

Port Clements 2016 Annual Report



2016 Annual Report Table of Contents

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Deputy Mayors Report

I was not Mayor for much of 2016, but was deputy Mayor for most of the year. I became acting mayor upon the resignation of Mayor Ian Gould on December 15, 2016.

2016 saw completion of the Biomass heating system for the Multiplex Building early in the year. While this was a holdover project from 2015, it was good to get it up and running early in the year. It has been a more complex project than anticipated, but promises to be a good investment in the sustainability of our infrastructure. Along the same lines, we saw the installation of solar panels on the roof of the multiplex, and even in winter we are seeing reasonable power generation.

The new hiking trail that cuts through the town, connecting from near the museum to the Sunset Park has opened up one more avenue for recreation in our community. It is a pleasant wooded path that is already generating foot traffic. Although it was vigorously debated during construction, solutions were reached that benefitted the community. The intensity of the debate only highlights the passion we share for our little town and the commitment we all share to make it better

The Port Clements Historical Society took it on to open a gift shop in the St. Mark's Church that has been a successful addition to the business community and added one more tourist attraction. Congratulations to the Society for stepping up and out of the box a bit with this project. This is a good time to mention my respect for the many residents who volunteer for committees, societies, and other organizations.

In 2016 we let out a tender for an analysis of the Port Clements Water system by McElhaney and Associates. They did a thorough review of what we had in infrastructure, what we produced at the wells, and what we delivered to our residents and made recommendations to improve the quality of the water we distribute. How we as the Village of Port Clements assess and respond to the recommendations will be a main concern of Council in 2017.

While I observed difficulties with the 2016 Council, I always felt Councillors and public came forward with honest intentions to improve the Village. We moved forward, slowly, but the direction was positive and such improvements as the trail, the biomass boiler, the solar panel project and the water study promise to benefit Port Clements in the years to come.

Message from the Administrator

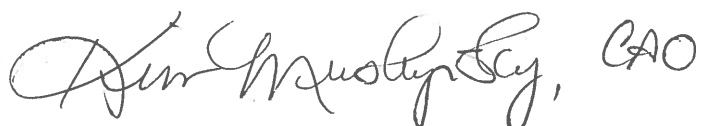
2016 was another great year for Port Clements. We said good-bye to Glenda and hello to Ruby Decock in the office. We also said good-bye to Oliver and hello to Jay Ooishi in Public Works. Change keeps us all fresh and on our toes.

Some great projects were undertaken in 2016 including a major upgrade of the kids playground in the Community Park, the creation of a new trail system from Sunset Park to the Museum, the installation of solar panels on the Multiplex and the commissioning of a comprehensive water study. We are thankful for funding from Gwaii Trust, Provincial Gas Tax money and Strategic Initiative funding through UBCM which provided the majority of the funding for these projects. We also want to thank Bayview Market, LNR Excavating and the Volunteer Fire Department for their donations to the playground equipment project and our Public Works Department who were instrumental in the implementation of most of these projects. We also completed a tourism road map for the next 1-5-10 years to help guide the Tourism Committee.

We had a bit of a shakeup at the end of 2016 with the resignation of Mayor Gould and Councillors Cunningham and Gaspar. I would like to thank each of these individuals for their contribution and time in helping guide the Village in its activities. Mayor and Council positions require a large time commitment and are often a thankless job so I just want to ensure that their contribution is acknowledged.

I look forward to 2017 and the input from a new Mayor and Councillors and our new intern. Port Clements may be a small community but the hearts of its residents are large and volunteerism remains strong and it continues to be a great place to work and reside.

Sincerely,



Kim MacLennan, CAO

Village of Port Clements Public Works Annual Report

2016

A look back upon 2016 and the activities of the Public Works department of the Village of Port Clements is a consideration of both major projects and everyday activities completed.

The year began with the start of the intensive installation of the biomass project as well as assisting contractors in installing the fiber optic line through the village, both efforts requiring careful consideration of the location of existing underground infrastructure, not always defined perfectly in our existing maps.

Work also commenced on preparations for a large infrastructure and process study of the water treatment plant and distribution system, as well as planning for an upgrade to the children's playground at the community park. The biomass, water study and playground projects would continue through the entire year alongside our day to day activities, as well as fulfilling and assisting with other projects including an upgrade to a portion of the industrial road, increased work on the sunset trail aided by a committed group of volunteers made up of citizens including a good showing of elected officials, and assistance with the planning and contracting of a major trail extension. It is of worthy note that the feedback given to Public Works about this trail extension project by both citizens and guests to the community rate it as one of the most successful projects in my time here in this community.

Aside from these projects, the day to day activities of the Public Works staff include the operations of the sewer collection and treatment system and the water treatment and distribution systems, upkeep of the various infrastructure owned or administered by the village, including Rainbow Wharf, Small Craft Harbour, the Port Health Clinic and BC ambulance station, Millenium park, Sunset Park campground and trail, Multiplex building, roads and laneways, and the associated grounds keeping of the school, parks and greenspaces in the village. This wide array of duties has its challenges in regards to staffing levels but as always, the commitment of volunteers in the community, who assist in upkeep and beautification, is forever greatly appreciated by the Public Works department. We wouldn't be happy in our jobs without them!

Looking forward into 2017, Public Works looks forward to a good relationship with a new Mayor and Council, who will provide direction regarding sewer and water system improvements, aiding in seeing the biomass system's efficiency and operation improved, other items they have prioritized via Strategic Planning and stewardship over the direction of the Municipality.

