

Village of Port Clements

Consolidated Financial Statements

For the year ended December 31, 2010

ALAN K. HOOPER INC.
Chartered Accountant

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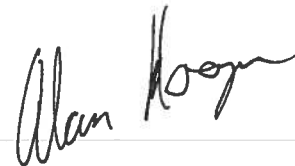
Auditor's Report

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

I have audited the consolidated statement of financial position of Village of Port Clements as at December 31, 2010 and the consolidated statements of changes in municipal position, consolidated statement of financial activities, consolidated changes in net financial assets, and consolidated statement of cash flows for the year then ended. These financial statements are the responsibility of the villages'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. Those 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 village as at December 31, 2010 and results of financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



June 6, 2011

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, 2010

	General Operating Fund	Water Operating Fund	Sewer Operating Fund	Invested in Capital Assets	<u>2010</u> Total	<u>2009</u> Total
Financial assets						
Cash and term deposit (Note 2)	\$ 1,315,758	\$ -	\$ -	\$ -	\$ 1,315,758	\$ 1,483,859
Accounts receivable	15,229	-	-	-	15,229	16,185
GST Receivable	29,065	-	-	-	29,065	9,356
Land held for resale	25,936	-	-	-	25,936	22,815
Taxes receivable	<u>122,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,830</u>	<u>93,101</u>
	<u>1,508,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,508,818</u>	<u>1,625,316</u>
Due from general fund	<u>-</u>	<u>405,984</u>	<u>321,636</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,508,818</u>	<u>405,984</u>	<u>321,636</u>	<u>-</u>	<u>1,508,818</u>	<u>1,625,316</u>
Liabilities						
Accounts payable (Note 3)	57,979	-	-	-	57,979	60,545
Deferred revenue	<u>68,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,460</u>	<u>-</u>
	<u>126,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,439</u>	<u>60,545</u>
Due to sewer/water fund	<u>727,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>854,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,439</u>	<u>60,545</u>
Net Financial Assets	<u>654,758</u>	<u>405,984</u>	<u>321,636</u>	<u>-</u>	<u>1,382,378</u>	<u>1,564,771</u>
Physical Assets						
Inventory of supplies	38,604	54,405	2,092	-	95,101	94,721
Prepaid expenses	8,327	-	-	-	8,327	16,908
Tangible capital assets (Note 4)	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,766,293</u>	<u>7,766,293</u>	<u>8,024,620</u>
	<u>46,931</u>	<u>54,405</u>	<u>2,092</u>	<u>7,766,293</u>	<u>7,869,721</u>	<u>8,136,249</u>
Accumulated surplus	<u>\$ 701,689</u>	<u>\$ 460,389</u>	<u>\$ 323,728</u>	<u>\$ 7,766,293</u>	<u>\$ 9,252,099</u>	<u>\$ 9,701,020</u>
Municipal Position						
Unrestricted	\$ 668,709	\$ -	\$ -	\$ -	\$ 668,709	\$ 785,247
Internally restricted water operating	-	460,389	-	-	460,389	461,305
Internally restricted sewer operating	-	-	323,728	-	323,728	396,868
Invested in tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,766,293</u>	<u>7,766,293</u>	<u>8,024,620</u>
	<u>668,709</u>	<u>460,389</u>	<u>323,728</u>	<u>7,766,293</u>	<u>9,219,119</u>	<u>9,668,040</u>
Internally restricted reserves (Note 5)	<u>32,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,980</u>	<u>32,980</u>
Accumulated surplus	<u>\$ 701,689</u>	<u>\$ 460,389</u>	<u>\$ 323,728</u>	<u>\$ 7,766,293</u>	<u>\$ 9,252,099</u>	<u>\$ 9,701,020</u>

Approved by: Norman J. David Mayor and Council

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Consolidated Statement of Changes in Municipal Position
For the year ended December 31, 2010

	General Operating Fund	Water Operating Fund	Sewer Operating Fund	General Capital Fund	<u>2010</u> Total	<u>2009</u> Total
Accumulated surplus, beginning of year	818,227	461,305	396,868	8,024,620	9,701,020	8,675,929
Annual surplus (deficit)	<u>(313,594)</u>	<u>(27,421)</u>	<u>(107,906)</u>	<u>-</u>	<u>(448,921)</u>	<u>1,025,092</u>
	504,633	433,884	288,962	8,024,620	9,252,099	9,701,020
Disposal of tangible capital assets	29,689	-	-	(29,689)	-	-
Amortization of property and equipment (Note 1c)	<u>167,367</u>	<u>26,505</u>	<u>34,766</u>	<u>(228,638)</u>	<u>-</u>	<u>-</u>
Accumulated surplus, end of year	<u><u>\$ 701,689</u></u>	<u><u>\$ 460,389</u></u>	<u><u>\$ 323,728</u></u>	<u><u>\$ 7,766,293</u></u>	<u><u>\$ 9,252,099</u></u>	<u><u>\$ 9,701,020</u></u>

