public service and trust	PW staff complete training and become certified	PW staff are enrolled Budgeted for staff training	3 public works staff complete training and receive certification
Verify capital and project priorities	New Initiative		Prepare annual and 5 year capital plans for budget	Review process initiated	
Verify equipment and labour requirements	New Initiative		Inventory equipment Plan for expansion future need		Complete report on equipment and labour requirements
Public Works policies and bylaws	Ongoing		Project requirements Complete policy review	Policy review initiated	Policies and bylaws updated to reflect best practice and compliance with all legislation

6. Audited Financial Statements

For Fiscal year ending December 31, 2014

(See attachment)

THE CORPORATION OF THE VILLAGE
OF McBRIDE
FINANCIAL STATEMENTS
December 31, 2014

RHB SCHMITZ de GRACE
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE
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December 31, 2014

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RHB SCHMITZ de GRACE

Chartered Accountants

Partners

- Lynn Ross, CPA, CA
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• Denotes professional corporation

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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, 2014, and the consolidated statements of financial activities, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Village of McBride as at December 31, 2014, and its financial performance and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Prince George, BC
April 10, 2015


Chartered Accountants

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

December 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and short-term investments	\$ 360,762	\$ 1,254,463
Operating	40,045	26,906
Restricted - trust funds (Note 2)	48,585	9,585
Restricted - reserve funds (Note 3)	1,137,685	439,131
Accounts receivable (Note 4)	1,105,126	973,004
Investment (Note 5)	2,692,203	2,703,089
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	221,305	264,842
Trust funds (Note 2)	40,045	26,906
Long-term debt (Note 6)	450,000	292,022
	711,350	583,770
NET FINANCIAL ASSETS	1,980,853	2,119,319
NON-FINANCIAL ASSETS		
Inventory	7,762	10,775
Prepaid expenses	20,008	9,254
Tangible capital assets - Schedule 4	9,704,281	8,796,310
	9,732,051	8,816,339
ACCUMULATED SURPLUS	\$ 11,712,904	\$ 10,935,658
CONTINGENCIES (Note 8)		
COMMITMENT (Note 9)		

Approved by:

Mayor

Chief Financial Officer

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

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

For the year ended December 31, 2014

	2014	2013
	Budget (unaudited) (Note 11)	Actual
REVENUE		
Grants - Schedule 1	\$ 1,330,930	\$ 1,428,419
Taxation (Note 7)	438,341	309,934
Other revenue - Schedule 2	108,900	172,741
Sale of services	185,057	166,069
Utility user charges and connection fees	172,350	193,052
Robson Centre	132,000	144,888
MFA surplus refund	-	-
	<u>2,367,578</u>	<u>2,415,103</u>
		2,010,787
EXPENSES		
General departmental expenses - Schedule 3	1,323,650	1,202,738
Water system	92,500	159,255
Sewer system	54,425	27,642
Interest, bank charges and debt issue costs	-	39
Robson Centre	166,100	78,951
Reserve Fund	-	3,500
Amortization - Schedule 4	340,907	377,854
	<u>1,977,582</u>	<u>1,849,979</u>
		1,829,269
EXCESS REVENUE	389,996	566,124
		181,518
McBRIDE COMMUNITY FOREST CORPORATION		
Net income from operations (Note 1)	-	212,122
	389,996	777,246
		277,397
ANNUAL SURPLUS	10,935,658	10,935,658
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		
	<u>\$ 11,325,654</u>	<u>\$ 11,712,904</u>
		\$ 10,935,658
ACCUMULATED SURPLUS AT END OF THE YEAR		
		<u>\$ 11,712,904</u>
		\$ 10,935,658
Comprised of:		
General Fund	\$ 5,680,314	\$ 5,531,218
Sewer Fund	2,784,938	2,248,197
Water Fund	2,144,034	2,223,747
Reserves (Note 3)	48,585	9,585
McBride Community Forest Corporation (Exhibit P)	1,055,033	922,911
	<u>\$ 11,712,904</u>	<u>\$ 10,935,658</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

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

For the year ended December 31, 2014

	2013	2013
ANNUAL SURPLUS	\$ 777,246	\$ 277,397
Tangible Capital Assets:		
Acquisition	(1,285,825)	(226,337)
Amortization	377,854	386,109
	<u>(130,725)</u>	<u>437,169</u>
Non-Financial Assets:		
(Acquisition) use of prepaid expenses	(10,754)	3,881
Disposition (acquisition) of inventory	3,013	(3,013)
	<u>(7,741)</u>	<u>868</u>
CHANGES IN NET FINANCIAL ASSETS	(138,466)	438,037
NET FINANCIAL ASSETS AT BEGINNING OF THE YEAR	2,119,319	1,681,282
NET FINANCIAL ASSETS AT END OF THE YEAR	<u>\$ 1,980,853</u>	<u>\$ 2,119,319</u>