2016 Senior's Report

The Port Clements' Seniors meet on the 2nd Friday of every month at noon which includes lunch and an informal meeting (including planning for upcoming events). We also have drop in Social afternoons on Tuesdays from 1-4pm with fun games and a gathering of Seniors to enjoy the company each week. It is a great pleasure to welcome our newest Senior, Terri, who is taking over the secretary job. The Vice President position is still available for anyone wishing to fill this spot. We welcome all Seniors who wish to join our little club (Branch 123). We will be taking a break for summer but our next luncheon meeting will be Friday September 2nd, 2017 at which we will discuss plans for Remembrance Day and other future events.

Events of note include:

- A Loonie Auction to raise funds for Cancer in February which included a light luncheon
- Organization of the 100th anniversary for the Battle of Vimy Ridge. This event was held April 8th at the Community Hall and was well attended from island wide
- A special Easter luncheon on Good Friday, April 14th
- On June 9th a picnic in the multiplex building for school staff and students as well as the municipal staff and of course the Seniors.

For more information about the Senior's group please contact Marilyn at 250-557-8548 or Bunny at 250-557-4436.

Thank you.

Annual Rec Committee Report for 2016

The year began with the Easter hunt at the Community Park on March 26th from 10:30 till 11:30am. 30 children participated with the help of the youth group lead by Conch and Ryan. We had races, games, egg hunt, hot chocolate and a very bouncy, springy Easter Bunny.



This year for the movie night the recreation committee purchased the movies. The attendance averaged 25 to 30. If ever you wish to put a smile on your face please come to have a look at the children in their colorful pjs, blankets and pillows.

The theme for Canada day this year was 'rainbows and rednecks'. Friday was the children's fishing derby. 36 registered for this event. Thanks to Germain and his volunteers. Friday also held the paddle/canoe race organized by Harmony. Saturday – parade, ball games, breakfast and lunch put on by our volunteer firemen, children's activities. Thanks to Charleen for organizing the popular logger's sports, beer gardens and the dance.

In late November we did a lantern festival in the Millennium park and over 100 people showed up for this exciting event.

Christmas breakfast with Santa was held on Dec. 10. Many thanks to those that helped in the kitchen serving pancakes, eggs and bacon to all the friends and families. Santa was the highlight arriving at 10:30 am with plenty of gifts to many excited children.

The goal for the year was to continue upgrading the playground.

We are proud of all you volunteers whether organizing, setting up and the clean up and for just being there and lending a helping hand.

Thanks to all the Port Clements Recreation Committee.

Bev Lore, Sean O'Donoghue, Charleen O'Brien-Anderson, Angela Mielecki, Sue Couch, Tina and

Jay Ooishi, Germain Vigneault and Marilyn Bliss.

Remembering one of our dedicated Volunteers Sue Couch with local artist Ben Van der Beke in Sue's yard.



RCMP Masset Detachment
2016 FINAL

2016 Strategic Plan Recap

In Port Clements and its neighboring jurisdictions, the Masset RCMP focused its efforts on a number of community identified objectives. The objectives were largely identified through consultations with community partners as well as local and provincial crime trends. The objectives were identified as:

1. Crime Reduction – Property
2. Community Relations – Police Visibility
3. Road Safety – Speed and Distracted Driving
4. Youth – Positive Engagement with the Youth
5. Domestic Violence – Repeat Offenders

Year End Results

1. Crime Reduction – Property

In 2016, Port Clements and its neighboring jurisdictions have seen a significant decrease in property related crimes. Property crimes in general saw a 40% decrease, while mischief to property saw a 60% decrease. These percentages are dramatic and it must be remembered that in a small community, even a small amount of decrease in actual crime will produce large percentage changes.

2. Community Relations – Police Visibility

Through a number of initiatives aimed at boosting visibility, RCMP officers worked hard to make their presence felt. RCMP officers were out in force during the Port Clements Canada Day long weekend and the Masset Harbour Day Festival, conducted a few highly visible traffic checks, and patrolled known hunting grounds and beaches by ATV for hunters/firearm safety.



3. Road Safety – Speed and Distracted Driving

Masset RCMP officers conducted a number of high visible road checks, some of which were conducted in the village of Port Clements. These efforts led to a 133% increase of traffic offences being identified and addressed by RCMP officers.