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Consolidated Statement of Financial Activities
For the year ended December 31, 2010

	General Operating Fund (Schedule '1')	Water Operating Fund (Schedule '2')	Sewer Operating Fund (Schedule '3')	<u>2010</u> Total	<u>2009</u> Total
Revenue					
Taxes	\$ 123,370	\$ 51,097	\$ 34,501	\$ 208,968	\$ 208,126
Payments in lieu of taxes	7,114	-	-	7,114	7,163
Services	8,049	-	-	8,049	8,307
Revenue from own sources	48,862	46,804	25,110	120,776	128,225
Multi purpose building rental	14,222	-	-	14,222	14,879
Unconditional grants	114,190	-	-	114,190	817,914
Conditional grants	69,544	-	-	69,544	832,641
Collections for other agencies	<u>199,050</u>	<u>-</u>	<u>-</u>	<u>199,050</u>	<u>177,917</u>
	<u>584,401</u>	<u>97,901</u>	<u>59,611</u>	<u>741,913</u>	<u>2,195,172</u>
Expenditures					
Amortization of tangible capital assets	167,367	26,505	34,766	228,638	214,115
Legislative	26,973	-	-	26,973	39,095
General administration	155,135	-	-	155,135	170,665
Protective services	39,343	-	-	39,343	39,842
Emergency services	3	-	-	3	260
Common services	18,944	-	-	18,944	16,155
Wharf	(786)	-	-	(786)	169,966
Small Craft Harbour	7,869	-	-	7,869	8,222
Roads	54,191	-	-	54,191	50,075
Environmental health	4,503	-	-	4,503	48
Environmental development	14,275	-	-	14,275	4,249
Parks and recreation	64,434	-	-	64,434	34,702
Cultural buildings and facilities	8,123	-	-	8,123	4,998
Multi-Purpose Building	27,988	-	-	27,988	48,600
Fiscal services - debt service	85	-	-	85	608
Capital expenditures	84,797	-	-	84,797	70,931
Taxes levied - other governments	199,062	-	-	199,062	178,611
Other	-	<u>98,817</u>	<u>132,751</u>	<u>231,568</u>	<u>118,938</u>
	<u>872,306</u>	<u>125,322</u>	<u>167,517</u>	<u>1,165,145</u>	<u>1,170,080</u>
Annual operating surplus (deficit)	(287,905)	(27,421)	(107,906)	(423,232)	1,025,092
Loss on disposal of capital asset	<u>25,689</u>	<u>-</u>	<u>-</u>	<u>25,689</u>	<u>-</u>
Annual surplus (deficit)	<u>\$ (313,594)</u>	<u>\$ (27,421)</u>	<u>\$ (107,906)</u>	<u>\$ (448,921)</u>	<u>\$ 1,025,092</u>

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Consolidated Statement of Changes in Net Financial Assets
For the year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
Annual Surplus (Deficit)	\$ (448,921)	\$ 1,025,092
Acquisition of tangible capital assets	-	(726,174)
Amortization of tangible capital assets	228,639	214,115
Loss on sale of tangible capital assets	25,689	-
Proceeds on sale of capital assets	<u>4,000</u>	<u>-</u>
	<u>(190,593)</u>	<u>513,033</u>
Acquisition of supply inventory	(380)	(26,421)
Use (acquisition) of prepaid expenses	<u>8,581</u>	<u>(3,446)</u>
	<u>8,201</u>	<u>(29,867)</u>
Change in net financial assets	(182,392)	483,166
Net financial assets, beginning of year	<u>1,564,771</u>	<u>1,081,605</u>
Net financial assets, end of year	<u>\$ 1,382,379</u>	<u>\$ 1,564,771</u>

