

VILLAGE OF PORT CLEMENTS



2017 ANNUAL REPORT

2017 Annual Report Table of Contents

Mayor Report.....	1
Administrator Report.....	2
Public Works Report.....	3-4
Senior's Report.....	5
Rec Committee Report.....	6
2017 Strategic Priorities.....	7-8
2018 Strategic Priorities.....	9
2017 Remuneration.....	10
2017 Audited Financial Statement.....	11-34

2017 Mayors Report

I was elected in spring 2017 in a by-election after Mayor Ian Gould and two councilors resigned. The start-up was challenging considering that 60% of the new council had to learn and catch-up on policies and procedures and focus on the strategic goals that the previous council had set.

As Mayor I was aware of how important it is for a council to make informed decisions. We started having different infrastructure tours together with office staff and public works. The purpose of the infrastructure tours was to familiarize us with the conditions of our Assets and Liabilities prior to sit down and go into the strategic planning process. This was a great exercise for staff and council and it supported council in the decision making on the strategic plan.

The 4 Top Priorities which we focused on in 2017 are:

- #1 Water System (recommendations from the McElhaney report)
- #2 Boat Launch & Parking Lot
- #3 Cell phone service for Port Clements
- #4 Sewer Infrastructure

The rainbow wharf report was also a big ticket item with estimated repair costs ~300K which is a big burden on a small community like Port Clements so Council decided to get more info and input from the public in 2018.

The 2017 Canada Day celebrations went very well and a big Thank you has to go to the Recreation Commission, Staff, Sponsors and all the Volunteers in and around Port Clements.

Council and some staff also participated at the UBCM Convention in hope to move some of our priorities ahead like Cell phone service and the proposed Community Forest. Both projects are still in work with some hope to have some success in 2018.

In late October we had a major staff change as CAO Kim Mushinsky left her position and Deputy Clerk Ruby Decock took on the role as CAO.

We realized pretty soon, that Council as well as Ruby Decock and staff needed support and additional training which we focused on in early 2018 by hiring a consultant with over 40 years of experience in Local Government.

Going forward in 2018 needs a strong commitment from all of us including council, staff, public works and our well appreciated volunteers!

We are a small community with a lot of challenges but I'm sure by working together we can make it work to be successful

Urs Thomas, Mayor, Village of Port Clements

Message from the Administrator

Port Clements experienced quite a number of changes in 2017. A council by-election was called due to the resignation of Mayor Ian Gould, Councillor Matthew Gaspar and Councillor Christine Cunningham. Elections were held in March 2017 with Urs Thomas being elected as Mayor and Elizabeth "Betty" Stewart and Brigid Cumming being appointed councillors by acclamation.

In May, the Village of Port Clements welcomed Elizabeth Cumming to fill the Northern Development Initiative Internship. In September, Chief Administrative Officer Kim Mushynsky unexpectedly resigned and Deputy Clerk Ruby Decock continued on as the Acting Chief Administrative Officer.

Projects completed in 2017, include the finishing touches for the kids playground in the Community Park, the completion of a new trail system from Sunset Park to the Museum, and the final completion of the biomass plant. We are thankful for funding from Gwaii Trust, Provincial Gas Tax money and Strategic Initiative funding through UBCM as well as the Northern Development Initiative Internship funding which paid the majority of VOPC's intern's wages.

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.

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,

A handwritten signature in black ink, appearing to read "Ruby Decock". The signature is fluid and cursive, with the first name "Ruby" written in a larger, more prominent script than the last name "Decock".

Ruby Decock, Chief Administrative Officer

Village of Port Clements Public Works Annual Report

2017

A look back upon 2017 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 long awaited engineering process and infrastructure study of the Port Clements Community Water System, performed by McElhaney Consulting. The study determined that the water treatment plant works as designed, and that the drinking water continued to be safe for consumption. Further, any existing aesthetic quality issues could be addressed by an extensive list of recommendations which were prioritized. To this day, a subset of these recommendations has been completed or is still in the process of being completed. It is noteworthy that both observationally and from public feedback that the aesthetic quality of the drinking water has improved, and the village has remained in compliance with our permit to operate, issued by Northern Health Authority.