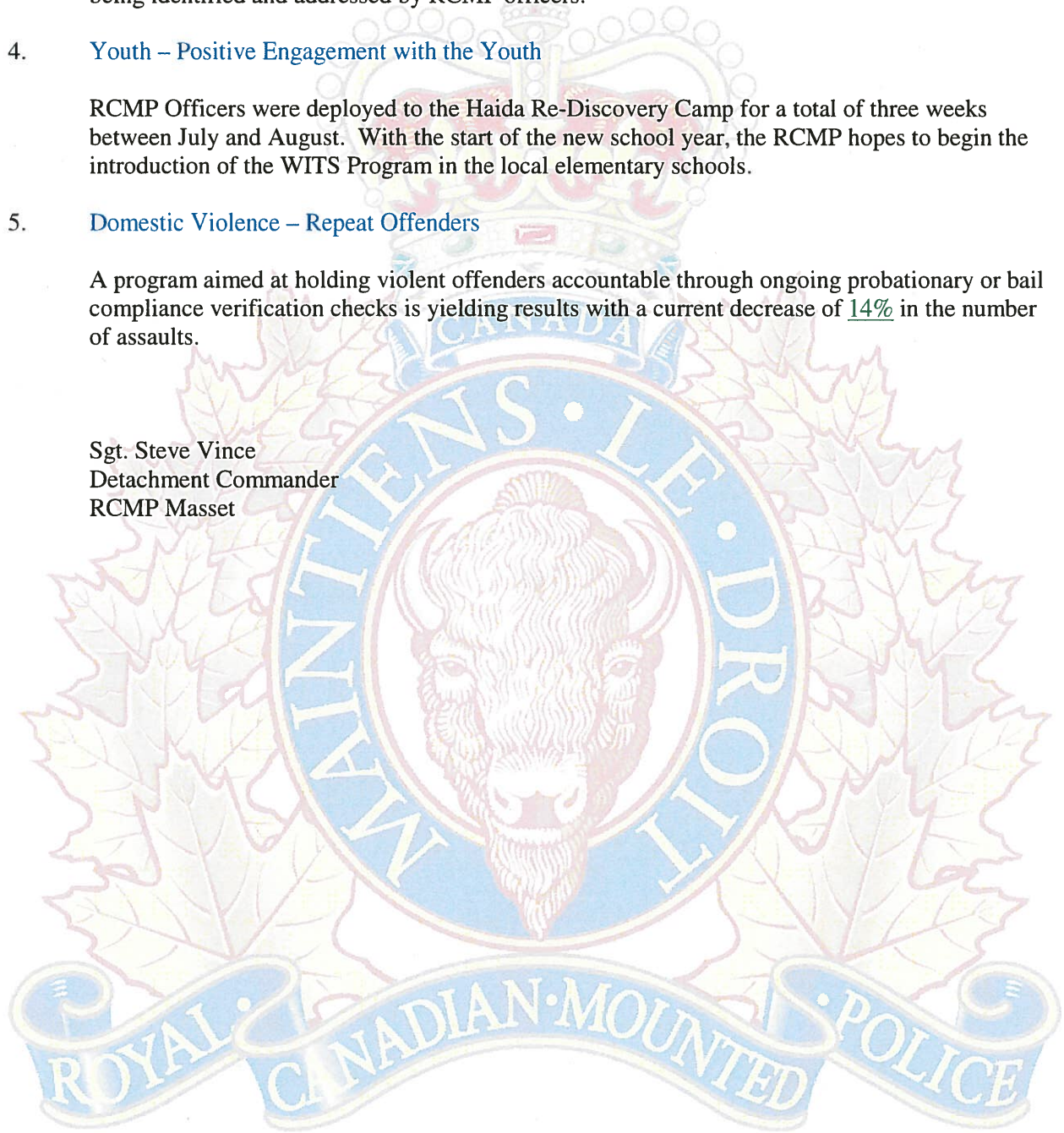
4. Youth – Positive Engagement with the Youth

RCMP Officers were deployed to the Haida Re-Discovery Camp for a total of three weeks between July and August. With the start of the new school year, the RCMP hopes to begin the introduction of the WITS Program in the local elementary schools.

5. Domestic Violence – Repeat Offenders

A program aimed at holding violent offenders accountable through ongoing probationary or bail compliance verification checks is yielding results with a current decrease of 14% in the number of assaults.

Sgt. Steve Vince
Detachment Commander
RCMP Masset



STRATEGIC PLANNING 2016

COUNCIL

#1 Priority – Water (appearance, leaks, long term infrastructure replacement strategy, etc) – **Comprehensive study started in October 2016 and completed in January 2017.**

#2 Priority – Industrial Road upgrades – **test patch upgraded in 2016 will assess the effectiveness of the upgrade in early 2017 and determine what further action to take.**

#3 Priority - Rainbow Wharf – upgrades? Long term plans for use? – **Not completed for 2016**

#4 Priority – MIEDS/Community Forest/Long term direction – **Still in progress**

#5 Priority – Derelict Homes – **No homes identified or worked on in 2016**

#6 Priority – Bylaw Enforcement/Training – **Deputy Clerk completed Bylaw Enforcement course in March 2017.**

Tied in with these priorities then are the Public Works and Administration priorities:

PUBLIC WORKS

Priority #1 – pigging of lines, snorkel in water reservoirs and additional testing for more data – **additional testing done, pigging not undertaken and snorkel was not identified in water study as a priority**

Priority #2 – completion of biomass project – **biomass project went live in March 2016**

ADMINISTRATION

Priority #1 – Replace auditor/work with new auditor – **FBB Chartered Accountants secured as new auditor**

Priority #2 – Staff training – succession planning – **Succession plan completed, new staff being trained**

OTHER CONSIDERATIONS

Dog issues are a concern – what would a solution look like? **Changed Bylaw, required licensing for dogs effective January 1, 2017, began to build photo evidence of dogs in Port Clements, had Deputy Clerk undertake bylaw enforcement training. This is an ongoing problem with a large educational component we have been working on.**

Bypass route for industrial traffic (re: heavy traffic via Bayview) around exterior of Port Clements – **No activities taken on this issue in 2016**

STRATEGIC PLANNING 2017

#1 Priority – Water (appearance, odor, leaks, long term infrastructure replacement strategy, etc)

- Engineer study completed in January 2017, one recommendation implemented by Public Works immediately regarding concurrent filtration, Council teleconferenced with Engineers in April 2017 to review the report, an Ad Hoc committee set to commence in September 2017 after some initial work by Public Works between June and August.

