



The Village of
PORT CLEMENTS
"Gateway to the Wilderness"

36 Cedar Avenue West
PO Box 198
Port Clements, BC
V0T1R0
Phone :250-557-4295
FAX :250-557-4568
Email : office@portclements.ca
Web : www.portclements.ca

3:30 p.m. Special Meeting of Council Friday, June 28th, 2019

AGENDA

1. Adopt the Agenda

2. Government

G-1— 2018 Annual Reporting

G-2 – 2018 Statement of Financial Information Report

3. In Camera

As per section 90 (1) ((j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 of the *Freedom of Information and Protection of Privacy Act*;

4. Adjournment



Village of Port Clements



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2018 ANNUAL REPORT

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2018 Mayors Report

2018 was a busy and challenging year for the Port Clements Council and Administration. We began the year with strategic priorities set: 1. Water system improvements; 2. Cell phone service; 3. Improvements and maintenance of existing infrastructure; 4. Community Forest.

As the year progressed, we faced challenges on a number of issues that forced us to adapt. An extremely dry year concurrent with staffing concerns limited our abilities to do further work on the water system. A federal government requirement for sewage system upgrades consumed staff time with obtaining necessary background information, and timely additions to our priority list temporarily moved the objectives.

Canada days was, as usual, a high point in the year for our town. Hundreds of Islanders came here to enjoy the hospitality of the Village. Remembrance Day was well attended and put a respectful ceremony to honor those who sacrificed for our Country.

When Telus finally announced they were willing to provide cell service, we were especially happy this long-term goal could finally be accomplished, and prioritized the administrative and technical requirements to get it done. A big thanks to everyone involved, including Village of Masset, Village of Queen Charlotte, North Coast Regional District, Mayor Thomas, and the previous Council, and Telus for seeing this project through.

Informed that there was likely to be no paving available in 2019, Council moved up paving the Multiplex parking lot and Fire hall access on the priority list so that project could be accomplished.

Fibre Optic to the home came to our village with little forewarning and a lot of staff work to establish a contract with a private company owning the fiber, installed on our rights-of-way, with adequate locating and documentation to prevent future conflicts as we access other services within the same areas. While the hookups to homes are still not completed, all the conduit is installed, and we are truly able to look forward to modern communications.

To address the concerns with maintaining infrastructure, Council authorized the purchase of an industrial mower and tractor/loader to give staff some muscle on the many physical jobs they need to do.

The Community Forest Initiative was held up awaiting the new Timber Supply Review, which has yet to be released. MIEDS did extensive public consultation in the spring, and discussions with FLNRO are ongoing.

In October we elected a new Council, and I was acclaimed as Mayor. We immediately got to work, finishing up projects from the year in progress, and setting our course for term ahead. There are and always will be challenges for a Village of our size. Many issues are ongoing,

and new expectations from senior levels of government keep adding layers of responsibility and required actions without removing any of the prior expectations. Thank you to the previous Council and Mayor Thomas for your time and energy in addressing issues with passion and sincerity.

Doug Daugert

Mayor, Village of Port Clements

June 2019

MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER FOR 2018

The administrative staff of the Village of Port Clements faced many challenges in the year 2018. In overcoming these obstacles, staff developed many skills and learned many lessons.

Last year the office for the Village of Port Clements (VOPC) experienced several staffing changes. At the end of 2017 the Chief Administrative Officer (CAO), Kim Mushynsky, resigned unexpectedly resulting in the Deputy Clerk becoming the Acting CAO. In early 2018, Council offered the CAO position permanently to the Deputy Clerk/Acting CAO. Subsequently, a new Deputy Clerk was needed, and Elizabeth Cumming filled the position once her internship was complete. In June of 2018 Darlene Ward was hired to fill the vacant Public Works Assistant position. Many of these staffing changes brought on steep learning curves for both the new employees and Council. To overcome the challenges, the former CAO agreed to assist her replacement as a consultant for the first part of the year. Thankfully the challenges were met with equal tenacity and determination which resulted in a successful year of transition.

