

Village of Port Clements
Consolidated Financial Statements
December 31, 2008

ALAN K. HOOPER INC.
Chartered Accountant

**Village of Port Clements
Consolidated Financial Statements
December 31, 2008
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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, 2008 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, 2008 and results of operations for the year then ended in accordance with Canadian generally accepted accounting principles.



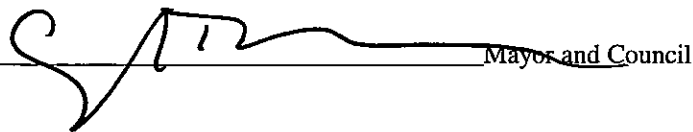
May 5, 2009

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Alan K. Hooper, CA

Village of Port Clements
Consolidated Statement of Financial Position
As at December 31, 2008

	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Invested in Capital Assets	<u>2008</u> Total	<u>2007</u> Total
Financial assets						
Cash and portfolio investments (Note 3)	\$ 918,023	\$ -	\$ -	\$ -	\$ 918,023	\$ 1,110,747
Accounts receivable	416,676	-	-	-	416,676	182,415
GST Receivable	159,023	-	-	-	159,023	30,864
Taxes receivable	67,155	-	-	-	67,155	113,517
Grants receivable	2,001	-	-	-	2,001	12,273
Other - receivables	1,922	-	-	-	1,922	-
Land held for resale	19,623	-	-	-	19,623	19,623
	<u>1,584,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,584,423</u>	<u>1,469,439</u>
Due from general fund	<u>-</u>	<u>339,404</u>	<u>294,292</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,584,423</u>	<u>339,404</u>	<u>294,292</u>	<u>-</u>	<u>1,584,423</u>	<u>1,469,439</u>
Liabilities						
Accounts payable	459,886	-	-	-	459,886	262,003
Deferred revenue (Note 4)	18,611	-	-	-	18,611	310,485
	<u>478,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>478,497</u>	<u>572,488</u>
Due to sewer/water fund	<u>633,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,112,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>478,497</u>	<u>572,488</u>
Net Financial Assets	<u>472,230</u>	<u>339,404</u>	<u>294,292</u>	<u>-</u>	<u>1,105,926</u>	<u>896,951</u>
Physical Assets						
Inventory of supplies	23,000	34,550	10,750	-	68,300	68,300
Prepaid expenses	13,461	-	-	-	13,461	9,289
Property and equipment (Note 5)	-	-	-	7,512,560	7,512,560	5,513,246
	<u>36,461</u>	<u>34,550</u>	<u>10,750</u>	<u>7,512,560</u>	<u>7,594,321</u>	<u>5,590,835</u>
Net Position	<u>\$ 508,691</u>	<u>\$ 373,954</u>	<u>\$ 305,042</u>	<u>\$ 7,512,560</u>	<u>\$ 8,700,247</u>	<u>\$ 6,487,786</u>
Municipal Position						
Unrestricted	\$ 475,711	\$ -	\$ -	\$ -	\$ 475,711	\$ 249,510
Internally restricted water operating	-	373,954	-	-	373,954	330,625
Internally restricted sewer operating	-	-	305,042	-	305,042	243,372
Invested in physical assets	-	-	-	7,512,560	7,512,560	5,513,246
	<u>475,711</u>	<u>373,954</u>	<u>305,042</u>	<u>7,512,560</u>	<u>8,667,267</u>	<u>6,336,753</u>
Internally restricted reserves (Note 6)	32,980	-	-	-	32,980	151,033
MFA debt reserve fund	-	-	-	-	-	-
Fund balances	<u>\$ 508,691</u>	<u>\$ 373,954</u>	<u>\$ 305,042</u>	<u>\$ 7,512,560</u>	<u>\$ 8,700,247</u>	<u>\$ 6,487,786</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, 2008

	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Invested in Capital Assets	<u>2008</u> Total	<u>2007</u> Total
Fund balances, beginning	\$ 249,510	\$ 330,625	\$ 243,372	\$ 5,513,246	\$ 6,336,753	\$ 5,825,378
Net revenue	2,452,260	37,763	40,083	-	2,530,106	257,579
Capital grants used to acquire capital assets (Note 2)	-	-	-	-	-	230,097
	<u>2,701,770</u>	<u>368,388</u>	<u>283,455</u>	<u>5,513,246</u>	<u>8,866,859</u>	<u>6,313,054</u>
Payment on debenture principal and related transfers	-	-	-	-	-	-
MFA actuarial adjustment (Note 8)	-	-	-	-	-	18,421
Transfer to reserves	(27,153)	5,566	21,587	-	-	5,278
Amortization of property and equipment	-	-	-	(199,592)	(199,592)	-
Interfund transfers used to acquire capital assets	<u>(2,198,906)</u>	<u>-</u>	<u>-</u>	<u>2,198,906</u>	<u>-</u>	<u>-</u>
Fund balances, end	<u>\$ 475,711</u>	<u>\$ 373,954</u>	<u>\$ 305,042</u>	<u>\$ 7,512,560</u>	<u>\$ 8,667,267</u>	<u>\$ 6,336,753</u>