#2 Priority – Boat Launch & Parking Lot

- Work to clean up boat launch parking lot to redirect some parking congestion around Bayview due to Small Craft Harbour, grade and cap parking lot and designate 8 parking spots. Do some repairs to the boat launch. Get signage made for area re boat launch and parking.

#3 Priority - Cell service in Port Clements

- Continue work with Telus and/or other providers towards resolving the lack of cell service in Port Clements

#4 Priority – Sewer Infrastructure

- Do additional effluent tests in 2017 and investigate options to aeration system as that system is failing and now that there is newer technology available. Keep in mind the new regulations that are being implemented by the Federal government.

Year ended December 31, 2016

Elected Officials

<u>Name</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>	<u>Total per Official</u>
Gould, Norman	Mayor	\$ 5,000.00	\$ 0.00	\$ 5,000.00
O'Brien Anderson, C	Councillor	\$ 3,000.00	\$ 0.00	\$ 3,000.00
Cunningham, Christine	Councillor	\$ 3,000.00	\$ 1,014.00	\$ 4,014.00
Gaspar, Matt	Councillor	\$ 3,000.00	\$ 0.00	\$ 3,000.00
Daugert, Doug	Councillor	\$ 3,000.00	\$ 66.00	\$ 3,066.00
<u>TOTALS FOR ALL OFFICIALS</u>		<u>\$17,000.00</u>	<u>\$ 1,080.00</u>	<u>\$18,080.00</u>

Employees

Employees over \$75,000.00	\$ 0.00	\$ 0.00	\$ 0.00
Employees under \$75,000.00 (all)	<u>\$193,601.00</u>	<u>\$ 654.00</u>	<u>\$ 194,255.00</u>
<u>GRAND TOTAL</u>	<u>\$210,601.00</u>	<u>\$1,734.00</u>	<u>\$212,335.00</u>

There were no severance agreements for 2016.

Village of Port Clements

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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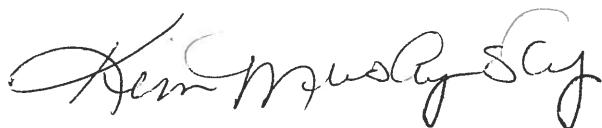
MANAGEMENT'S RESPONSIBILITY

The information and representations in the consolidated financial statements are the responsibility of management and have been approved by the Mayor and Council of the Village of Port Clements. The consolidated financial statements were prepared by management in accordance with Canadian Public Sector Accounting Standards and, where necessary, reflect management's best estimates and judgements at this time. It is reasonably possible that circumstances may arise which cause actual results to differ. Management does not believe it is likely that any differences will be material.

The Village of Port Clements maintains systems of internal accounting controls, policies and procedures to provide reasonable assurances as to the reliability of the financial records and safeguarding of its assets.

The Mayor and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been reviewed and approved by the Mayor and Council. The consolidated financial statements have been audited by FBB Chartered Professional Accountants LLP, the independent auditors, whose report follows.

A handwritten signature in black ink, appearing to read "Kim Musyay". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

March 7, 2017

Port Clements, British Columbia



D. Kane Fraser CPA, CA* – Partner

Ryan Broughton, CPA, CA* - Partner

*Denotes incorporated professional

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council,
Village of Port Clements

We have audited the accompanying consolidated financial statements of the Village of Port Clements, which comprise the Consolidated Statement of Financial Position as at December 31, 2016 and the Consolidated Statements of Operations, Changes in Net Financial Assets and Cash Flows 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's judgement, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.



**CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP**

D. Kane Fraser CPA, CA* – Partner

Ryan Broughton CPA, CA* – Partner

*Denotes incorporated professional

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Village of Port Clements as at December 31, 2016, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The comparative figures were audited by another firm of Chartered Professional Accountants.

*FBB Chartered Professional
Accountants LLP*

March 7, 2017
Quesnel, British Columbia

FBB Chartered Professional Accountants LLP

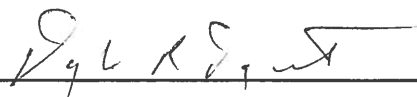
Village of Port Clements

Consolidated Statement of Financial Position

As at December 31, 2016

	<u>2016</u>	<u>2015</u>
Financial assets		
Cash and investments	\$ 2,681,010	\$ 2,597,524
Taxes and accounts receivable (note 2)	<u>187,922</u>	<u>143,129</u>
	<u>2,868,932</u>	<u>2,740,653</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 3)	78,328	79,706
Deferred revenue (note 4)	<u>49,819</u>	<u>68,477</u>
	<u>128,147</u>	<u>148,183</u>
Net financial assets	<u>2,740,785</u>	<u>2,592,470</u>
Non-financial assets		
Property acquired for taxes	9,139	29,151
Prepaid expenses	18,652	19,212
Tangible capital assets (note 6)	<u>8,474,939</u>	<u>8,172,222</u>
	<u>8,502,730</u>	<u>8,220,585</u>
Accumulated Surplus (note 9)	<u>\$ 11,243,515</u>	<u>\$ 10,813,055</u>

Approved by the Mayor and Council



Village of Port Clements
Consolidated Statement of Operations
For the year ended December 31, 2016