Administrative staff are responsible for managing programs and services provided by the municipality. This includes property management (Village Property leasing), collecting taxes, water and sewer services, corporate and business reporting, human resources management, policy and by-law development, elections, emergency preparedness, finance management, and contract management. Most municipalities have a Chief Financial Officer (CFO) to do financial related responsibilities; however, the VOPC has added those responsibilities to the CAO position. To further ensure those responsibilities were done correctly, the new CAO attended a course at the University of Victoria, where she was awarded a scholarship that covered the cost of the course, while a Gwaii Trust paid for the travel portion of the course. Although not sufficient to replace the expertise of a seasoned CFO, the course provided valuable and useful tools. Through Gwaii Trust funding the CAO also recently obtained a Professional Specialized Certification in Local Government Management from the University of Victoria.

Although staff had barriers to overcome, they were successful in supporting Council's goals:

Water – Completed several of the recommendations from the 2016 Water Strategy, which provides recommendations on how to improve the Village water (appearance, odor, leaks, long term infrastructure replacement strategy, etc.);

Boat Launch - Cleaned up boat launch and parking lot;

Cell Service – Obtained cell service;

Sewer Infrastructure – Continuing to follow and develop plans that will meet the Waste Water Discharge limits to meet federal compliance requirements;

Paving – The Village parking lot (adjacent to the Firehall) was paved.

Water priorities were scheduled to be completed in 2018, however, these items were postponed due to a staff shortage, and existing projects with time constraints and/or contractor limitations.

In addition to all the annual grant applications (Canada Days, Canada Summer Jobs, and Christmas Grant), Port Clements also applied for funding for an Engineered Well and funding for hiring a Local Government Intern.

The boat launch parking lot has more accessible parking and the multipurpose building parking lot has been completed. The capital works project for removing the water tower was also completed. The site has since been cleaned up and cleared for future public works storage.

Council's priorities in obtaining cell service for the Port Clements area came quickly with TELUS negotiating a cell tower on municipality property. Cell phone service came available in March 2019.

Another hurdle in the year was the install of the Fibre to the Home project. In the fall of 2018, Gwaii Communications had approached the municipality to install internet fibre within the road right of ways. This new project required much of staff's time and became the number one priority due to funding time lines for install. Thankfully, staff worked diligently with Gwaii Communications and the fibre install has been completed. The community is looking forward to receiving highspeed internet in the near future.

The municipality received a grant of up to \$20,000 for the Business Façade Program and was therefore able to award \$5000 to the Land and Sea Services company for a new business sign and upgrades to windows, doors, and siding. The remainder of the funding was carried over to 2019 budget.

Staff also assisted with the Asset Inventory & Asset Management Investment Plan for the Village of Port Clements, which was funded by the Union of BC Municipalities and the Federation of Canadian Municipalities. This project identified municipal assets, their value, their replacement timelines and their replacement costs. This plan is an important tool that will be used for future budgeting and long-term capital works planning so that the municipality can provide sustainable service delivery to the residents.

The 2014-2018 Council term ended with former Mayor Urs Thomas, Councillor Elizabeth Stewart and Councillor Charleen O'Brien Anderson leaving Council and the newly elected Council being sworn in on November 5, 2018. Councillor Doug Daugert was elected Mayor

by acclamation, while the four Councillors: Brigid Cumming, Kazamir Falconbridge, Ian Gould, and Teri Kish, were elected by votes cast.