RHB 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, 2014

	2014	2013
OPERATING ACTIVITIES		
Annual surplus	\$ 777,246	\$ 277,397
Non-cash items:		
Amortization of tangible capital assets	377,854	386,109
McBride Community Forest Corporation net income	(212,122)	(95,879)
Changes in non-cash working capital balances:		
Accounts receivable	(698,554)	185,681
Accounts payable and accrued liabilities	(43,537)	(239,703)
Prepaid expenses	(10,754)	3,881
Inventory	3,013	(3,013)
	<u>193,146</u>	<u>514,473</u>
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(1,285,825)	(226,337)
Dividends from McBride Community Forest Corporation	80,000	100,000
Changes in trust funds	13,139	936
	<u>(1,192,686)</u>	<u>(125,401)</u>
FINANCING ACTIVITIES		
Principal repayment of long-term debt	-	(131,527)
Proceeds from long-term debt	157,978	34,268
	<u>157,978</u>	<u>(97,259)</u>
INCREASE IN CASH AND EQUIVALENTS	(841,562)	291,813
CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR	<u>1,290,954</u>	<u>999,141</u>
CASH AND EQUIVALENTS AT END OF THE YEAR	<u><u>\$ 449,392</u></u>	<u><u>\$ 1,290,954</u></u>
Cash and equivalents are represented by:		
Cash and short-term investments	\$ 360,762	\$ 1,254,463
Operating	48,585	9,585
Restricted - reserve funds	40,045	26,906
Restricted - trust funds	<u><u>\$ 449,392</u></u>	<u><u>\$ 1,290,954</u></u>

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See notes to the consolidated financial statements.

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

For the year ended December 31, 2014

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.

Revenue Recognition

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

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

Grants received for specific projects or purposes are recognized as the related expenditures are incurred.

Grants received from the Federal Gas Tax Agreement are recorded as revenue in the year amounts are expended on qualifying projects.

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

Cash and Equivalents

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

Investments

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

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

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

For the year ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

Inventory

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

Tangible Capital Assets

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

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

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

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

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

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

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

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

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

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

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

For the year ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

Reserves

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

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

For the year ended December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Instruments

Measurement of financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures all its financial assets and financial liabilities at cost, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at cost include cash and short-term investments, accounts receivable and investment.

Financial liabilities measured at cost include accounts payable and accrued liabilities, trust funds and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Corporation recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The main estimates relate to the useful life of tangible capital assets.

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

For the year ended December 31, 2014

2. TRUST FUNDS

	2014	2013
Cemetery Directory		
Balance at beginning and end of the year	\$ 40	\$ 40
Cemetery Care		
Balance at beginning of the year	26,866	25,930
Add: Permanent care funds	1,707	936
Balance at end of the year	28,573	26,866
Northern Health - McBride Healthier Communities		
Contributions	15,500	-
Less: disbursements	(4,068)	-
Balance at end of the year	11,432	-
Total	<u>\$ 40,045</u>	<u>\$ 26,906</u>

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

For the year ended December 31, 2014

3. RESERVES

	2014		2013	
	General Capital	Other	Total	Total
Gas Tax Rebate				
Balance at beginning of the year	\$ -	\$ -	\$ -	\$ -
Rebate allocation	74,705	-	74,705	76,593
Transfer to general operating fund	<u>(74,705)</u>	<u>-</u>	<u>(74,705)</u>	<u>(76,593)</u>
Balance at end of the year	-	-	-	-
Land Development				
Balance at beginning and end of the year	-	7,762	7,762	7,762
Community Foundation				
Balance at beginning of the year	-	1,823	1,823	523
Grants received	-	2,500	2,500	1,300
Grants paid	-	<u>(3,500)</u>	<u>(3,500)</u>	-
Balance at end of the year	-	823	823	1,823
Equipment Replacement				
Balance at beginning of the year	-	-	-	-
Transfer from general operating fund	40,000	-	40,000	-
Expenditures	-	-	-	-
Balance at end of the year	40,000	-	40,000	-
Total	<u>\$ 40,000</u>	<u>\$ 8,585</u>	<u>\$ 48,585</u>	<u>\$ 9,585</u>

4. ACCOUNTS RECEIVABLE

	2014	2013
Grants and miscellaneous	\$ 887,520	\$ 192,544
Taxes and utilities receivable	218,084	236,548
GST receivable	32,081	10,039
	<u>\$ 1,137,685</u>	<u>\$ 439,131</u>

RHB SCHMITZ de GRACE
Chartered Accountants

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

For the year ended December 31, 2014

5. INVESTMENT

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

	2014	2013
Investment and advances	\$ 50,093	\$ 50,093
Accumulated operating income	1,135,033	1,022,911
Dividends received in the year	(80,000)	(100,000)
	<u>\$ 1,105,126</u>	<u>\$ 973,004</u>

6. LONG-TERM DEBT

2014	2013
Net Debt	Net Debt

NORTHERN DEVELOPMENT INITIATIVE TRUST (NDIT)

Sewer Fund - temporary borrowing
Waste water treatment loan

<u>\$ 450,000</u>	<u>\$ 292,022</u>
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NDIT has approved an interest free loan, to a maximum of \$450,000, to be repaid in five equal payments of \$90,000 beginning in 2015. The term repayment requirements are not in effect until 2015.