	2016	2016	2015
	Budget	Actual	Actual
	(unaudited)		
Revenue			
Property taxes	\$ 215,740	\$ 217,720	\$ 213,539
Grants in lieu	7,300	7,553	7,371
Sale of services	9,750	11,848	7,153
Revenue from own sources	159,726	204,518	209,274
Multi-purpose building rental	12,700	14,252	12,944
Unconditional grants	382,000	375,682	396,388
Conditional grants	264,625	337,835	196,746
Interest and penalties on taxes and user fees	34,200	55,304	50,498
Collections for other agencies	186,010	188,886	183,236
	<u>1,272,051</u>	<u>1,413,598</u>	<u>1,277,149</u>
Expenses			
Legislative	36,950	27,552	41,342
General administration	197,700	164,068	201,742
Protective services	39,050	42,697	35,770
Emergency services	750	4,240	2,339
Common services	25,000	23,919	19,915
Wharf	54,100	9,659	26,954
Small craft harbour	20,300	22,151	6,905
Roads and public works	57,950	55,289	42,845
Environmental recovery	1,080	(436)	(350)
Economic development	3,000	52,500	52,500
Parks, recreation and tourism	67,155	81,681	56,850
Water and sewer utility operations	226,100	95,180	104,050
Multi-purpose building maintenance	49,900	51,305	43,553
Fiscal services	2,500	1,191	1,723
Amortization	112,000	158,592	145,288
Payments to other agencies	186,510	189,289	183,233
	<u>1,080,045</u>	<u>978,877</u>	<u>964,659</u>
Annual Surplus	<u>192,006</u>	434,721	312,490
Transfer from reserve funds		(4,261)	-
Accumulated surplus, beginning of year		<u>10,813,055</u>	<u>10,500,565</u>
Accumulated surplus, end of year		<u>\$ 11,243,515</u>	<u>\$ 10,813,055</u>

Village of Port Clements

Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31, 2016

	2016 Budget (unaudited)	2016 Actual	2015 Actual
Annual surplus	\$ 192,006	\$ 434,721	\$ 312,490
Amortization	-	158,592	145,288
Change in property acquired for taxes	-	20,012	(913)
Change in prepaid expenses	-	560	(1,217)
Transfer to (from) reserve funds	48,244	(4,261)	-
Acquisition of tangible capital assets	(154,500)	(461,309)	(228,634)
Increase in net financial assets	<u>\$ 85,750</u>	148,315	227,014
Net Financial Assets, beginning of year		<u>2,592,470</u>	<u>2,365,456</u>
Net Financial Assets, end of year		<u>\$ 2,740,785</u>	<u>\$ 2,592,470</u>

Village of Port Clements
Consolidated Statement of Cash Flows
For the year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
NET INFLOW (OUTFLOW) OF CASH:		
Operating Activities		
Annual surplus	\$ 434,721	\$ 312,490
Non-cash charges to operations		
Amortization	158,592	145,288
Transfer from reserves	(4,261)	-
Changes in non-cash operating balances:		
Increase in taxes and accounts receivable	(44,793)	(44,268)
Increase (decrease) in accounts payable and accrued liabilities	(1,378)	60,379
Land acquired for taxes	(1,035)	(913)
Decrease in deferred revenue	(18,658)	(87,231)
Decrease in prepaid expenses	560	(1,217)
	<u>523,748</u>	<u>384,528</u>
Capital Activity		
Acquisition of tangible capital assets	(440,262)	(228,634)
Financing Activities	<u>-</u>	<u>-</u>
Increase (decrease) in cash and investments	83,486	155,894
Cash and investments, beginning of year	<u>2,597,524</u>	<u>2,441,630</u>
Cash and investments, end of year	<u>\$ 2,681,010</u>	<u>\$ 2,597,524</u>
Non-cash Capital Activity		
Land acquired for taxes transferred to tangible capital assets	<u>\$ 21,047</u>	<u>\$ -</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

General

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

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

These consolidated financial statements reflect all revenues, expenses, assets and liabilities of the Village of Port Clements. It is the Village's policy to follow Canadian public sector accounting standards and apply such principles consistently. The consolidated financial statements have been prepared incorporating guidelines issued by the Public Sector Accounting Board (PSAB) of the CPA Canada Handbook as recommended by Municipal Affairs, Province of British Columbia.

The focus of Canadian public sector accounting standards is on the financial position of the Village and the changes thereto. The Consolidated Statement of Financial Position reflects the combined results and activities of the Village's Operating, Capital and Reserve Funds. The purposes of these funds are:

i. **Operating Funds**

Operating Funds are to be used to record the costs associated with providing Village services.

ii. **Capital Funds**

Capital Funds are used to account for the acquisition costs of the Village's Tangible Capital Assets, the accumulated amortization thereon, and the funding thereof including related long-term debt.

iii. **Reserve Funds**

Under the Local Government Act of the Province of British Columbia, the Mayor and Council of the Village may, by bylaw, establish Reserve Funds for specific purposes. Money in a Reserve Fund and interest thereon must be used only for the purpose for which the fund was established. If the amount in a Reserve Fund is greater than required, the Mayor and Council may, by bylaw, transfer all or part of the balance to another Reserve Fund.

Financial assets are economic resources controlled by the government as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the government to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recorded in the period in which goods and services are acquired and a liability is incurred.

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Restricted Financial Assets

Restricted financial assets include assets held in trust to be expended only in accordance with the conditions of the trust, and amounts from reserve funds set aside for future debt retirement or for future capital expenditures.

c. Revenue recognition

Taxes are recognized as revenue when they are levied. Sale of services and user fee revenues are recognized when the service or product is provided by the Village. Conditional grants are recorded as revenue when specified conditions have been met. Unconditional grants are recorded when funding is received or receivable. Revenues received where conditions have not yet been met are recorded as deferred revenue.

d. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, excluding all interest costs. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Assets under development or construction are not amortized until put into use.

