

Village of Port Clements
Consolidated Financial Statements
December 31, 2007

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Consolidated Financial Statements
December 31, 2007
Index

Auditor's Report

Exhibit 'A' Consolidated Statement of Financial Position

Exhibit 'B' Consolidated Statement of Changes in Fund Balances

Exhibit 'C' Consolidated Statement of Operations

Exhibit 'D' Consolidated Statement of Changes in Financial Position

Notes to the Consolidated Financial Statements

Schedule '1' General Operating Fund - Statement of Operations

Schedule '2' Water Operating Fund - Statement of Operations

Schedule '3' Sewer Operating Fund - Statement of Operations

ALAN K. HOOPER INC.
Chartered Accountant



ALAN K. HOOPER INC.
Chartered Accountant

Auditor's Report

To the Mayor and Council of
Village of Port Clements
Port Clements, BC

I have audited the statement of financial position of Village of Port Clements as at December 31, 2007 and the statements of operations and changes in fund balances, and changes in financial position for the year then ended. These financial statements are the responsibility of the municipality's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. These standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2007 and results of operations for the year then ended in accordance with Canadian generally accepted accounting principles.



March 24, 2008

253 - 3rd Avenue West
Prince Rupert, BC V8J 1L2
Tel (250) 627-5495 Fax (250) 627-5497 Toll Free 1-877-212-0022
Email: akhooper@citytel.net
Alan K. Hooper, CA

**Village of Port Clements
Consolidated Statement of Financial Position
As at December 31, 2007**

	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Invested in Capital Assets	<u>2007</u> Total	<u>2006</u> Total
Financial assets						
Cash and portfolio investments (Note 3)	\$ 1,110,747	\$ -	\$ -	\$ -	\$ 1,110,747	\$ 609,826
Cash deposit with MFA	-	-	-	-	-	14,286
Accounts receivable	182,415	-	-	-	182,415	150,567
GST Receivable	30,864	-	-	-	30,864	18,687
Taxes receivable	113,517	-	-	-	113,517	127,031
Grants receivable	12,273	-	-	-	12,273	104,754
Other - receivables	-	-	-	-	-	-
Land held for resale	19,623	-	-	-	19,623	39,241
MFA deposits	-	-	-	-	-	10,454
	<u>1,469,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,469,439</u>	<u>1,074,846</u>
Due from general fund	<u>-</u>	<u>296,075</u>	<u>232,622</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,469,439</u>	<u>296,075</u>	<u>232,622</u>	<u>-</u>	<u>1,469,439</u>	<u>1,074,846</u>
Liabilities						
Accounts payable	262,003	-	-	-	262,003	77,711
Deferred revenue (Note 4)	310,485	-	-	-	310,485	300,715
MFA debt reserve fund demand notes	-	-	-	-	-	10,454
Long term debt (Note 5)	-	-	-	-	-	11,217
	<u>572,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572,488</u>	<u>400,097</u>
Due to sewer/water fund	<u>528,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,101,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572,488</u>	<u>400,097</u>
Net Financial Assets	<u>368,254</u>	<u>296,075</u>	<u>232,622</u>	<u>-</u>	<u>896,951</u>	<u>674,749</u>
Physical Assets						
Inventory of supplies	23,000	34,550	10,750	-	68,300	64,900
Prepaid expenses	9,289	-	-	-	9,289	8,274
Property, plant and equipment (Note 6)	-	-	-	5,513,246	5,513,246	5,194,649
	<u>32,289</u>	<u>34,550</u>	<u>10,750</u>	<u>5,513,246</u>	<u>5,590,835</u>	<u>5,267,823</u>
Net Position	<u>\$ 400,543</u>	<u>\$ 330,625</u>	<u>\$ 243,372</u>	<u>\$ 5,513,246</u>	<u>\$ 6,487,786</u>	<u>\$ 5,942,572</u>
Municipal Position						
Unrestricted	\$ 249,510	\$ -	\$ -	\$ -	\$ 249,510	\$ 165,185
Internally restricted water operating	-	330,625	-	-	330,625	286,924
Internally restricted sewer operating	-	-	243,372	-	243,372	189,837
Invested in physical assets	-	-	-	5,513,246	5,513,246	5,183,432
	249,510	330,625	243,372	5,513,246	6,336,753	5,825,378
Internally restricted reserves (Note 7)	151,033	-	-	-	151,033	102,908
MFA debt reserve fund	-	-	-	-	-	14,286
Fund balances	<u>\$ 400,543</u>	<u>\$ 330,625</u>	<u>\$ 243,372</u>	<u>\$ 5,513,246</u>	<u>\$ 6,487,786</u>	<u>\$ 5,942,572</u>