The NDIT loan matures in 2019.

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

	Sewer Fund
2015	\$ 90,000
2016	90,000
2017	90,000
2018	90,000
2019	90,000
	<u>\$ 450,000</u>

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

For the year ended December 31, 2014

7. TAXATION

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

	2014		2013
	Budget (unaudited)	Actual	Actual
General municipal purposes	\$ 438,341	\$ 450,740	\$ 440,714
Regional District	327,040	327,099	339,959
School purposes	234,000	234,065	240,366
Hospital District	26,000	25,287	25,909
Policing purposes	28,000	28,087	27,606
B.C. Assessment Authority	5,000	5,026	5,105
Municipal Finance Authority	15	16	15
	1,058,396	1,070,320	1,079,674
Less: Amounts paid by provincial grants	-	140,331	153,456
	1,058,396	929,989	926,218
Transfers to other governments			
Regional District	327,536	327,536	340,396
School Board	234,065	234,065	240,362
Hospital District	25,320	25,320	25,942
Policing	28,087	28,087	27,605
B.C. Assessment Authority	5,033	5,033	5,113
Municipal Finance Authority	14	14	13
	620,055	620,055	639,431
Total general municipal taxes	438,341	309,934	286,787
Frontage taxes	-	-	42,551
Water system	\$ 438,341	\$ 309,934	\$ 329,338

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THE CORPORATION OF THE VILLAGE OF McBRIDE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

8. CONTINGENCIES

Municipal Insurance Association

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

Municipal Finance Authority Debt Issues

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

Unfunded Pension

The Corporation and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from local government.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016.

Employers participating in the Plan record their pension expenses as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Corporation paid \$36,998 (2013 - \$28,666) for employer contributions to the Plan in fiscal 2013.

McBride Community Forest Corporation

The financial statements of McBride Community Forest Corporation (MCFC), a 100% owned subsidiary, show the following contingent liabilities as at December 31, 2014:

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

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

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

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

For the year ended December 31, 2014

9. COMMITMENT

The Corporation has entered into the following operating lease:

Public works truck \$608 per month, expiring August 2018

10. RELATED PARTY TRANSACTIONS

During the year, the Corporation received revenues from its wholly-owned subsidiary for sales of services of \$17,734 (2013 - \$38,640), rent of \$14,400 (2013 - \$14,400) and dividends of \$80,000 (2013 - \$100,000). The Corporation purchased services from its wholly-owned subsidiary for contracting services in the amount of \$60,127 (2013 - nil), administration services in the amount of \$8,227 (2013 - nil) and culverts in the amount of \$2,385 (2013 - \$324). The Corporation had accounts receivable from its wholly-owned subsidiary as at December 31, 2014 of nil (December 31, 2013 - \$5,894).

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.

11. BUDGET

The Financial Plan adopted by Council was prepared on a modified accrual basis while the Financial Statements are prepared on a full accrual basis as required by Canadian Public Sector Accounting Standards. The Financial Plan anticipated the use of surpluses accumulated in prior years to supplement current year revenues. In addition, the Financial Plan expensed tangible capital asset expenditures, debt repayments and reserve transfers. The budget figures included in the Financial Statements represent the Financial Plan adopted by Council April 22, 2014 with adjustments as follows:

	<u>2014</u>
Budgeted surplus per statement of financial activities	<u>\$ 389,996</u>
Less: Capital expenditures	(1,259,885)
Contributions to reserves	<u>(43,500)</u>
	<u>(1,303,385)</u>
Add: Prior years net surplus	421,334
Transfer from equity in tangible capital assets	<u>492,055</u>
	<u>913,389</u>
Surplus in the Financial Plan	<u>\$ -</u>

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

For the year ended December 31, 2014

12. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments without being exposed to concentrations of risks. The following analysis provides a measure of the Corporation's risk exposure as at the balance sheet date, i.e. December 31, 2014.

Liquidity risk

Liquidity risk is the risk that a Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risk relates to its accounts receivable. The Corporation provides credit to its clients in the normal course of business and carries out specific procedures to minimize the risk.

Market

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation is has minimal exposure to currency risk, interest rate risk and other price risk.