Work also continued on the completion and fine tuning of the biomass project, as well as completion of an upgrade of the children's playground at the community park. Challenges such as fuel supply and weather, respectively, would affect the timely outcome of these projects.

An intensive engineering process and infrastructure study of the wastewater treatment system was begun in reaction to long standing non-compliance issues with the BC Ministry of Environment, with whom our wastewater permit resides. This study will carry on into 2018, with results and recommendations expected before the end of that calendar year.

Midway through the year, Public Works and Administration greeted a new Mayor and Council as a result of a by-election. This new Council increased a hands on approach in guidance of our activities and strategic goals, highlighted by an appreciated round of site visits of our infrastructure and processes, spearheaded by the incoming Mayor Thomas.

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, Millennium park, Sunset Park campground and recreational 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 2018, Public Works endeavors to see through more improvements to the aesthetic water quality, act upon recommendations of the wastewater treatment process study, as well as fulfill other strategic priorities as directed.

Sean O'Donoghue

Public Works Superintendent
Village of Port Clements



2018th 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. We welcome Manzanita Snow as our Vice President and Elaine Nyeholt as Secretary. 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 early Sept. at which time 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
- 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.

5

JANUARY 12, 2018.

TO THE VILLAGE OF PORT CLEMENTS COUNCIL.

RECREATION COMMITTEE ANNUAL REPORT FOR 2017.

Another year completed with several activities presented to the families of Port Clements.

We provided movies for 9 months of the year with average attendance of 25 to 30. This night brings young ones out in pj's, blankets and pillows. There may have even been an adult or two in this attire.

For family day on February 13 we had a breakfast move along with 'Fruit loops' and pancakes. This was well attended.

March 8 brought us International Women's day. Workshops and several guest speakers were on the day's agenda. You may have seen some 'pussy hats' made during one of the activities.

April 15 the Easter event, again well attended was held in the senior's room. The children were involved in several crafts and some chocolates.

Port's Canada day held over 3 days started with paddle/canoe/kayak race from the farm to Rainbow Wharf. Followed by the children's fishing derby. Attendance was 36 fishers and some had multiple hooks on their lines.

Saturday a new Sunset Trail run/walk was a delight to see so many out for this. Next was the parade with the Theme being 'Canada 150'. The community park was open for bird house competition, pedal cars, bouncy house, logger's sports, mini golf, softball, soccer, refreshments, food vendors, yarn bombing display, water park, foam machine, bean bag toss, rock painting, face painting, beer gardens and dance. Special display of fireworks from the end of Rainbow wharf captured quite a large viewing area.

Sunday...the firemen's concession produced a great breakfast (which was also on Saturday) and hamburgers for lunch. Demonstration on folk dancing, children's activities, ball games and the ever popular Mud Bog ended the activities.

Halloween at the Community Hall brought out haunted house scary activities and plenty of pumpkins for the children to take home.

Lastly Breakfast with Santa ended our year with pancakes/eggs/bacon breakfast, crafts for the children and the magical visit from Santa.

Be proud all you volunteers whether organizing, setting up and clean for just being there.

Thanks to all the Port Clements Recreation Committee.

Bev Lore, Sean O'Donoghue, Jay & Tina Ooishi, Germain Vigneault.

STRATEGIC PLANNING 2017

COUNCIL

#1 #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. No work was completed on the recommendations from the Engineer Study.

#2 Priority – Boat Launch & Parking Lot

- Plan was to 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. Work was delayed due to private property (boat) being stored on the lot. This took until October to have the boat legally removed and the boat launch was delayed due to frozen ground. This priority was carried over for 2018.

#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

- Effluent tests were set up in late summer early fall to analyze the sewer lagoon. The aerator system was failing and power was disconnected at the end of the year. The Engineer plans to continue to collect information to design a system which will address the federal fisheries concerns and legislation requirements.

#5 Priority - Rainbow Wharf – upgrades? Long term plans for use? – Not completed for 2017. A non-binding vote was held in 2017 to determine whether the community wished to keep the wharf as a commercial use wharf or a non-commercial use wharf. The vote resulted in a 1 vote difference which was in favour of keeping the wharf for non-commercial use.