Approved by:  Mayor and Council

**ALAN K. HOOPER INC.
Chartered Accountant**

Village of Port Clements
Consolidated Statement of Changes in Fund Balances
For the year ended December 31, 2007

	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Invested in Capital Assets	<u>2007</u> Total	<u>2006</u> Total
Fund balances, beginning	\$ 165,185	\$ 286,924	\$ 189,837	\$ 5,183,432	\$ 5,825,378	\$ 5,564,200
Net revenue	160,343	43,701	53,535	-	257,579	259,634
Capital grants used to acquire capital assets (Note 2)	-	-	-	230,097	230,097	-
	<u>325,528</u>	<u>330,625</u>	<u>243,372</u>	5,413,529	6,313,054	5,823,834
Payment on debenture principal and related transfers	7,204	-	-	(7,204)	-	-
MFA actuarial adjustment (Note 9)	-	-	-	18,421	18,421	7,204
Transfer to reserves	5,278	-	-	-	5,278	(5,660)
Interfund transfers used to acquire capital assets	(88,500)	-	-	88,500	-	-
Fund balances, end	<u>\$ 249,510</u>	<u>\$ 330,625</u>	<u>\$ 243,372</u>	<u>\$ 5,513,246</u>	<u>\$ 6,336,753</u>	<u>\$ 5,825,378</u>

ALAN K. HOOPER INC.
Chartered Accountant

**Village of Port Clements
Consolidated Statement of Operations
For the year ended December 31, 2007**

	General Operating Fund (Schedule '1')	Water Operating Fund (Schedule '2')	Sewer Operating Fund (Schedule '3')	<u>2007</u> Total	<u>2006</u> Total
Revenue					
Taxes	\$ 120,017	\$ 51,660	\$ 40,382	\$ 212,059	\$ 209,618
Payments in lieu of taxes	7,296	-	-	7,296	7,450
Services	8,451	-	-	8,451	18,512
Revenue from own sources	137,103	52,964	27,441	217,508	174,540
Revenue from Multi-Purpose Building	-	-	-	-	10,431
Unconditional grants	276,769	830	16,349	293,948	222,844
Conditional grants	54,830	-	8,008	62,838	48,969
Collections for other agencies	166,498	-	-	166,498	161,684
	<u>770,964</u>	<u>105,454</u>	<u>92,180</u>	<u>968,598</u>	<u>854,048</u>
Expenditures					
Legislative	39,537	-	-	39,537	42,934
General administration	181,008	-	-	181,008	169,301
Protective services	28,086	-	-	28,086	13,455
Emergency services	13,311	-	-	13,311	11,365
Common services	16,054	-	-	16,054	17,532
Wharf	60,075	-	-	60,075	25,885
Small Craft Harbour	5,876	-	-	5,876	6,469
Roads	31,162	-	-	31,162	23,057
Environmental health	-	-	-	-	80
Environmental development	3,253	-	-	3,253	3,813
Parks and recreation	51,831	-	-	51,831	44,609
Cultural buildings and facilities	4,105	-	-	4,105	3,893
Multi-Purpose Building	-	-	-	-	2,568
Fiscal services - debt service	372	-	-	372	9,472
Capital expenditures	8,856	-	-	8,856	9,788
Taxes levied - other governments	167,095	-	-	167,095	162,839
Other	-	61,753	38,645	100,398	47,354
	<u>610,621</u>	<u>61,753</u>	<u>38,645</u>	<u>711,019</u>	<u>594,414</u>
Excess (deficiency) of revenues over expenses	<u>\$ 160,343</u>	<u>\$ 43,701</u>	<u>\$ 53,535</u>	<u>\$ 257,579</u>	<u>\$ 259,634</u>

**ALAN K. HOOPER INC.
Chartered Accountant**

**Village of Port Clements
Consolidated Statement of Changes in Financial Position
For the year ended December 31, 2007**

	<u>2007</u>	<u>2006</u>
Operating activities		
Cash receipts from Government grants, donations and fundraising	\$ 1,040,338	\$ 702,414
Cash paid to suppliers and employees	(641,670)	(592,275)
Interest paid	-	(9,212)
	<u>398,668</u>	<u>100,927</u>
Financing activities		
Repayment of long-term debt	(11,217)	(3,479)
Capital grants	<u>329,281</u>	<u>238,934</u>
	<u>318,064</u>	<u>235,455</u>
Investing activity		
Acquisition of capital assets	<u>(230,097)</u>	<u>(267,894)</u>
Increase in cash	486,635	68,488
Cash at beginning of year	<u>624,112</u>	<u>555,624</u>
Cash at end of year	<u>\$ 1,110,747</u>	<u>\$ 624,112</u>

Village of Port Clements
Notes to the Consolidated Financial Statements
December 31, 2007

1. Purpose of the organization

The Village of Port Clements is a municipality and provides general government, water, sewer and related services to the residents of Port Clements, B.C.