THE CORPORATION OF THE VILLAGE OF McBRIDE
CONSOLIDATED SCHEDULE OF GRANTS
For the year ended December 31, 2014

	2014	2013
	<u>Budget</u> (unaudited)	<u>Actual</u>
FEDERAL OPERATING GRANTS		
General Operating Fund		
In lieu of taxes	\$ 6,000	\$ 6,028
Water Operating Fund		
In lieu of taxes	555	555
PROVINCIAL OPERATING GRANTS		
General Operating Fund		
Revenue sharing	379,468	377,298
In lieu of taxes	18,000	15,523
Miscellaneous	306,000	346,245
Water Operating Fund		
Miscellaneous	-	18,299
UTILITIES		
In lieu of taxes	<u>14,000</u>	<u>13,462</u>
	724,023	776,855
	-	140,331
PROVINCIAL HOME OWNERS GRANT	<u>724,023</u>	<u>917,186</u>
	606,907	511,233
PROVINCIAL CAPITAL GRANTS	<u>\$ 1,330,930</u>	<u>\$ 1,428,419</u>
Sewer Operating Fund		
	<u>\$ 820,768</u>	

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See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE
CONSOLIDATED SCHEDULE OF OTHER REVENUE

For the year ended December 31, 2014

	2014		2013
	Budget (unaudited)	Actual	Actual
CURRENT FUND			
Motor vehicle	\$ 27,000	\$ 26,838	\$ 29,838
Sundry	58,350	19,699	33,255
Interest - investments	5,000	12,218	12,858
Interest - taxes	11,000	23,049	24,619
Licences	6,100	9,687	9,343
Cemetery	1,450	4,045	4,635
Donations	-	-	1,093
	<u>108,900</u>	<u>95,536</u>	<u>115,641</u>
CAPITAL FUND			
Actuarial income	-	-	38,883
RESERVE FUND			
Community Foundation	-	2,500	1,300
Gas tax rebate	-	74,705	76,593
	<u>-</u>	<u>77,205</u>	<u>77,893</u>
	<u>\$ 108,900</u>	<u>\$ 172,741</u>	<u>\$ 232,417</u>

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See notes to the consolidated financial statements.

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

For the year ended December 31, 2014

	2014	2013
	<u>Budget</u> (unaudited)	<u>Actual</u> <u>Actual</u>
GENERAL GOVERNMENT		
Administrative salaries and allowances	\$ 269,800	\$ 209,471
Advertising	6,000	5,585
Audit	21,000	19,750
Conventions	35,000	25,897
Council meetings, indemnities and allowances	51,900	38,164
Elections	10,000	9,652
Employee benefits	98,000	103,566
Insurance	32,000	31,358
Legal	10,000	15,256
Office supplies and equipment	23,550	26,539
Professional fees	7,500	-
Repairs and maintenance	20,000	14,693
Subscriptions and dues	4,500	4,581
	<u>589,250</u>	<u>504,512</u>
		462,853
TRANSPORTATION SERVICES		
Airport maintenance	12,000	9,185
Dust control	3,000	2,006
Engineering fees	10,000	9,452
Equipment rental, repairs and maintenance	94,550	94,936
Shop maintenance and equipment	91,050	80,921
Sidewalk maintenance	25,000	27,254
Snow removal	75,000	76,990
Street cleaning and maintenance	76,500	122,635
Street lighting	24,000	26,467
Traffic control	6,000	7,833
	<u>417,100</u>	<u>457,679</u>
		425,337
PROTECTIVE SERVICES		
Animal control	5,600	443
Fire inspection	15,000	919
PEP expenses	5,000	-
	<u>25,600</u>	<u>1,362</u>
		16,963
BALANCE CARRIED FORWARD	<u>\$ 1,031,950</u>	<u>\$ 963,553</u>
		\$ 905,153

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See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF MCBRIDE
CONSOLIDATED SCHEDULE OF GENERAL DEPARTMENTAL EXPENSES
For the year ended December 31, 2014

	2014		2013
	Budget (unaudited)	Actual	Actual
BALANCE FORWARD	\$ 1,031,950	\$ 963,553	\$ 905,153
ENVIRONMENTAL AND PUBLIC HEALTH			
Cemetery	10,000	7,933	6,090
Garbage collection	73,200	67,201	63,878
	83,200	75,134	69,968
RECREATIONAL AND CULTURAL SERVICES			
CN station	13,000	20,266	16,525
Community development	49,000	35,194	24,230
Economic development committee	94,000	66,158	97,539
Grants-in-aid	2,000	1,100	575
Grounds maintenance	17,500	16,597	19,919
Parks maintenance	13,000	9,678	5,842
Tourism	20,000	15,058	16,445
	208,500	164,051	181,075
	<u>\$ 1,323,650</u>	<u>\$ 1,202,738</u>	<u>\$ 1,156,196</u>