**Village of Port Clements
Consolidated Statement of Cash Flows
For the year ended December 31, 2010**

	<u>2010</u>	<u>2009</u>
Operating activities		
Cash receipts from Government grants, donations and fundraising	\$ 781,600	\$ 2,680,375
Cash paid to suppliers and employees	<u>(953,701)</u>	<u>(1,388,365)</u>
	<u>(172,101)</u>	<u>1,292,010</u>
Investing activity		
Proceeds on disposal of tangible capital assets	4,000	-
Acquisition of property and equipment	<u>-</u>	<u>(726,174)</u>
Increase (decrease) in cash	(168,101)	565,836
Cash at beginning of year	<u>1,483,859</u>	<u>918,023</u>
Cash at end of year	<u>\$ 1,315,758</u>	<u>\$ 1,483,859</u>

Village of Port Clements
Notes to the Consolidated Financial Statements
December 31, 2010

1. Significant accounting policies

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. Areas requiring significant estimation are post-employment benefits, compensated absences and termination benefits. Actual results as determined by future events may affect these estimates. The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality in accordance with Canadian generally accepted accounting principles, as prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The significant account policies are summarized below:

(a) Fund accounting

The resources and operations of the Village have been segregated for accounting purposes into the following funds:

General operating fund

The purpose of the general operating fund is to reflect the operating activities, administration and debt servicing functions of the Village, not including sewer and water.

Water operating fund

The purpose of the water operating fund is to reflect the operating activities, administration and debt servicing functions of the Village, related to the water system.

Sewer operating fund

The purpose of the sewer operating fund is to reflect the operating activities, administration and debt servicing functions of the Village, related to the sewer system.

Tangible capital asset fund

The purpose of the tangible capital asset fund is to reflect tangible capital assets and the related financing and equity therein.

(b) Basis of presentation

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 Village.

ALAN K. HOOPER INC.
Chartered Accountant



Village of Port Clements
Notes to the Consolidated Financial Statements-continued
December 31, 2010

Note 1 - continued

(c) Tangible capital assets

Tangible capital assets are recorded at cost on acquisition, or market value when contributed. 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. Amortization is charged against operations.

(d) Comparative figures

Certain 2009 comparative figures have been reclassified to conform with presentation adopted for 2010.

2. Cash and short term investments

	<u>2010</u>	<u>2009</u>
General Revenue Fund		
Cash	\$1,203,692	\$1,374,473
Cash - building fund	-	111
Harbour Account		
Municipal finance authority	<u>112,065</u>	<u>109,275</u>
	<u>\$1,315,757</u>	<u>\$1,483,859</u>

3. Accounts payable

	<u>2010</u>	<u>2009</u>
Accounts payable - general	\$ 56,705	\$ 54,873
Payroll trust amounts	<u>1,274</u>	<u>5,672</u>
	<u>\$ 57,979</u>	<u>\$ 60,545</u>

Village of Port Clements
Notes to the Consolidated Financial Statements-continued
December 31, 2010

4. Tangible capital assets

Tangible capital assets consist of the following:

	Cost/Contributed Amount	Accumulated Amortization	Net 2010	Net 2009
Land	\$ 349,954	\$ -	\$ 349,954	\$ 349,954
Buildings	3,636,754	262,165	3,374,589	3,507,572
Automotive	19,334	5,800	13,534	15,468
Fire department equipment	495,285	73,669	421,616	446,173
Office equipment	19,594	5,878	13,716	15,675
Tools & equipment	70,248	5,269	64,979	66,736
Parks & Recreation	1,012,218	75,423	936,795	961,903
Roads and Sidewalks	350,386	26,279	324,107	332,865
Water system	1,060,181	79,514	980,667	1,007,172
Sewer system	<u>1,390,634</u>	<u>104,298</u>	<u>1,286,336</u>	<u>1,321,102</u>
	<u>\$ 8,404,588</u>	<u>\$ 638,295</u>	<u>\$ 7,766,293</u>	<u>\$ 8,024,620</u>

5. Internally restricted reserves

	<u>2010</u>	<u>2009</u>
Building fund reserve	\$ 4,295	\$ 4,295
Latecomers' fee reserve	22,157	22,157
Planning fund reserve	<u>6,528</u>	<u>6,528</u>
	<u>\$ 32,980</u>	<u>\$ 32,980</u>

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

6. Contingent liability

The municipality and its employees contribute to the Municipal Pension Plan (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 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 57,000 retired members. Active members include approximately 33,000 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, 2009 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. 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 2010.

ALAN K. HOOPER INC.
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Village of Port Clements
Notes to the Consolidated Financial Statements-continued
December 31, 2010

7. Financial instruments

The municipality's financial instruments consist of cash and term deposits, accounts and taxes receivable, grants receivable, and accounts payable. 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.