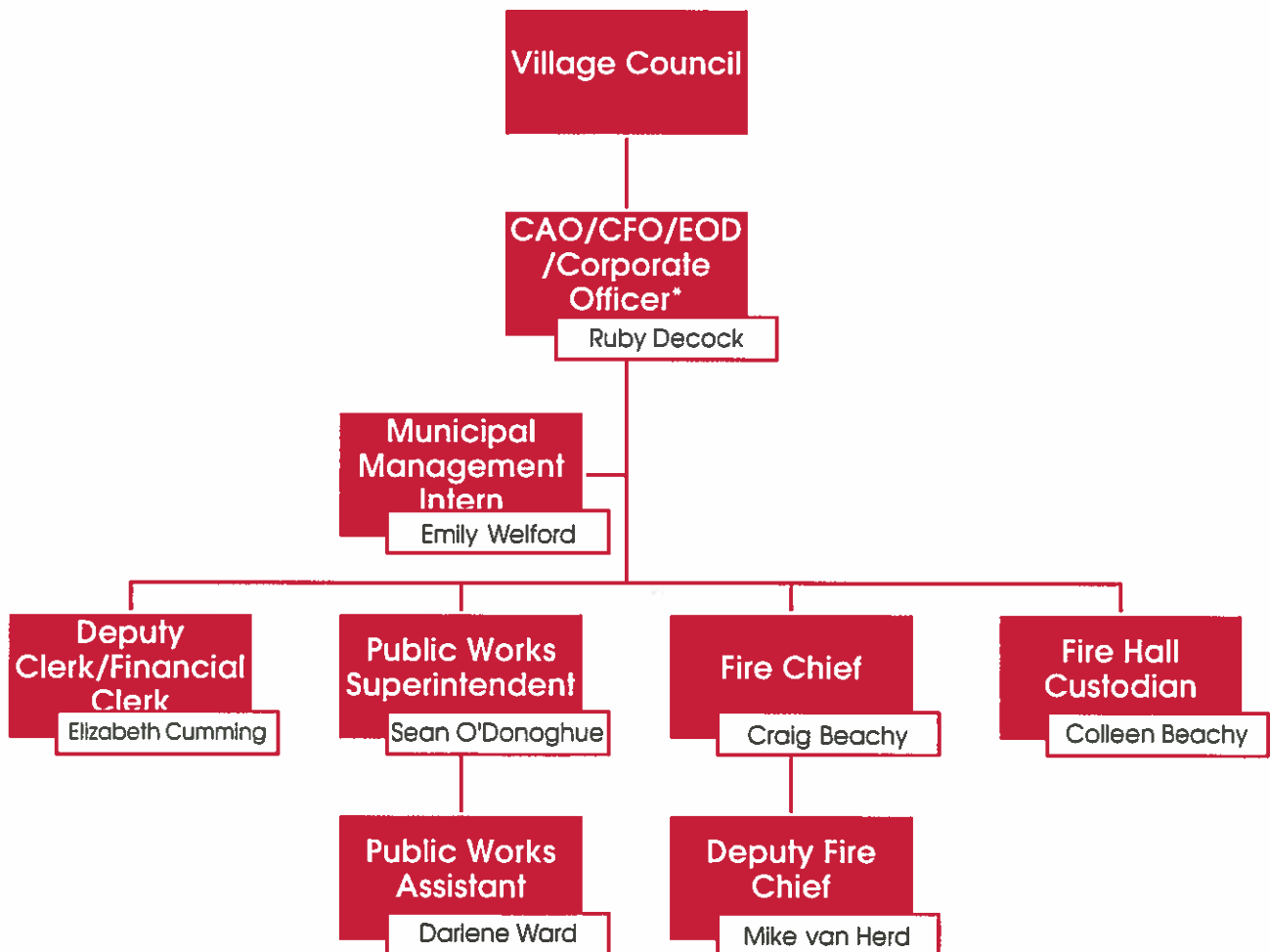
Considering the various staffing difficulties, fiscal challenges, and several unplanned projects, the overall functioning of the Administration Office for the Village of Port Clements has been fruitful and beneficial to the township residents. Provided that there are no unexpected changes to the 2019 Strategic Priorities or unexpected external projects requiring VOPC's attention, the staff foresee another productive year.