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Consolidated Statement of Operations
For the year ended December 31, 2008

	General Operating Fund (Schedule '1')	Water Operating Fund (Schedule '2')	Sewer Operating Fund (Schedule '3')	<u>2008</u> Total	<u>2007</u> Total
Revenue					
Taxes	\$ 121,645	\$ 51,133	\$ 38,445	\$ 211,223	\$ 212,059
Payments in lieu of taxes	7,312	-	-	7,312	7,296
Services	8,683	-	-	8,683	8,451
Revenue from own sources	225,451	52,293	27,106	304,850	217,508
Revenue from Multi-Purpose Building	2,110,832	-	-	2,110,832	-
Unconditional grants	344,887	-	16,715	361,602	293,948
Conditional grants	78,453	-	-	78,453	62,838
Collections for other agencies	181,052	-	-	181,052	166,498
Transfers from reserves/surplus	72,158	-	-	72,158	-
	<u>3,150,473</u>	<u>103,426</u>	<u>82,266</u>	<u>3,336,165</u>	<u>968,598</u>
Expenditures					
Legislative	24,961	-	-	24,961	39,537
General administration	165,226	-	-	165,226	181,008
Protective services	35,604	-	-	35,604	28,086
Emergency services	-	-	-	-	13,311
Common services	14,890	-	-	14,890	16,054
Wharf	155,095	-	-	155,095	60,075
Small Craft Harbour	5,823	-	-	5,823	5,876
Roads	45,704	-	-	45,704	31,162
Environmental health	-	-	-	-	-
Environmental development	1,445	-	-	1,445	3,253
Parks and recreation	46,508	-	-	46,508	51,831
Cultural buildings and facilities	3,717	-	-	3,717	4,105
Multi-Purpose Building	-	-	-	-	-
Fiscal services - debt service	355	-	-	355	372
Capital expenditures	17,107	-	-	17,107	8,856
Taxes levied - other governments	181,778	-	-	181,778	167,095
Other	-	65,663	42,183	107,846	100,398
	<u>698,213</u>	<u>65,663</u>	<u>42,183</u>	<u>806,059</u>	<u>711,019</u>
Excess (deficiency) of revenues over expenses	<u>\$ 2,452,260</u>	<u>\$ 37,763</u>	<u>\$ 40,083</u>	<u>\$ 2,530,106</u>	<u>\$ 257,579</u>

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Consolidated Statement of Changes in Financial Position
For the year ended December 31, 2008

	<u>2008</u>	<u>2007</u>
Operating activities		
Cash receipts from Government grants, donations and fundraising	\$ 883,426	\$ 1,040,338
Cash paid to suppliers and employees	<u>(950,119)</u>	<u>(641,670)</u>
	<u>(66,693)</u>	<u>398,668</u>
Financing activities		
Repayment of long-term debt	-	(11,217)
Capital grants	<u>2,072,873</u>	<u>329,281</u>
	<u>2,072,873</u>	<u>318,064</u>
Investing activity		
Acquisition of property and equipment	<u>(2,198,904)</u>	<u>(230,097)</u>
Increase (decrease) in cash	(192,724)	486,635
Cash at beginning of year	<u>1,110,747</u>	<u>624,112</u>
Cash at end of year	<u>\$ 918,023</u>	<u>\$ 1,110,747</u>

Village of Port Clements
Notes to the Consolidated Financial Statements
December 31, 2008

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) Property and equipment

Property and equipment are recorded at cost. Amortization is calculated on a straight line basis at the following rates, buildings 25 years, automotive and other equipment 10 years, fire department equipment 20 years, infrastructure 40 years.

(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 \$2,072,873 (2007 - \$230,097).

Village of Port Clements
Notes to the Consolidated Financial Statements
December 31, 2008

3. Cash and portfolio investments

	<u>2008</u>	<u>2007</u>
General Revenue Fund		
Cash	\$ 819,323	\$ 776,402
Cash - building fund	132	43,807
Wharf Facility Fund		
Term deposits and investment	<u>98,569</u>	<u>290,538</u>
	<u>\$ 918,024</u>	<u>\$1,110,747</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 project was completed during the year.