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See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
For the year ended December 31, 2014

	Land	Buildings	Vehicles/ Machinery/ Equipment	Engineered Structures	Total General Assets	Sewer	Water	2014 Total	2013 Total
COST									
Opening balance	\$ 98,557	\$ 1,420,120	\$ 414,856	\$ 8,746,917	\$ 10,680,450	\$ 2,613,602	\$ 3,057,333	\$ 16,351,385	\$ 16,125,048
Additions	229,750	270,220	13,850	165	513,985	771,840	-	1,285,825	226,337
Disposals	-	(45,907)	-	-	(45,907)	-	-	(45,907)	-
Closing balance	328,307	1,644,433	428,706	8,747,082	11,148,528	3,385,442	3,057,333	17,591,303	16,351,385
ACCUMULATED AMORTIZATION									
Opening balance	-	768,252	384,501	5,146,389	6,299,142	298,843	957,090	7,555,075	7,168,956
Amortization expense	-	51,723	8,416	236,083	296,222	14,542	67,090	377,854	386,109
Accumulated amortization on disposals	-	(45,907)	-	-	(45,907)	-	-	(45,907)	-
Closing balance	-	774,068	392,917	5,382,472	6,549,457	313,385	1,024,180	7,887,022	7,555,075
Net Carrying Amount for year ended December 31, 2014	<u>\$ 328,307</u>	<u>\$ 870,365</u>	<u>\$ 35,789</u>	<u>\$ 3,364,610</u>	<u>\$ 4,599,071</u>	<u>\$ 3,072,057</u>	<u>\$ 2,033,153</u>	<u>\$ 9,704,281</u>	
Net Carrying Amount for year ended December 31, 2013	<u>\$ 98,557</u>	<u>\$ 651,868</u>	<u>\$ 30,355</u>	<u>\$ 3,600,528</u>	<u>\$ 4,381,308</u>	<u>\$ 2,314,759</u>	<u>\$ 2,100,243</u>		<u>\$ 8,796,310</u>

See notes to the consolidated financial statements.

RHB SCHMITZ de GRACE

Chartered Accountants

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• Denotes professional corporation

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of the Corporation of the Village of McBride, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of financial activities, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report dated March 6, 2015 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The exhibits of general fund, sewer fund, water utility fund, reserve fund and trust fund operations for the year ended December 31, 2014 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.



Prince George, BC
April 10, 2015

Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE
GENERAL

STATEMENT OF FINANCIAL POSITION

December 31, 2014

(Unaudited)

ASSETS

CURRENT FUND

2014

2013

CASH

\$ 437,935

\$ 1,290,929

TRUST ASSET

11,432

-

ACCOUNTS RECEIVABLE

General taxation
HST/GST receivable
Miscellaneous

202,721
32,081
887,520

212,919
10,038
192,544

INVENTORY

-

3,013

PREPAID EXPENSES

20,008

9,254

INVESTMENT IN McBRIDE COMMUNITY FOREST
CORPORATION - at cost

50,093

50,093

\$ 1,641,790

\$ 1,768,790

CAPITAL FUND

DUE TO GENERAL CURRENT FUND

\$ 53,018

\$ 53,018

TANGIBLE CAPITAL ASSETS

4,599,071

4,381,308

\$ 4,652,089

\$ 4,434,326

LIABILITIES AND SURPLUS			
CURRENT FUND		2014	2013
ACCOUNTS PAYABLE AND ACCRUED CHARGES		\$ 221,305	\$ 264,843
TRUST LIABILITY		11,432	-
DUE TO OTHER FUNDS			
Sewer current fund	42,621		104,918
Water utility current fund	215,753		220,390
Community Foundation reserve	823		1,823
Cemetery Care trust	28,573		26,866
Cemetery Directory trust	40		40
General capital fund	53,018		53,018
Equipment Replacement reserve	40,000		-
	613,565		671,898
CURRENT FUND BALANCE	1,028,225		1,096,892
	<u>\$ 1,641,790</u>		<u>\$ 1,768,790</u>
CAPITAL FUND			
MFA SURPLUS (DEBENTURE REFUND)	53,018		53,018
INVESTMENT IN TANGIBLE CAPITAL ASSETS	4,599,071		4,381,308
	<u>\$ 4,652,089</u>		<u>\$ 4,434,326</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE
GENERAL
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended December 31, 2014
(Unaudited)