2. Significant accounting policies

The consolidated financial statements of the Village of Port Clements are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, and changes in fund balances and the financial position of the reporting entity which comprises all the organizations that are accountable for the administration of their financial affairs and resources to the Council and are owned or controlled by the Municipality.

(b) Accrual accounting

The accrual method of accounting is used. The accrual of interest on long-term debt to the end of the fiscal period has not been included in these financial statements.

(c) Portfolio investments

The investments are recorded at cost.

(d) Physical assets

Physical assets are recorded at cost and are not amortized.

(e) Foreign currency

Liabilities denominated in U.S. currency are translated into Canadian dollars at the rate of exchange in effect as at December 31st. Gains and losses resulting from this translation are credited or charged to expense of the appropriate operating fund.

(f) Capital grants

Capital grants are taken into income when received. The amount of the capital grants received in the current year was \$230,097 (2006 - \$238,937).

Village of Port Clements
Notes to the Consolidated Financial Statements
December 31, 2007

3. Cash and portfolio investments

	<u>2007</u>	<u>2006</u>
General Revenue Fund		
Cash	\$ 776,402	\$ 285,869
Cash - building fund	43,807	42,594
Wharf Facility Fund		
Term deposits and investment	<u>290,538</u>	<u>281,363</u>
	<u>\$1,110,747</u>	<u>\$ 609,826</u>

4. Deferred revenue

The municipality entered into a contribution agreement with the Government of Canada in November 2001, whereby the municipality received \$388,000, to be applied to expenditures directly related to the operation of the port lands and facilities. The term of the agreement is for five years. The unexpended portion of \$148,650 (2006 - \$208,725) of the contribution is included in deferred revenue.

The following grants have been included in deferred revenue until they can be used:

	December 31, 2006	Net Change 2007	December 31, 2007
Grant for soccer field	\$ 3,486	\$ -	\$ 3,486
UBCM Tourism	12,625	(1,771)	10,854
Transport Canada	208,725	(60,075)	148,650
Tsunami	8,635	(8,635)	-
Emergency planning	5,000	(5,000)	-
MPBC Building	-	45,460	45,460
UBCM - water treatment plant	62,244	-	62,244
Community Works	-	39,791	39,791
	<u>\$ 300,715</u>	<u>\$ 9,770</u>	<u>\$ 310,485</u>

5. Long term debt

The long term debt is held by the Municipal Finance Authority. Reduction of the amounts owing are made by annual repayments of principal and the deduction of actuarial-determined adjustments. Long-term debt comprises the following:

	<u>2007</u>	<u>2006</u>
Issue #32 originally advanced in 1982 for \$166,000.		
Repaid during the year	<u>\$ -</u>	<u>\$ 11,217</u>

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Notes to the Consolidated Financial Statements
December 31, 2007

5. Continued

Represented by:

	<u>2007</u>	<u>2006</u>
Water System Capital Fund debentures	\$ -	\$ 878
Sewer System Capital Fund debentures	-	10,339
	<u>\$ -</u>	<u>\$ 11,217</u>

6. Physical assets

	<u>2007</u>	<u>2006</u>
Parks and playgrounds	\$ 947,866	\$ 947,866
Buildings and trailer	765,571	535,476
Fire protection equipment	486,964	480,689
Equipment and tools	70,248	70,248
Small craft harbour	43,241	43,241
Sanitation	9,273	9,273
Automotive equipment	19,334	19,334
Community Centre equipment	3,302	3,302
Roads	350,386	268,159
Zoning plans	16,292	16,292
Water system	1,060,181	1,060,181
Sewer system	1,390,634	1,390,634
Land	349,954	349,954
	<u>\$5,513,246</u>	<u>\$5,194,649</u>

7. Internally restricted reserves

	<u>2007</u>	<u>2006</u>
Building fund reserve	\$ 50,190	\$ 46,720
Latecomers' fee reserve	22,157	22,157
Community hall renovation reserve	19,000	19,000
Soccer field reserve	3,924	3,924
Planning fund reserve	6,529	6,529
Land reserve	49,234	4,578
	<u>\$ 151,034</u>	<u>\$ 102,908</u>

These internally restricted amounts are not available for other purposes without approval of the mayor and council.