#6 Priority – MIEDS/Community Forest/Long term direction – Still in progress;

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

7

PUBLIC WORKS

Priority #1 – pigging of lines, snorkel in water reservoirs and additional testing for more data – additional testing done, Swabbing/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 and all deliverables were met in March 2018.

Priority #3 – Well development – subject to available grant funding.

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 and new staff was being trained; however, training was shortened upon resignation of CAO Kim Mushynsky.

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. In the first half of the year, numerous reports were made and warning tickets issued. No Municipal Information Tickets were issued.

Extension of Sunset Park Trail Along Alder Avenue & Falcon Avenue – The trail was completed in early January 2017.

Bypass route for industrial traffic (re: heavy traffic via Bayview) around exterior of Port Clements – No activities taken on this issue in 2017.

STRATEGIC PLANNING 2018

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

- Council had agreed in late May to complete the following:
 - o Swab the Lines – agreement to contract out this work.
 - o Sample the Green Sand Filtration Medium – Initially this was to be completed by Public Works, but Council has made the motion to contract this out.
 - o New Well Install – subject to grant funding.
 - o Replace Water Lines – subject to grant funding.

#2 Priority – Boat Launch & Parking Lot

- This priority was carried forward from 2017 Strategic Planning. 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. A private vessel was removed from the parking lot and the property was cleared of brush/debris. Crush has been spread on the dock. 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

- The Engineering firm continues to collect data from the sewer lagoon. Plan in place to complete work in the fall of 2018. There aerator has been completely removed for the time being as it is in operational. The Engineer continues to work on a plan that will satisfy federal fisheries and legislation.

#5 Priority – Paving of the Public Works Parking Lot

- Council had decided to pave the parking lot immediately between the biomass plant and firehall. This priority was decided upon as a paving company was coming to Haida Gwaii and Council wanted to reduce costs for paving. Upon finalizing the budget, Council changed the paving location to the Multiplex general parking lot which is located immediately across the street from the Village Office and the barrier along the parking lot adjacent to the original proposed paving location.

Year ended December 31, 2017

Elected Officials

Name	Position	Remuneration	Expenses	Total Per Official
Cumming, Brigid	Councillor	\$ 2250.00	\$ 1108.67	\$ 2750.00
Cunningham, Christine	Councillor	\$ 250.00	\$ 0.00	\$ 250.00
Daugert, Doug	Councillor	\$ 3000.00	\$ 3671.44	\$ 4917.30
Gaspar, Matthew	Councillor	\$ 250.00	\$ 0.00	\$ 250.00
O'Brien Anderson, Charlene	Councillor	\$ 3000.00	\$ 3408.63	\$ 5327.40
Stewart, Elizabeth	Councillor	\$ 2250.00	\$ 3500.84	\$ 4098.30
Thomas, Urs	Mayor	\$ 3750.00	\$ 3528.80	\$ 5632.30
TOTALS FOR ALL OFFICIALS		\$14,750.00	\$ 15,218.38	\$23,225.30

Employees

Name	Remuneration	Expenses	Total
Employees over \$75,000.00			
Employees under \$75,000.00 (all)	\$ 230,187.50	\$ 11,293.47	\$ 241,480.97
TOTALS FOR ALL OFFICIALS	\$ 228,589.50	\$ 11,293.47	\$ 241,480.97

Village of Port Clements
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

INDEX

	Page
Management's Responsibility	2
Independent Auditor's Report	3-4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9-17
Independent Auditor's Report on Supplementary Information	18
General Operating Fund Statement of Financial Position	19
General Operating Fund Statement of Operations	20
Water System Statement of Financial Position	21
Water System Statement of Operations	22
Sewer System Statement of Financial Position	23
Sewer System Statement of Operations	24

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.

May 7, 2018
Port Clements, British Columbia



**CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP**

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, 2017 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, 2017, 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 comparatives figures were audited by another firm of Chartered Professional Accountants.