Ruby Decock, CAO

June 2019



Village of Port Clements Organizational Chart



* Chief Administrative Officer, Chief Financial Officer, Emergency Operations Director, Corporate Officer
Revised: June 2019

2018 Financial Information

The Chief Financial Officer is responsible for all financial services including: the monitoring and reporting of government grants; processing of financial transactions, including the purchasing of goods and services; management of Village funds (including financing and investing) billing; and collection of property taxes and utility user fees.

Annually, the Village of Port Clements hires an auditor to review the financial transactions and prepare financial statements in accordance with the Canadian Public Sector Accounting Standards. In 2018, FBB Chartered Professional Accountants LLP. The accompanying independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Village's financial statements.

In 2018, there were no changes to utility or tax rates from the previous year. The revenue that the municipality collected for 2018 taxes was \$127,000 and the utility revenues collected remained at \$56,000 for water and \$31,000 for sewer.

Public Works 2018 Annual Report

A review of the year 2018 on behalf of Public Works:

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, Firehall and Biomass heating complex, roads and laneways, and the associated grounds keeping of the school, parks and greenspaces in the village, and most importantly ensuring a safe environment for all. This wide array of duties has its challenges regarding staffing levels but as always, the commitment of volunteers and residents 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!

2018 offered challenges to the public works department with staffing changes both within the department, and at the administrative level. By the end of the year however, these challenges were resolved with the presence of a competent and hardworking public works assistant well on her way to full certification in our permitted water and waste facilities, also possessing broad knowledge of all Village infrastructure and operations. Support to Public Works was also strengthened by administration staff landing firmly on their feet in their new positions.

Highlights of Public Works activities for the year include:

- Assistance and support to Engineers performing a year long Sewer Monitoring study with the end goal to assist in recommending design and process upgrades to the wastewater collection and treatment system to achieve compliance with increasingly onerous Provincial and Federal regulations and permitting.
- Ongoing operations providing safe potable water in compliance with the Northern Health Authority's permit to supply drinking water. The continued effort to operationally apply a multi barrier systematic approach to water source and distribution protection helps to ensure public health protection. This is paramount to an operator's role.
- Greatly improved efficiency and speed in the method of water storage cleaning combined with implementation of water treatment process changes providing improvements to water quality with observable results.
- Assistance and support to Engineers with their creation of a much-needed Asset Management Plan, a working document important to Administration and Council in fiscal planning, acquisition of funding and protection and stewardship of Village infrastructure.
- Plan, assist and support with permitting and construction of cellular services in Port Clements, aiding in the eventual, long sought-after reality of cellular connectivity

locally.

- Oversight and completion of a newly prioritized paving project, as well as removal of the old water tower.
- Planning and assistance with funding application proposals including Firehall envelope upgrades, critical development of a new well and water treatment upgrades to protect and improve Village water production, and other preliminary work towards funding planning for critical infrastructure upgrades.
- Planning and support of permitting to allow for an eventual upgrade to high speed internet connectivity in the form of construction of an underground fiber optic network on Village Right of Ways, with a critical role protecting existing infrastructure.

A look forward to 2019 includes a positive alignment with Mayor and Council, facilitating and supporting their strategic priorities and providing operational input and advice to aid in their direction to staff.

Regards,

Sean O'Donoghue

Public Works Superintendent

Recreation Commission Report

This year brought several activities for families of Port Clements.

Friday night movies brought a variety of entertainment, just love to see the attire as they come with their pillows and blankets! Thanks Lisa for doing up our posters.

February 12 was a family day event with cookies, crafts, decorating cupcakes and a movie. Thanks to Jessica, Julia, Florida and Marion.

This year we held the Easter event at the Port Clements Museum. There was a scavenger hunt on the grounds and this was a great opportunity for residents to check out the museum. Well attended with a count of 55 plus, weather co-operated and thanks to the museum staff.

Our 3 day Canada day event started with the kids fishing derby, thanks to Germain and his crew. We had 32 fishers with a few from Masset, Tlell and even one from Sweden. Also, thank you to Masset Home centre, Angela's and Bayview Market for their generous donations.