Village of Port Clements
General Operating Fund - Statement of Financial Activites
For the year ended December 31, 2010

	<u>2010</u> Actual	<u>2010</u> Budget	<u>2009</u> Actual
Revenue			
Taxes	\$ 123,370	\$ 122,417	\$ 122,302
Payments in lieu of taxes	7,114	7,105	7,163
Services	8,049	11,528	8,307
Revenue from own sources	48,862	47,930	52,550
Multi-Purpose Building Rental	14,222	14,200	14,879
Unconditional grants	114,190	114,190	719,172
Conditional grants	69,544	118,039	222,397
Collections for other agencies	199,050	193,309	177,917
Transfers from reserves/surplus	-	451,346	-
	<u>584,401</u>	<u>1,080,064</u>	<u>1,324,687</u>
Expenditures			
Amortization of tangible capital assets	167,367	171,658	152,844
Legislative	26,973	38,800	39,093
General administration	155,135	199,213	170,665
Protective services	39,343	46,954	39,842
Emergency services	3	8,250	260
Common services	18,944	19,000	16,158
Wharf	(786)	7,350	169,966
Small Craft Harbour	7,869	8,350	8,222
Roads	54,191	86,100	50,075
Environmental health	4,503	5,080	48
Environmental development	14,275	14,000	4,249
Parks and recreation	64,434	76,100	34,702
Cultural buildings and facilities	8,123	15,500	4,998
Multi-Purpose Building operating	27,988	62,000	48,600
Fiscal services - debt service	85	1,400	608
Capital expenditures	84,797	126,000	70,931
Taxes levied - other governments	<u>199,062</u>	<u>194,309</u>	<u>178,611</u>
	<u>872,306</u>	<u>1,080,064</u>	<u>989,872</u>
Excess of revenues over expenses			
(Exhibit 'C')	<u>\$ (287,905)</u>	<u>\$ -</u>	<u>\$ 334,815</u>

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Water Operating Fund - Statement of Financial Activities
For the year ended December 31, 2010

	<u>2010</u> Actual	<u>2010</u> Budget	<u>2009</u> Actual
Revenue			
Taxes	\$ 51,097	\$ 52,088	\$ 49,114
Revenue from own sources	46,804	52,000	50,271
Conditional grants	<u>-</u>	<u>1,115,000</u>	<u>52,619</u>
	<u>97,901</u>	<u>1,219,088</u>	<u>152,004</u>
Expenditures			
Capital expenditures	-	1,115,000	-
Amortization of tangible capital	26,505	17,088	26,505
Other - operating expenses	<u>98,817</u>	<u>87,000</u>	<u>63,498</u>
	<u>125,322</u>	<u>1,219,088</u>	<u>90,003</u>
Excess of revenues over expenses (Exhibit 'C')	<u>\$ (27,421)</u>	<u>\$ -</u>	<u>\$ 62,001</u>

ALAN K. HOOPER INC.
Chartered Accountant

Village of Port Clements
Sewer Operating Fund - Statement of Financial Activities
For the year ended December 31, 2010

	<u>2010</u> Actual	<u>2010</u> Budget	<u>2009</u> Actual
Revenue			
Taxes	\$ 34,501	\$ 34,316	\$ 36,710
Revenue from own sources	25,110	27,500	25,405
Unconditional grants	-	139,046	98,742
Transfer from surplus	<u>-</u>	<u>-</u>	<u>-</u>
	<u>59,611</u>	<u>200,862</u>	<u>160,857</u>
Expenditures			
Capital expenditures	-	123,428	-
Amortization of tangible capital assets	34,766	16,534	34,766
Other - operating expenses	<u>132,751</u>	<u>60,900</u>	<u>55,439</u>
	<u>167,517</u>	<u>200,862</u>	<u>90,205</u>
Excess of revenues over expenses (Exhibit 'C')	<u>\$ (107,906)</u>	<u>\$ -</u>	<u>\$ 70,652</u>

Village of Port Clements
Capital Fund - Statement of Activities
For the year ended December 31, 2010

	<u>2010</u> Actual	<u>2010</u> Budget	<u>2009</u> Actual
Capital grants used to acquire tangible capital assets	\$ -	\$ 556,875	\$ 557,625
Tangible capital asset additions	<u>(726,174)</u>	<u>(752,636)</u>	<u>(2,110,832)</u>
Transfer from operations	<u>\$ (726,174)</u>	<u>\$ (195,761)</u>	<u>\$ (1,553,207)</u>

ALAN K. HOOPER INC.
Chartered Accountant



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