Village of Port Clements
Notes to the Consolidated Financial Statements
December 31, 2007

8. Contingent liability

The municipality 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 Village of Port Clements paid \$12,281 for employer contributions to the plan in fiscal 2007.

9. MFA actuarial adjustments

An annual actuarial adjustment, calculated on income earned on the invested principal repayments, reduces the principal on the long-term debt.

10. Financial instruments

The municipality's financial instruments consist of cash, short term investments, accounts and taxes receivable, grants receivable, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

11. Measurement uncertainty

Management is required to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Village of Port Clements
General Operating Fund - Statement of Operations
For the year ended December 31, 2007

	<u>2007</u> Actual	<u>2007</u> Budget	<u>2006</u> Actual
Revenue			
Taxes	\$ 120,017	\$ 120,017	\$ 117,664
Payments in lieu of taxes	7,296	7,298	7,450
Services	8,451	17,198	18,512
Revenue from own sources	137,103	274,012	94,589
Revenue from Multi-Purpose Building	-	2,988,000	10,431
Unconditional grants	276,769	276,769	213,625
Conditional grants	54,830	72,186	37,688
Collections for other agencies	<u>166,498</u>	<u>166,500</u>	<u>161,684</u>
	<u>770,964</u>	<u>3,921,980</u>	<u>661,643</u>
Expenditures			
Legislative	39,537	44,500	42,934
General administration	181,008	196,777	169,301
Protective services	28,086	35,800	13,455
Emergency services	13,311	13,885	11,365
Common services	16,054	30,000	17,532
Wharf	60,075	209,000	25,885
Small Craft Harbour	5,876	6,150	6,469
Roads	31,162	40,400	23,057
Environmental health	-	80	80
Environmental development	3,253	9,000	3,813
Parks and recreation	51,831	59,550	44,609
Cultural buildings and facilities	4,105	20,434	3,893
Multi-Purpose Building	-	2,988,000	2,568
Fiscal services - debt service	372	1,400	260
Capital expenditures	8,856	121,221	9,788
Taxes levied - other governments	<u>167,095</u>	<u>167,500</u>	<u>162,839</u>
	<u>610,621</u>	<u>3,943,697</u>	<u>537,848</u>
Excess of revenues over expenses (Exhibit 'C')	<u>\$ 160,343</u>	<u>\$ (21,717)</u>	<u>\$ 123,795</u>

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Water Operating Fund - Statement of Operations
For the year ended December 31, 2007

	<u>2007</u> Actual	<u>2007</u> Budget	<u>2006</u> Actual
Revenue			
Taxes	\$ 51,660	\$ 51,260	\$ 51,972
Revenue from own sources	52,964	52,000	52,619
Unconditional grants	830	-	-
Conditional grants	-	-	9,836
	<u>105,454</u>	<u>103,260</u>	<u>114,427</u>
Expenditures			
Fiscal services - debt service	-	722	722
Other - operating expenses	<u>61,753</u>	<u>87,900</u>	<u>25,067</u>
	<u>61,753</u>	<u>88,622</u>	<u>25,789</u>
Excess of revenues over expenses (Exhibit 'C')	<u>\$ 43,701</u>	<u>\$ 14,638</u>	<u>\$ 88,638</u>

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Sewer Operating Fund - Statement of Operations
For the year ended December 31, 2007

	<u>2007</u> Actual	<u>2007</u> Budget	<u>2006</u> Actual
Revenue			
Taxes	\$ 40,382	\$ 39,900	\$ 39,982
Revenue from own sources	27,442	27,500	27,332
Unconditional grants	16,349	-	9,219
Conditional grants	<u>8,008</u>	<u>14,800</u>	<u>1,445</u>
	<u>92,181</u>	<u>82,200</u>	<u>77,978</u>
Expenditures			
Fiscal services - debt service	-	11,699	8,490
Other - operating expenses	<u>38,645</u>	<u>53,850</u>	<u>22,287</u>
	<u>38,645</u>	<u>65,549</u>	<u>30,777</u>
Excess of revenues over expenses (Exhibit 'C')	<u>\$ 53,536</u>	<u>\$ 16,651</u>	<u>\$ 47,201</u>