	2014	2013
REVENUE		
Taxation (Note 7)	\$ 929,989	\$ 926,218
Contributions and grants	898,887	678,875
Robson Centre	144,888	149,922
Sale of services	166,069	181,750
Other	92,524	96,751
Transfer from Gas Tax Reserve	74,705	-
Dividend income	80,000	100,000
	<u>2,387,062</u>	<u>2,133,516</u>
EXPENSES		
Transfers (Note 7)	620,055	639,431
Transfer to Equipment Replacement Reserve	40,000	-
Capital	513,985	104,580
General government - Schedule 3	504,512	462,853
Transportation services - Schedule 3	457,679	425,337
Recreational and cultural services - Schedule 3	164,051	181,075
Robson Centre	78,951	73,031
Environmental and public health - Schedule 3	75,134	69,968
Fiscal services	-	26,187
Protective services - Schedule 3	1,362	16,963
	<u>2,455,729</u>	<u>1,999,425</u>
CHANGE IN CURRENT FUND	<u>\$ (68,667)</u>	<u>\$ 134,091</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE

GENERAL

STATEMENT OF CURRENT FUND BALANCE

For the year ended December 31, 2014

(Unaudited)

	2014	2013
BALANCE AT BEGINNING OF THE YEAR	\$ 1,096,892	\$ 962,801
CHANGE IN CURRENT FUND	(68,667)	134,091
BALANCE AT END OF THE YEAR	<u>\$ 1,028,225</u>	<u>\$ 1,096,892</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE
GENERAL

STATEMENT OF INVESTMENT IN CAPITAL FUND ASSETS

For the year ended December 31, 2014

(Unaudited)

	2014	2013
BALANCE AT BEGINNING OF THE YEAR	\$ 4,381,308	\$ 4,221,205
MFA sinking fund reserve transferred on payout of debt	-	360,000
Capital expenses from general operating fund	513,985	104,580
Cost of tangible capital assets disposed	45,907	-
Accumulated amortization on disposals	(45,907)	-
Amortization expense	(296,222)	(304,477)
BALANCE AT END OF THE YEAR	<u>\$ 4,599,071</u>	<u>\$ 4,381,308</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE
SEWER

STATEMENT OF FINANCIAL POSITION

December 31, 2014

(Unaudited)

ASSETS

CURRENT FUND

	<u>2014</u>	<u>2013</u>
ACCOUNTS RECEIVABLE		
Sewer user charges	\$ 5,530	\$ 6,723
DUE FROM OTHER FUNDS		
General Current Fund	42,621	104,918
Water Utility Current Fund	114,730	113,819
	<u>157,351</u>	<u>218,737</u>
	<u>\$ 162,881</u>	<u>\$ 225,460</u>

CAPITAL FUND

TANGIBLE CAPITAL ASSETS	<u>\$ 3,072,057</u>	<u>\$ 2,314,759</u>
-------------------------	---------------------	---------------------

LIABILITIES AND SURPLUS	
CURRENT FUND	
	<u>2014</u>
	<u>\$ 162,881</u>
	<u>2013</u>
	<u>\$ 225,460</u>
CURRENT FUND BALANCE	
	<u>\$ 162,881</u>
	<u>\$ 225,460</u>
CAPITAL FUND	
TEMPORARY BORROWINGS	
	<u>\$ 162,881</u>
	<u>\$ 225,460</u>
INVESTMENT IN TANGIBLE CAPITAL ASSETS	
	<u>\$ 450,000</u>
	<u>\$ 292,022</u>
	<u>2,622,057</u>
	<u>2,022,737</u>
	<u>\$ 3,072,057</u>
	<u>\$ 2,314,759</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE

SEWER

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2014

(Unaudited)

	CURRENT FUND	
	2014	2013
REVENUE		
User charges	\$ 64,729	\$ 62,840
Interest earned	2,443	2,026
Connection fees	520	1,050
NDI loan proceeds	157,978	34,268
Government grants	511,233	105,339
	<u>736,903</u>	<u>205,523</u>
EXPENSES		
Operating	27,642	34,634
Capital	771,840	121,757
	<u>799,482</u>	<u>156,391</u>
CHANGE IN CURRENT FUND	<u>\$ (62,579)</u>	<u>\$ 49,132</u>

RHB SCHMITZ de GRACE
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE
SEWER

STATEMENT OF CURRENT FUND BALANCE

For the year ended December 31, 2014

(Unaudited)

	<u>2014</u>	<u>2013</u>
BALANCE AT BEGINNING OF THE YEAR	\$ 225,460	\$ 176,328
CHANGE IN CURRENT FUND	<u>(62,579)</u>	<u>49,132</u>
BALANCE AT END OF THE YEAR	<u>\$ 162,881</u>	<u>\$ 225,460</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE
SEWER

STATEMENT OF INVESTMENT IN CAPITAL FUND ASSETS

For the year ended December 31, 2014

(Unaudited)

	2014	2013
BALANCE AT BEGINNING OF THE YEAR	\$ 2,022,737	\$ 1,949,790
Capital expenditure from sewer operating fund	771,840	121,757
Proceeds from NDI Trust loan	(157,978)	(34,268)
Current year amortization	(14,542)	(14,542)
BALANCE AT END OF THE YEAR	<u>\$ 2,622,057</u>	<u>\$ 2,022,737</u>