*FBB Chartered Professional
Accountants LLP*

May 7, 2018
Quesnel, British Columbia

FBB Chartered Professional Accountants LLP


Village of Port Clements


Consolidated Statement of Financial Position

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
Financial assets		
Cash and investments	\$ 3,064,035	\$ 2,681,010
Taxes and accounts receivable (note 2)	<u>123,206</u>	<u>187,922</u>
	<u>3,187,241</u>	<u>2,868,932</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 3)	45,130	78,328
Deferred revenue (note 4)	<u>143,713</u>	<u>49,819</u>
	<u>188,843</u>	<u>128,147</u>
Net financial assets	<u>2,998,398</u>	<u>2,740,785</u>
Non-financial assets		
Property acquired for taxes	9,189	9,139
Prepaid expenses	18,773	18,652
Tangible capital assets (note 6)	<u>8,416,668</u>	<u>8,474,939</u>
	<u>8,444,630</u>	<u>8,502,730</u>
Accumulated Surplus (note 9)	<u>\$ 11,443,028</u>	<u>\$ 11,243,515</u>

Approved by the Mayor and Council





Village of Port Clements
Consolidated Statement of Operations
For the year ended December 31, 2017

	2017 Budget (unaudited)	2017 Actual	2016 Actual
Revenue			
Property taxes	\$ 217,436	\$ 217,775	\$ 217,720
Grants in lieu	7,500	7,984	7,553
Sale of services	9,750	10,736	11,848
Revenue from own sources	206,700	232,786	204,518
Multi-purpose building rental	12,950	13,624	14,252
Unconditional grants	375,000	386,064	375,682
Conditional grants	130,625	112,205	337,835
Interest and penalties on taxes and user fees	-	39,105	55,304
Collections for other agencies	189,510	191,748	188,886
	<u>1,149,471</u>	<u>1,212,027</u>	<u>1,413,598</u>
Expenses			
Legislative	38,950	42,562	27,552
General administration	197,850	175,720	164,068
Protective services	34,200	6,223	42,697
Emergency services	750	36,255	4,240
Common services	25,250	27,194	23,919
Wharf	10,500	9,189	9,659
Small craft harbour	14,300	14,312	22,151
Roads and public works	46,300	45,743	55,289
Environmental recovery	580	(346)	(436)
Economic development	4,500	60,500	52,500
Parks, recreation and tourism	52,100	74,946	81,681
Water and sewer utility operations	106,300	107,379	95,180
Multi-purpose building maintenance	46,600	67,462	51,305
Fiscal services	2,000	2,138	1,191
Amortization	241,000	151,372	158,592
Payments to other agencies	189,510	191,865	189,289
	<u>1,010,690</u>	<u>1,012,514</u>	<u>978,877</u>
Annual Surplus	<u>138,781</u>	199,513	434,721
Transfer from reserve funds		-	(4,261)
Accumulated surplus, beginning of year		<u>11,243,515</u>	<u>10,813,055</u>
Accumulated surplus, end of year		<u>\$ 11,443,028</u>	<u>\$ 11,243,515</u>

Village of Port Clements

Consolidated Statement of Changes in Net Financial Assets For the year ended December 31, 2017

	<u>2017 Budget (unaudited)</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Annual surplus	\$ 138,781	\$ 199,513	\$ 434,721
Amortization	-	151,372	158,592
Change in property acquired for taxes	-	(50)	20,012
Change in prepaid expenses	-	(121)	560
Transfer to (from) reserve funds	(73,781)	-	(4,261)
Acquisition of tangible capital assets	<u>(65,000)</u>	<u>(93,101)</u>	<u>(461,309)</u>
Increase in net financial assets	<u>\$ -</u>	257,613	148,315
Net Financial Assets, beginning of year		<u>2,740,785</u>	<u>2,592,470</u>
Net Financial Assets, end of year		<u>\$ 2,998,398</u>	<u>\$ 2,740,785</u>