We also had walk/run from Museum to Sunset Trail birdhouse and return. Thanks Christine and crew. There was a paddle canoe/kayak race, parade, birdhouse competition, mini golf, foam machine, piñatas, face painting, beer gardens, ball games and dance.

Sunday finals of ball games, firemen's breakfast (which was also Saturday) and the mud bog.

Community hall brought out their haunted house and many scary activities.

Breakfast with Santa started with pancake/eggs/bacon breakfast. Thanks Bev, Angela, Penny, Matt, Teri, Marion and special thanks to Jeremy.

Crafts for the children, thanks to Evelyn and Kaz for the music. Santa had elves working preparing gifts and assisting with making the event run smoothly.

Highlight as always is the visit by Santa!

For New year's eve, we had a lantern lighting at the small craft wharf with snacks at the community hall. Thanks Harmony for putting this together. Perhaps an annual event?

Without a doubt these events would not happen without the tremendous support Port has from our much appreciated VOLUNTEERS... THANK YOU!

Thanks to all the Port Clements Recreation Commission.

Bev Lore, Germain Vigneault, Tina and Jay Oolshi and Marilyn Bliss.

Strategic Priorities 2019

As Council had made many commitments for 2019 through grant applications, the newly elected Council had limited input for the 2019 Strategic Priorities. Therefore, strategic priorities were set to restore/ resolve current or outstanding municipal issues. The following is a list of the priorities for 2019:

- Installing an Engineered Community Well – To ensure continued sufficient drinking water and sufficient water for fire suppression. This project involves drilling a community well, installing well sensors, connecting the well to the water treatment plant, and installing an upgraded computerized monitoring system for the well. A grant application was submitted to the Investing in Canada Infrastructure Program and if successful. The municipality will apply to Gwaii Trust for the remainder of the funds required to complete this project.
- Continue working on the Fibre to Home install – Working with the fibre crews to ensure the protection of the Village of Port Clements infrastructure located within the road right of ways. Most of this project has been completed within Village road right of ways; however, the final completion of the install is yet to be finalized.
- Continue working on the Asset Inventory & Asset Management Plan – This project was completed in Spring 2019. Staff will now utilize the information for budgeting and developing a capital works plan.
- Complete maintenance on Rainbow Wharf – The municipality has a 30-year lease on the Rainbow Wharf which commits it to maintaining it to the condition it has received the Rainbow Wharf. The municipality is hoping to obtain grants for this project.
- Complete a Community Wildfire Protection Plan. This funding came available through the Union of British Columbia Municipalities. The municipality is working with other communities on Haida Gwaii to hire the same consultant to address the needs for the municipality as well as address how the communities of Haida Gwaii would be able to
- Re-envelope the Port Clements Fire Hall – This is replacing the roof; siding; installing new windows, doors, and exterior lights; Fifty percent of this funding was sponsored by the Major Contributions Gwaii Trust grant and the remainder is coming from reserves. The contract has been advertised and awarded. Anticipated completion for this project is September 30, 2019.
- Obtaining Compliance with the Wastewater Systems Effluent Regulations – Compliance targets for sewage discharge. This involves hiring a professional engineer to design new waste water treatment facilities. The 2019 objective is to collect the

necessary engineering data, acquire adjacent crown land for developing a new sewer lagoon, and develop an application for 100% funding in late 2019/early 2020.

- Hire a Local Government Intern – In the fall of 2018 to the municipality applied for Northern Development Initiative Trust Local Government Intern Program. The Village has been successful, and the new intern started May 2019 and will be working with administrative staff until April 2019.
- Install Froese Subdivision Street Lights - A resident in Froese Subdivision identified that there is no street lighting on that road. This project is ongoing. BC Hydro has a backlog on street lighting projects.
- Chlorine Shed Repairs – Plans are to replace the roof and siding.
- Fencing & Grubbing old Water Tower lot. It is being prepped to be a public works storage yard.
- Beautification – Replace and install fencing, repair vandalized bridges, tree removal in parks
- Replace Mom & Tot Swing rack. The existing structure rotted and had to be removed.
- Housing Needs Assessment Grant Applications – The Port Clements Housing and Restorative Society requested that the Village of Port Clements complete a Housing Needs Assessment. Applications for funding the entire project was submitted to the Northern Development Initiatives Trust and the Union of BC Municipalities. In April 2019, it became a legal requirement for municipalities to complete a Housing Needs Assessment and BC municipalities have until 2022 to complete it.