Amortization is provided using the straight-line method at the estimated useful lives of the assets at the following rates:

Land	Nil
Buildings	20-150 years
Automotive	6-13 years
Fire department	10-30 years
Office equipment	15 years
Tools and equipment	4-20 years
Parks and recreation	3-100 years
Roads and sidewalks	20-40 years
Biomass heating system	50-70 years
Water system	4-140 years
Sewer system	165 years

e. Property acquired for taxes

Property acquired for taxes is recorded at acquisition cost.

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of management estimates include: determination of accrued sick benefits, collectibility of accounts receivable, amortization of tangible capital assets and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

2. TAXES AND ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Property taxes	\$ 87,528	\$ 90,305
Utilities	(2,036)	(1,557)
Sales taxes	56,994	12,560
Other receivables	45,436	41,821
	<u>\$ 187,922</u>	<u>\$ 143,129</u>

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade and accrued liabilities	\$ 78,328	\$ 71,268
School taxes	-	8,438
	<u>\$ 78,328</u>	<u>\$ 79,706</u>

4. DEFERRED REVENUE

Federal Gas Tax Community Works	\$ 49,061	\$ 56,044
Playground donations	-	10,501
Prepaid taxes, business licences, fitness memberships	758	60
Via Sport Grant	-	1,872
	<u>\$ 49,819</u>	<u>\$ 68,477</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

4. DEFERRED REVENUE (continued)

The Village is a participant under the Community Works Fund that provides for the Village's receiving Federal gas taxes transferred under the New Deal for Cities and Communities signed by the Union of BC Municipalities, the Province of British Columbia, and the Government of Canada. Although the Village has some latitude in determining which projects to pursue, the agreement provides that projects should address the reduction of greenhouse gas emissions, cleaner air and cleaner water.

5. BANK INDEBTEDNESS

The Village has a \$189,000 operating line of credit the Canadian Imperial Bank of Commerce bearing interest at bank prime (December 31, 2016 - 2.7%). The facility was unused as at December 31, 2016.

6. TANGIBLE CAPITAL ASSETS

			2016	2015
	Cost	Accumulated Amortization	Net Carrying Amount	
Land	\$ 430,583	\$ -	\$ 430,583	\$ 406,944
Buildings	3,665,085	747,699	2,917,386	2,952,492
Automotive	35,061	22,831	12,230	16,481
Fire department	546,175	201,597	344,578	373,850
Office equipment	34,389	14,563	19,826	5,251
Tools and equipment	69,122	17,363	51,759	56,282
Parks and recreation	1,076,162	195,529	880,633	805,127
Roads and sidewalks	350,386	83,397	266,989	278,029
Biomass heating system	400,186	32,741	367,445	214,479
Solar Panel	151,900	5,063	146,837	-
Water system	2,212,078	296,340	1,915,738	1,933,924
Sewer system	1,390,634	269,699	1,120,935	1,129,363
	<u>\$ 10,361,761</u>	<u>\$ 1,886,822</u>	<u>\$ 8,474,939</u>	<u>\$ 8,172,222</u>

Included in parks and recreation is \$79,173 in unfinished projects that are not subject to amortization.

Included in land is \$2,592 in costs related to a Crown land application that has yet to be finalized.

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

6. TANGIBLE CAPITAL ASSETS (continued)

Tangible Capital Asset Additions for the year are as follows:

	Cost January 1, 2016	Additions	Cost December 31, 2016
Land	\$ 406,944	\$ 23,639	\$ 430,583
Buildings	3,665,085	-	3,665,085
Automotive	35,061	-	35,061
Fire department	546,175	-	546,175
Office equipment	19,594	14,795	34,389
Tools and equipment	69,122	-	69,122
Parks and recreation	987,399	88,763	1,076,162
Roads and sidewalks	350,386	-	350,386
Biomass heating system	217,974	182,212	400,186
Solar panel	-	151,900	151,900
Water system	2,212,078	-	2,212,078
Sewer system	1,390,634	-	1,390,634
	<u>\$ 9,900,452</u>	<u>\$ 461,309</u>	<u>\$ 10,361,761</u>

Amortization for the year is as follows:

	Balance January 1, 2016	Amortization	Balance December 31, 2016
Land	\$ -	\$ -	\$ -
Buildings	712,593	35,106	747,699
Automotive	18,580	4,251	22,831
Fire department	172,325	29,272	201,597
Office equipment	14,343	220	14,563
Tools and equipment	12,840	4,523	17,363
Parks and recreation	182,272	13,257	195,529
Roads and sidewalks	72,357	11,040	83,397
Biomass heating system	3,495	29,246	32,741
Solar panel	-	5,063	5,063
Water system	278,154	18,186	296,340
Sewer system	261,271	8,428	269,699
	<u>\$ 1,728,230</u>	<u>\$ 158,592</u>	<u>\$ 1,886,822</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

7. NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS

	<u>2016</u>	<u>2015</u>
Net assets in tangible capital assets, beginning of year	\$ 8,172,222	\$ 8,088,876
Add: acquisition of tangible capital assets	461,309	228,634
Less: amortization	<u>(158,592)</u>	<u>(145,288)</u>
	<u>\$ 8,474,939</u>	<u>\$ 8,172,222</u>