Village of Port Clements
Consolidated Statement of Cash Flows
For the year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
NET INFLOW (OUTFLOW) OF CASH:		
Operating Activities		
Annual surplus	\$ 199,513	\$ 434,721
Non-cash charges to operations		
Amortization	151,372	158,592
Transfer from reserves	-	(4,261)
Changes in non-cash operating balances:		
Increase in taxes and accounts receivable	64,716	(44,793)
Increase (decrease) in accounts payable and accrued liabilities	(33,198)	(1,378)
Property acquired for taxes	(50)	(1,035)
Decrease in deferred revenue	93,894	(18,658)
Decrease in prepaid expenses	(121)	560
	<u>476,126</u>	<u>523,748</u>
Capital Activity		
Acquisition of tangible capital assets	<u>(93,101)</u>	<u>(440,262)</u>
Increase (decrease) in cash and investments	383,025	83,486
Cash and investments, beginning of year	<u>2,681,010</u>	<u>2,597,524</u>
Cash and investments, end of year	<u><u>\$ 3,064,035</u></u>	<u><u>\$ 2,681,010</u></u>
Non-cash Capital Activity		
Land acquired for taxes transferred to tangible capital assets	<u><u>\$ -</u></u>	<u><u>\$ 21,047</u></u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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, 2017

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, 2017

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>2017</u>	<u>2016</u>
Property taxes	\$ 77,282	\$ 87,528
Utilities	-	(2,036)
Sales taxes	6,180	56,994
Other receivables	<u>39,744</u>	<u>45,436</u>
	<u>\$ 123,206</u>	<u>\$ 187,922</u>

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade and accrued liabilities	\$ 45,055	\$ 78,328
Payroll and withholding taxes	<u>75</u>	<u>-</u>
	<u>\$ 45,130</u>	<u>\$ 78,328</u>

4. DEFERRED REVENUE

Federal Gas Tax Community Works	\$ 117,963	\$ 49,061
Tax sale proceeds	25,370	-
Prepaid taxes, business licences, fitness memberships	<u>380</u>	<u>758</u>
	<u>\$ 143,713</u>	<u>\$ 49,819</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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, 2017 - 2.85%). The facility was unused as at December 31, 2017.

6. TANGIBLE CAPITAL ASSETS

			2017	2016
	Cost	Accumulated Amortization	Net Carrying Amount	
Land	\$ 444,376	\$ -	\$ 444,376	\$ 430,583
Buildings	3,684,192	785,133	2,899,059	2,917,386
Automotive	35,061	27,082	7,979	12,230
Fire department	546,175	230,869	315,306	344,578
Office equipment	34,389	14,783	19,606	19,826
Tools and equipment	69,122	24,846	44,276	51,759
Parks and recreation	1,122,401	209,430	912,971	880,633
Roads and sidewalks	350,386	95,889	254,497	266,989
Biomass heating system	414,148	42,319	371,829	367,445
Solar Panel	151,900	15,190	136,710	146,837
Water system	2,212,078	314,526	1,897,552	1,915,738
Sewer system	1,390,634	278,127	1,112,507	1,120,935
	<u>\$ 10,454,862</u>	<u>\$ 2,038,194</u>	<u>\$ 8,416,668</u>	<u>\$ 8,474,939</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, 2017

6. TANGIBLE CAPITAL ASSETS (continued)

Tangible Capital Asset Additions for the year are as follows:

	Cost January 1, 2017	Additions	Cost December 31, 2017
Land	\$ 430,583	\$ 13,793	\$ 444,376
Buildings	3,665,085	19,107	3,684,192
Automotive	35,061	-	35,061
Fire department	546,175	-	546,175
Office equipment	34,389	-	34,389
Tools and equipment	69,122	-	69,122
Parks and recreation	1,076,162	46,239	1,122,401
Roads and sidewalks	350,386	-	350,386
Biomass heating system	400,186	13,962	414,148
Solar panel	151,900	-	151,900
Water system	2,212,078	-	2,212,078
Sewer system	1,390,634	-	1,390,634
	<u>\$ 10,361,761</u>	<u>\$ 93,101</u>	<u>\$ 10,454,862</u>

Amortization for the year is as follows:

	Balance January 1, 2017	Amortization	Balance December 31, 2017
Land	\$ -	\$ -	\$ -
Buildings	747,699	37,434	785,133
Automotive	22,831	4,251	27,082
Fire department	201,597	29,272	230,869
Office equipment	14,563	220	14,783
Tools and equipment	17,363	7,483	24,846
Parks and recreation	195,529	13,901	209,430
Roads and sidewalks	83,397	12,492	95,889
Biomass heating system	32,741	9,578	42,319
Solar panel	5,063	10,127	15,190
Water system	296,340	18,186	314,526
Sewer system	269,699	8,428	278,127
	<u>\$ 1,886,822</u>	<u>\$ 151,372</u>	<u>\$ 2,038,194</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

7. NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Net assets in tangible capital assets, beginning of year	\$ 8,474,939	\$ 8,172,222
Add: acquisition of tangible capital assets	93,101	461,309
Less: amortization	<u>(151,372)</u>	<u>(158,592)</u>
	<u>\$ 8,416,668</u>	<u>\$ 8,474,939</u>

8. RESERVE FUNDS

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>\$ 18,464</u>

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

9. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
General operating fund	\$ 1,805,805	\$ 1,622,183
Water system	698,295	651,140
Sewer system	503,796	476,789
Net assets invested in tangible capital assets (note 7)	8,416,668	8,474,939
Reserve funds (note 8)	<u>18,464</u>	<u>18,464</u>
	<u>\$ 11,443,028</u>	<u>\$ 11,243,515</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

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 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 \$34,626 for employer contributions to the Plan in the year ended 2017 (\$18,294 - 2016).

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, 2017

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>2017</u>	<u>2016</u>
Salaries, wages and benefits	\$ 218,573	\$ 190,779
Materials and supplies	64,131	64,676
Contracted services	23,057	16,261
Rent, maintenance and utilities	243,619	245,724
Mayor and council remuneration and travel	32,285	19,347
Insurance	25,669	29,815
Grants	59,824	63,205
Interest and bank charges	2,120	1,189
Amortization	151,372	158,592
Payment to other agencies	191,864	189,289
	<u>\$ 1,012,514</u>	<u>\$ 978,877</u>



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, 2017.

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.

*FBB Chartered Professional
Accountants LLP*

May 7, 2018
Quesnel, British Columbia

FBB Chartered Professional Accountants LLP

Village of Port Clements

General Operating Fund - Statement of Financial Position

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
Financial assets		
Cash and investments	\$ 3,064,035	\$ 2,681,010
Taxes and accounts receivable	<u>123,206</u>	<u>187,922</u>
	<u>3,187,241</u>	<u>2,868,932</u>
Financial Liabilities		
Accounts payable and accrued liabilities	45,130	78,328
Deferred revenue	143,713	49,819
Due to other funds	<u>1,202,091</u>	<u>1,127,929</u>
	<u>1,390,934</u>	<u>1,256,076</u>
Net financial assets	<u>1,796,307</u>	<u>1,612,856</u>
Non-financial assets		
Property acquired for taxes	9,189	9,139
Prepaid expenses	18,773	18,652
Tangible capital assets	<u>5,406,609</u>	<u>5,438,266</u>
	<u>5,434,571</u>	<u>5,466,057</u>
	<u>\$ 7,230,878</u>	<u>\$ 7,078,913</u>
Accumulated surplus		
Accumulated surplus	1,805,805	1,622,183
Equity in tangible capital assets	5,406,609	5,438,266
Reserves	<u>18,464</u>	<u>18,464</u>
	<u>\$ 7,230,878</u>	<u>\$ 7,078,913</u>

Village of Port Clements

General Operating Fund - Statement of Operations

For the year ended December 31, 2017

	2017 Budget (unaudited)	2017 Actual	2016 Actual
Revenue			
Property taxes	\$ 127,000	\$ 127,049	\$ 127,101
Grants in lieu	7,500	7,984	7,553
Sale of services	9,750	10,736	11,848
Revenue from own sources	117,700	144,366	117,325
Multi-purpose building rental	12,950	13,624	14,252
Unconditional grants	375,000	386,064	375,682
Conditional grants	65,625	112,205	337,835
Interest and penalties on taxes and user fees	-	36,709	52,506
Collections for other agencies	189,510	191,748	188,886
	<u>905,035</u>	<u>1,030,485</u>	<u>1,232,988</u>
Expenses			
Legislative	38,950	42,562	27,552
General administration	197,850	175,720	164,068
Protective services	34,200	36,255	42,697
Emergency services	750	6,223	4,240
Common services	25,250	27,194	23,919
Wharf	10,500	9,189	9,659
Small craft harbour	14,300	14,311	22,151
Roads and public works	46,300	45,743	55,289
Environmental recovery	580	(346)	(436)
Economic development	4,500	60,500	52,500
Parks, recreation and tourism	52,100	74,946	81,681
Multi-purpose building maintenance	46,600	67,462	51,305
Fiscal services	2,000	2,138	1,191
Amortization	132,000	124,758	131,977
Payments to other agencies	189,510	191,865	189,289
	<u>795,390</u>	<u>878,520</u>	<u>857,082</u>
Annual surplus	<u>109,645</u>	151,965	375,906
Transfer from reserves		-	(4,261)
Accumulated surplus, beginning of year		<u>7,078,913</u>	<u>6,707,268</u>
Accumulated surplus, end of year		<u>\$ 7,230,878</u>	<u>\$ 7,078,913</u>