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

	December 31, 2007	Net Change 2008	December 31, 2008
Grant for soccer field	\$ 3,486	\$ (3,486)	\$ -
UBCM Tourism	10,854	(10,854)	-
Transport Canada	148,650	(148,650)	-
MPBC Building	45,460	(45,460)	-
UBCM - water treatment plant	62,244	(43,633)	18,611
Community Works	<u>39,791</u>	<u>(39,791)</u>	<u>-</u>
	<u>\$ 310,485</u>	<u>\$ (291,874)</u>	<u>\$ 18,611</u>

Village of Port Clements
Notes to the Consolidated Financial Statements
December 31, 2008

5. Property and equipment

	<u>2008</u>	<u>2007</u>
Parks and playgrounds	\$ 959,705	\$ 947,866
Buildings and trailer	2,944,317	765,571
Fire protection equipment	495,285	486,964
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	350,386
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
Accumulated amortization	(199,592)	-
	<u>\$ 7,512,560</u>	<u>\$ 5,513,246</u>

6. Internally restricted reserves

	<u>2008</u>	<u>2007</u>
Building fund reserve	\$ 4,295	\$ 50,190
Latecomers' fee reserve	22,157	22,157
Community hall renovation reserve	-	19,000
Soccer field reserve	-	3,924
Planning fund reserve	6,529	6,529
Land reserve	-	49,234
	<u>\$ 32,981</u>	<u>\$ 151,034</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, 2008

7. Contingent liability

The municipality and its employees contribute to the Municipal Pension Plan (Plan), a jointly trustee 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 pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The Village of Port Clements paid \$11,026 for employer contributions to the plan in fiscal 2008.

8. MFA actuarial adjustments

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

9. 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.

10. 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, 2008

	<u>2008</u> Actual	<u>2008</u> Budget	<u>2007</u> Actual
Revenue			
Taxes	\$ 121,645	\$ 122,417	\$ 120,017
Payments in lieu of taxes	7,312	7,311	7,296
Services	8,683	17,993	8,451
Revenue from own sources	225,451	209,676	137,103
Revenue from Multi-Purpose Building	2,110,832	2,668,429	-
Unconditional grants	344,887	344,887	276,769
Conditional grants	78,453	61,149	54,830
Collections for other agencies	181,052	181,048	166,498
Transfers from reserves/surplus	72,158	320,540	-
	<u>3,150,473</u>	<u>3,933,450</u>	<u>770,964</u>
Expenditures			
Legislative	24,961	41,500	39,537
General administration	165,226	202,888	181,008
Protective services	35,604	46,430	28,086
Emergency services	-	750	13,311
Common services	14,890	30,000	16,054
Wharf	155,095	183,925	60,075
Small Craft Harbour	5,823	7,150	5,876
Roads	45,704	65,900	31,162
Environmental health	-	330	-
Environmental development	1,445	5,500	3,253
Parks and recreation	46,508	64,300	51,831
Cultural buildings and facilities	3,717	16,624	4,105
Multi-Purpose Building	-	3,050,356	-
Fiscal services - debt service	355	6,400	372
Capital expenditures	17,107	29,300	8,856
Taxes levied - other governments	181,778	182,097	167,095
	<u>698,213</u>	<u>3,933,450</u>	<u>610,621</u>
Excess of revenues over expenses			
(Exhibit 'C')	<u>\$2,452,260</u>	<u>\$ -</u>	<u>\$ 160,343</u>

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Water Operating Fund - Statement of Operations
For the year ended December 31, 2008

	<u>2008</u> Actual	<u>2008</u> Budget	<u>2007</u> Actual
Revenue			
Taxes	\$ 51,133	\$ 203,999	\$ 51,660
Revenue from own sources	52,293	-	52,964
Unconditional grants	-	125,591	830
	<u>103,426</u>	<u>329,590</u>	<u>105,454</u>
Expenditures			
Capital expenditures	-	236,090	-
Other - operating expenses	<u>65,663</u>	<u>93,500</u>	<u>61,753</u>
	<u>65,663</u>	<u>329,590</u>	<u>61,753</u>
Excess of revenues over expenses (Exhibit 'C')	<u>\$ 37,763</u>	<u>\$ -</u>	<u>\$ 43,701</u>

Village of Port Clements
Sewer Operating Fund - Statement of Operations
For the year ended December 31, 2008

	<u>2008</u> Actual	<u>2008</u> Budget	<u>2007</u> Actual
Revenue			
Taxes	\$ 38,445	\$ 66,487	\$ 40,382
Revenue from own sources	27,107	-	27,442
Unconditional grants	16,715	6,791	16,349
Conditional grants	-	-	8,008
	<u>82,267</u>	<u>73,278</u>	<u>92,181</u>
Expenditures			
Capital expenditures	-	6,791	-
Other - operating expenses	42,183	44,900	38,645
Contributions to capital reserve	-	21,587	-
	<u>42,183</u>	<u>73,278</u>	<u>38,645</u>
Excess of revenues over expenses (Exhibit 'C')	<u>\$ 40,084</u>	<u>\$ -</u>	<u>\$ 53,536</u>