RHB SCHMITZ de GRACE
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE

WATER UTILITY

STATEMENT OF FINANCIAL POSITION

December 31, 2014

(Unaudited)

ASSETS

CURRENT FUND

2014

2013

CASH

\$ 25

\$ 25

ACCOUNTS RECEIVABLE

Water user charges

9,833

16,908

DUE FROM GENERAL CURRENT FUND

215,753

220,390

\$ 225,611

\$ 237,323

CAPITAL FUND

DUE FROM WATER CURRENT FUND

\$ 70,985

\$ 70,985

TANGIBLE CAPITAL ASSETS

2,033,153

2,100,243

\$ 2,104,138

\$ 2,171,228

LIABILITIES AND SURPLUS

	CURRENT FUND	
	2014	2013
DUE TO SEWER CURRENT FUND	\$ 114,730	\$ 113,819
DUE TO WATER CAPITAL FUND	70,985	70,985
CURRENT FUND BALANCE	<u>39,896</u>	<u>52,519</u>
	<u>\$ 225,611</u>	<u>\$ 237,323</u>
CAPITAL FUND		
MFA SURPLUS (DEBENTURE REFUND)	70,985	70,985
INVESTMENT IN CAPITAL ASSETS	<u>2,033,153</u>	<u>2,100,243</u>
	<u>\$ 2,104,138</u>	<u>\$ 2,171,228</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE

WATER UTILITY

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2014

(Unaudited)

	2013	2013
CURRENT FUND		
REVENUE		
User charges	\$ 109,667	\$ 107,327
Government grants	18,299	36,000
Connection fees	18,136	1,375
Interest earned	569	196
Frontage tax	-	42,551
Customer service	-	16,668
Grant in lieu	-	555
Appropriation from reserves - Gas Tax Rebate	-	76,593
	<u>146,671</u>	<u>281,265</u>
EXPENSES		
Long-term debt:		
Interest	39	21,531
Principal	-	67,180
MFA sinking fund principal payments	-	14,577
	<u>39</u>	<u>103,288</u>
Operating	159,255	142,468
Capital	-	-
	<u>159,294</u>	<u>245,756</u>
CHANGE IN CURRENT FUND	<u>\$ (12,623)</u>	<u>\$ 35,509</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE

WATER UTILITY

STATEMENT OF CURRENT FUND BALANCE

For the year ended December 31, 2014

(Unaudited)

	2014	2013
BALANCE AT BEGINNING OF THE YEAR	\$ 52,519	\$ 17,010
CHANGE IN CURRENT FUND	(12,623)	35,509
BALANCE AT END OF THE YEAR	<u>\$ 39,896</u>	<u>\$ 52,519</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE
WATER UTILITY

STATEMENT OF INVESTMENT IN CAPITAL FUND ASSETS

For the year ended December 31, 2014

(Unaudited)

	2014	2013
BALANCE AT BEGINNING OF THE YEAR	\$ 2,100,243	\$ 1,618,153
MFA sinking fund reserve transferred on payout of debt	-	482,000
Debt repayment	-	67,180
Current year amortization	(67,090)	(67,090)
BALANCE AT END OF THE YEAR	<u>\$ 2,033,153</u>	<u>\$ 2,100,243</u>

RHB SCHMITZ de GRACE
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE

RESERVES

STATEMENT OF FINANCIAL POSITION

December 31, 2014

(Unaudited)

ASSETS	2014	2013
LAND DEVELOPMENT RESERVE		
Inventory of lots	\$ 7,762	\$ 7,762
COMMUNITY FOUNDATION RESERVE		
Due from General Current Fund	823	1,823
EQUIPMENT REPLACEMENT RESERVE		
Due from General Current Fund	<u>40,000</u>	<u>-</u>
	<u>\$ 48,585</u>	<u>\$ 9,585</u>
LIABILITIES		
COMMUNITY FOUNDATION RESERVE (Note 3)	\$ 823	\$ 1,823
LAND DEVELOPMENT RESERVE (Note 3)	7,762	7,762
EQUIPMENT REPLACEMENT RESERVE (Note 3)	<u>40,000</u>	<u>-</u>
	<u>\$ 48,585</u>	<u>\$ 9,585</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE

TRUSTS

STATEMENT OF FINANCIAL POSITION

December 31, 2014

(Unaudited)

ASSETS

	2014	2013
CEMETERY DIRECTORY TRUST		
Due from General Current Fund	\$ 40	\$ 40
CEMETERY CARE TRUST		
Due from General Current Fund	28,573	26,866
	<u>\$ 28,613</u>	<u>\$ 26,906</u>