Village of Port Clements

Water System - Statement of Financial Position

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
Financial assets		
Due from general operating fund	\$ 698,295	\$ 651,140
Non-financial assets		
Tangible capital assets	<u>1,897,552</u>	<u>1,915,738</u>
	<u>\$ 2,595,847</u>	<u>\$ 2,566,878</u>
Accumulated Surplus		
Accumulated surplus	\$ 698,295	\$ 651,140
Equity in tangible capital assets	<u>1,897,552</u>	<u>1,915,738</u>
	<u>\$ 2,595,847</u>	<u>\$ 2,566,878</u>

Village of Port Clements

Water System - Statement of Operations

For the year ended December 31, 2017

	2017 Budget (unaudited)	2017 Actual	2016 Actual
Revenue			
User charges	\$ 57,000	\$ 56,712	\$ 56,094
Water frontage tax	54,000	53,292	53,184
Community works	65,000	-	-
Interest and other	-	2,551	2,798
	<u>176,000</u>	<u>112,555</u>	<u>112,076</u>
Expenses			
Administration	9,950	4,955	4,000
Amortization	26,000	18,186	18,187
Community works	65,000	-	-
Distribution	22,200	19,531	26,297
Repairs and maintenance	7,250	13,570	10,567
Wages and benefits	30,200	27,344	22,827
	<u>160,600</u>	<u>83,586</u>	<u>81,878</u>
Annual surplus (deficit)	<u>15,400</u>	28,969	30,198
Accumulated surplus, beginning of year		<u>2,566,878</u>	<u>2,536,680</u>
Accumulated surplus, end of year		<u>\$ 2,595,847</u>	<u>\$ 2,566,878</u>

Village of Port Clements

Sewer System - Statement of Financial Position

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
Financial assets		
Due from general operating fund	\$ 503,796	\$ 476,789
Non-financial assets		
Tangible capital assets	<u>1,112,507</u>	<u>1,120,935</u>
	<u>1,112,507</u>	<u>1,120,935</u>
	<u>\$ 1,616,303</u>	<u>\$ 1,597,724</u>
Accumulated surplus		
Accumulated surplus	\$ 503,796	\$ 476,789
Equity in tangible capital assets	<u>1,112,507</u>	<u>1,120,935</u>
	<u>\$ 1,616,303</u>	<u>\$ 1,597,724</u>

Village of Port Clements

Sewer System - Statement of Operations

For the year ended December 31, 2017

	2017 Budget (unaudited)	2017 Actual	2016 Actual
Revenue			
User charges	\$ 31,500	\$ 31,553	\$ 31,099
Sewer frontage tax	36,936	37,434	37,435
	<u>68,436</u>	<u>68,987</u>	<u>68,534</u>
Expenses			
Administration	3,000	3,000	3,000
Amortization	18,000	8,428	8,428
Operations	8,200	7,080	9,027
Repairs and maintenance	6,500	14,549	1,617
Wages and benefits	19,000	17,351	17,845
	<u>54,700</u>	<u>50,408</u>	<u>39,917</u>
Annual surplus (deficit)	<u>13,736</u>	18,579	28,617
Accumulated surplus, beginning of year		<u>1,597,724</u>	<u>1,569,107</u>
Accumulated surplus, end of year		<u>\$ 1,616,303</u>	<u>\$ 1,597,724</u>