8. RESERVE FUNDS

Building reserve fund	\$ -	\$ 4,261
Latecomer's fee reserve	9,369	9,369
Fire department reserve	5,500	5,500
Planning fund reserve	<u>3,595</u>	<u>3,595</u>
	<u>\$ 18,464</u>	<u>\$ 22,725</u>

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

9. ACCUMULATED SURPLUS

	<u>2016</u>	<u>2015</u>
General operating fund	\$ 1,622,183	\$ 1,575,609
Water system	651,140	602,755
Sewer system	476,789	439,744
Net assets invested in tangible capital assets (note 7)	8,474,939	8,172,222
Reserve funds (note 8)	<u>18,464</u>	<u>22,725</u>
	<u>\$ 11,243,515</u>	<u>\$ 10,813,055</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

10. COMMITMENTS AND CONTINGENCIES

- a. The Village is jointly and severally liable under the provisions of the Community Charter for any default on monies borrowed by the Village.
- b. Municipal Pension Plan

The Village 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 Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. The Plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 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 actuary determines an appropriate combined employer and member contribution rate to the fund. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit. The most recent valuation as at December 2015 indicated a funding surplus of \$2,224 million for basic pension benefits on a going concern basis.

The next valuation will be December 31, 2018 with results available in 2019. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension accounting). This is because the Plan records accrued liabilities and assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and costs to the individual employers participating in the Plan.

The Village of Port Clements paid \$18,294 for employer contributions to the Plan in the year ended 2016 (\$18,867 - 2015).

11. ECONOMIC DEPENDENCE

The Village receives a significant portion of revenue from the Province of British Columbia through the government's Small Community Protection Program.

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Village's financial instruments consist of cash and investments, taxes and accounts receivable, accounts payable and accrued liabilities and deferred revenue. Unless otherwise noted, it is management's opinion that the Village is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Village is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the Village provides services may experience financial difficulty and be unable to fulfill their obligations. The Village mitigates this risk by dealing with counterparties management considers to be of high integrity.

The Village is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments. No financial instruments are held that mitigate this risk.

13. EXPENSES BY OBJECT

	<u>2016</u>	<u>2015</u>
Salaries, wages and benefits	\$ 190,779	\$ 206,671
Materials and supplies	64,676	62,891
Contracted services	16,261	38,554
Rent, maintenance and utilities	245,724	205,235
Mayor and council remuneration and travel	19,347	35,421
Insurance	29,815	24,681
Grants	63,205	60,921
Interest and bank charges	1,189	1,763
Amortization	158,592	145,288
Payment to other agencies	189,289	183,234
	<u>\$ 978,877</u>	<u>\$ 964,659</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

14. LIABILITY FOR CONTAMINATED SITES

The Village is aware of one potentially contaminated site on land the Village is responsible for. An old gas station site may require environmental remediation. The Village has no plans to redevelop or sell the property and has no future plans to remediate the property. Since there is no obligation to remediate the property or expected future outlay, no provision has been made in these financial statements. Should management become aware of any contaminated sites the Village is responsible for remediating, a liability for contaminated sites would be setup in accordance with PS3260.

15. BUDGETED FIGURES

The budget amounts presented throughout these consolidated financial statements are unaudited and represent the amended five year financial plan bylaw No. 437 approved by the Village Mayor and Council on December 5, 2016.

The summary below reconciles the 2016 adopted financial plan to the budgeted figures presented on the Consolidated Statement of Operations.

Budgeted consolidated annual surplus, as reported on statement of operations	\$ 192,006
Budgeted amounts for:	
Tangible Capital Asset acquisitions	(481,000)
Capital project funding	326,500
Net transfers from reserves	48,244
	<hr/>
Budgeted consolidated annual surplus, as per financial plan	<u>\$ 85,750</u>

16. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's presentation. There were no changes to annual surplus or accumulated surplus.



**CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP**

D. Kane Fraser CPA, CA* – Partner

Ryan Broughton, CPA, CA* – Partner

*Denotes incorporated professional

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Mayor and Council,
Village of Port Clements,

We have audited and reported separately herein on the consolidated financial statement of the Village of Port Clements as at and for the year ended December 31, 2016.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

The comparative figures were audited by another firm of Chartered Professional Accountants.

March 7, 2017
Quesnel, British Columbia

FBB Chartered Professional Accountants LLP

Village of Port Clements

General Operating Fund - Statement of Financial Position

As at December 31, 2016

	<u>2016</u>	<u>2015</u>
Financial assets		
Cash and investments	\$ 2,681,010	\$ 2,597,524
Taxes and accounts receivable	<u>187,922</u>	<u>143,129</u>
	<u>2,868,932</u>	<u>2,740,653</u>
Financial Liabilities		
Accounts payable and accrued liabilities	78,328	79,706
Deferred revenue	49,819	68,477
Due to other funds	<u>1,127,929</u>	<u>1,042,499</u>
	<u>1,256,076</u>	<u>1,190,682</u>
Net financial assets	<u>1,612,856</u>	<u>1,549,971</u>
Non-financial assets		
Property acquired for taxes	9,139	29,151
Prepaid expenses	18,652	19,212
Tangible capital assets	<u>5,438,266</u>	<u>5,108,934</u>
	<u>5,466,057</u>	<u>5,157,297</u>
	<u>\$ 7,078,913</u>	<u>\$ 6,707,268</u>
Accumulated surplus		
Accumulated surplus	1,622,183	1,575,609
Equity in tangible capital assets	5,438,266	5,108,934
Reserves	<u>18,464</u>	<u>22,725</u>
	<u>\$ 7,078,913</u>	<u>\$ 6,707,268</u>