LIABILITIES

CEMETERY DIRECTORY TRUST		
	\$ 40	\$ 40
CEMETERY CARE TRUST		
Balance at beginning of the year	26,866	25,930
Add: Permanent care funds	1,707	936
	<u>28,573</u>	<u>26,866</u>
Balance at end of the year		
	<u>\$ 28,613</u>	<u>\$ 26,906</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE
McBRIDE COMMUNITY FOREST CORPORATION

STATEMENT OF FINANCIAL POSITION

December 31, 2014

(Unaudited)

ASSETS

	2014	2013
CURRENT ASSETS		
Cash	\$ 952,274	\$ 969,493
Term deposits	649,138	639,831
Accounts receivable	156,113	134,315
Inventory	104,344	24,881
Advances receivable	29,040	-
Prepaid expenses	77,729	88,022
	1,968,638	1,856,542
DEFERRED LOGGING COSTS	53,864	53,864
PROPERTY AND EQUIPMENT	84,244	13,963

\$ 2,106,746

\$ 1,924,369

LIABILITIES		2014	2013
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	55,085	\$ 48,188
Dividend payable		-	50,000
Silviculture liability		910,145	816,920
Agriculture liability		36,390	36,257
		<u>1,001,620</u>	<u>951,365</u>
SHAREHOLDER'S EQUITY			
SHARE CAPITAL		20	20
CONTRIBUTED SURPLUS		50,073	50,073
RETAINED EARNINGS		<u>1,055,033</u>	<u>922,911</u>
		<u>1,105,126</u>	<u>973,004</u>
		<u>\$ 2,106,746</u>	<u>\$ 1,924,369</u>

RHB SCHMITZ de GRACE
Chartered Accountants

See notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF McBRIDE
McBRIDE COMMUNITY FOREST CORPORATION
STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2014

(Unaudited)

	2014	2013
SALES (Exhibit Q)	\$ 1,785,769	\$ 1,377,121
DIRECT EXPENSES (Exhibit Q)	<u>1,150,441</u>	<u>862,321</u>
OPERATING PROFIT	635,328	514,800
OTHER REVENUE		
Contract	60,127	24,171
Interest	21,485	28,896
Administration and consulting	12,988	4,043
Salvage licences and miscellaneous	<u>322</u>	<u>28</u>
	<u>730,250</u>	<u>571,938</u>
GENERAL ADMINISTRATION EXPENSES		
Salaries and employee benefits	255,765	211,994
Professional fees	96,069	98,037
Office and general	42,311	57,997
Rent	35,950	33,400
Advertising and donations	23,501	20,263
Vehicle	16,416	9,381
Repairs and maintenance	16,067	6,186
Travel and entertainment	10,720	8,511
Insurance, licences and dues	8,983	8,649
Interest and bank charges	825	9,316
Bad debts (recovery)	159	6,890
Loss on disposal of assets	54	-
Amortization (Note 2)	<u>11,308</u>	<u>5,435</u>
	<u>518,128</u>	<u>476,059</u>
NET INCOME FOR THE YEAR	212,122	95,879
RETAINED EARNINGS AT BEGINNING OF THE YEAR	922,911	927,032
DIVIDENDS PAID (Note 9)	<u>(80,000)</u>	<u>(100,000)</u>
RETAINED EARNINGS AT END OF THE YEAR	<u>\$ 1,055,033</u>	<u>\$ 922,911</u>

RHB SCHMITZ de GRACE
Chartered Accountants

THE CORPORATION OF THE VILLAGE OF McBRIDE
 McBRIDE COMMUNITY FOREST CORPORATION

SCHEDULE OF SALES AND DIRECT EXPENSES

For the year ended December 31, 2014

(Unaudited)

	2014	2013
SALES		
Standing timber	\$ 1,061,959	\$ 1,265,740
Raw logs	709,700	111,057
Seedlings	11,725	-
Culvert	2,385	324
	<u>\$ 1,785,769</u>	<u>\$ 1,377,121</u>
DIRECT EXPENSES		
Silviculture	\$ 424,136	\$ 542,014
Logging subcontracting	345,601	72,426
Trucking and hauling	178,684	19,228
Stumpage	107,569	72,898
Road maintenance	70,580	63,578
Block maintenance and layout	42,491	70,334
Road construction	17,241	8,867
Post harvest clean-up	15,013	5,280
Culvert and bridge lumber purchases	12,471	5,909
Seedling purchases	11,725	-
Scaling	4,260	-
Agriculture	133	22,850
Equipment rental	-	396
Inventory adjustment	(79,463)	(21,459)
	<u>\$ 1,150,441</u>	<u>\$ 862,321</u>

RHB SCHMITZ de GRACE
 Chartered Accountants

See notes to consolidated financial statements.