Village of Port Clements

General Operating Fund - Statement of Operations

For the year ended December 31, 2016

	2016 Budget (unaudited)	2016 Actual	2015 Actual
Revenue			
Property taxes	\$ 127,000	\$ 127,101	\$ 126,022
Grants in lieu	7,300	7,553	7,371
Sale of services	9,750	11,848	7,153
Revenue from own sources	71,110	117,325	123,805
Multi-purpose building rental	12,700	14,252	12,944
Unconditional grants	382,000	375,682	396,388
Conditional grants	199,625	337,835	196,746
Interest and penalties on taxes and user fees	34,200	52,506	48,570
Collections for other agencies	186,010	188,886	183,236
	<u>1,029,695</u>	<u>1,232,988</u>	<u>1,102,235</u>
Expenses			
Legislative	36,950	27,552	41,342
General administration	197,700	164,068	201,743
Protective services	39,050	42,697	35,770
Emergency services	750	4,240	2,339
Common services	25,000	23,919	19,915
Wharf	54,100	9,659	26,954
Small craft harbour	20,300	22,151	6,905
Roads and public works	57,950	55,289	42,845
Environmental recovery	1,080	(436)	(350)
Economic development	3,000	52,500	52,500
Parks, recreation and tourism	67,155	81,681	56,850
Multi-purpose building maintenance	49,900	51,305	43,552
Fiscal services	2,500	1,191	1,723
Amortization	112,000	131,977	101,572
Payments to other agencies	186,510	189,289	183,233
	<u>853,945</u>	<u>857,082</u>	<u>816,893</u>
Annual surplus	<u>175,750</u>	375,906	285,342
Transfer from reserves		(4,261)	-
Accumulated surplus, beginning of year		<u>6,707,268</u>	<u>6,421,926</u>
Accumulated surplus, end of year		<u>\$ 7,078,913</u>	<u>\$ 6,707,268</u>

Village of Port Clements

Water System - Statement of Financial Position

As at December 31, 2016

	<u>2016</u>	<u>2015</u>
Financial assets		
Due from general operating fund	\$ 651,140	\$ 602,755
Non-financial assets		
Tangible capital assets	<u>1,915,738</u>	<u>1,933,925</u>
	<u>\$ 2,566,878</u>	<u>\$ 2,536,680</u>
Accumulated Surplus		
Accumulated surplus	\$ 651,140	\$ 602,755
Equity in tangible capital assets	<u>1,915,738</u>	<u>1,933,925</u>
	<u>\$ 2,566,878</u>	<u>\$ 2,536,680</u>

Village of Port Clements

Water System - Statement of Operations

For the year ended December 31, 2016

	2016 Budget (unaudited)	2016 Actual	2015 Actual
Revenue			
User charges	\$ 55,000	\$ 56,094	\$ 54,987
Water frontage tax	52,500	53,184	49,958
Community works	65,000	-	-
Interest and other	1,800	2,798	1,928
	<u>174,300</u>	<u>112,076</u>	<u>106,873</u>
Expenses			
Administration	9,950	4,000	3,100
Amortization	26,000	18,187	25,806
Community works	65,000	-	-
Distribution	30,900	26,297	30,708
Repairs and maintenance	7,250	10,567	8,012
Wages and benefits	30,200	22,827	26,567
	<u>169,300</u>	<u>81,878</u>	<u>94,193</u>
Annual surplus (deficit)	<u>5,000</u>	30,198	12,680
Accumulated surplus, beginning of year		<u>2,536,680</u>	<u>2,524,000</u>
Accumulated surplus, end of year		<u>\$ 2,566,878</u>	<u>\$ 2,536,680</u>

Village of Port Clements

Sewer System - Statement of Financial Position

As at December 31, 2016

	<u>2016</u>	<u>2015</u>
Financial assets		
Due from general operating fund	\$ 476,789	\$ 439,744
Non-financial assets		
Tangible capital assets	<u>1,120,935</u>	<u>1,129,363</u>
	<u>1,120,935</u>	<u>1,129,363</u>
	<u>\$ 1,597,724</u>	<u>\$ 1,569,107</u>
Accumulated surplus		
Accumulated surplus	\$ 476,789	\$ 439,744
Equity in tangible capital assets	<u>1,120,935</u>	<u>1,129,363</u>
	<u>\$ 1,597,724</u>	<u>\$ 1,569,107</u>

Village of Port Clements

Sewer System - Statement of Operations

For the year ended December 31, 2016

	2016 Budget (unaudited)	2016 Actual	2015 Actual
Revenue			
User charges	\$ 31,816	\$ 31,099	\$ 30,482
Sewer frontage tax	36,240	37,435	37,559
	<u>68,056</u>	<u>68,534</u>	<u>68,041</u>
Expenses			
Administration	3,000	3,000	3,093
Amortization	18,000	8,428	17,910
Operations	10,300	9,027	11,243
Repairs and maintenance	6,500	1,617	6,235
Wages and benefits	19,000	17,845	15,092
	<u>56,800</u>	<u>39,917</u>	<u>53,573</u>
Annual surplus (deficit)	<u>11,256</u>	28,617	14,468
Accumulated surplus, beginning of year		<u>1,569,107</u>	<u>1,554,639</u>
Accumlated surplus, end of year		<u>\$ 1,597,724</u>	<u>\$ 1,569,107</u>