Year ended December 31, 2018

Elected Officials

Name	Position	Remuneration	Expenses	Total Per Official
Cumming, Brigid	Councillor	\$ 3000.00	\$ 0.00	\$ 3,000.00
Daugert, Doug	Councillor/Mayor	\$ 3333.34	\$ 0.00	\$ 3,333.34
Falconbridge, Kazmir	Councillor	\$ 500.00	\$ 0.00	\$ 500.00
Gould, Ian	Councillor	\$ 500.00	\$ 0.00	\$ 500.00
Kish, Teri	Councillor	\$ 500.00	\$ 0.00	\$ 500.00
O'Brien Anderson, Charlene	Councillor	\$ 3,000.00	\$ 0.00	\$ 3,500.00
Stewart, Elizabeth	Councillor	\$ 2,500.00	\$ 0.00	\$ 2,500.00
Thomas, Urs	Mayor	\$ 4,166.67	\$ 1,794.74	\$ 5,961.41
TOTALS FOR ALL OFFICIALS		\$17,500.01	\$ 2,294.74	\$19,794.75

Employees

Name	Remuneration	Expenses	Total
Employees over \$75,000.00			
Employees under \$75,000.00 (all)	\$ 222,255.37	\$ 13,583.29	\$ 235,838.70
TOTALS FOR ALL EMPLOYEES	\$ 222,255.37	\$ 13,583.29	\$ 235,838.70

Severance Pay

TOTAL EMPLOYEE SEVERANCE PAY FOR 2018	\$10,827.39
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2018 Audited Financial Statemen

Village of Port Clements
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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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.

April 1, 2019
Port Clements, British Columbia



**CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP**

Ryan Broughton, CPA, CA* - Partner

*Denotes incorporated professional

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Village of Port Clements, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Port Clements as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Village in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the municipality's financial reporting process.



INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the municipality to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Village of Port Clements


Consolidated Statement of Financial Position

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and investments	\$ 3,018,593	\$ 3,064,035
Taxes and accounts receivable (note 2)	<u>152,010</u>	<u>123,206</u>
	<u>3,170,603</u>	<u>3,187,241</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 3)	87,064	45,130
Deferred revenue (note 4)	<u>52,817</u>	<u>143,713</u>
	<u>139,881</u>	<u>188,843</u>
Net financial assets	<u>3,030,722</u>	<u>2,998,398</u>
Non-financial assets		
Property acquired for taxes	9,189	9,189
Prepaid expenses	67,439	18,773
Tangible capital assets (note 6)	<u>8,489,216</u>	<u>8,416,668</u>
	<u>8,565,844</u>	<u>8,444,630</u>
Accumulated Surplus (note 9)	<u>\$ 11,596,566</u>	<u>\$ 11,443,028</u>

Approved by the Mayor and Council





Village of Port Clements
Consolidated Statement of Operations
For the year ended December 31, 2018

	2018 Budget (unaudited)	2018 Actual	2017 Actual
Revenue			
Property taxes	\$ 220,136	\$ 217,516	\$ 217,775
Grants in lieu	8,500	6,600	7,984
Sale of services	10,150	10,378	10,736
Revenue from own sources	205,350	225,959	232,786
Multi-purpose building rental	12,950	14,797	13,624
Unconditional grants	405,700	405,701	386,064
Conditional grants	208,625	168,181	112,205
Interest and penalties on taxes and user fees	-	42,381	39,105
Collections for other agencies	189,010	184,192	191,748
	<u>1,260,421</u>	<u>1,275,705</u>	<u>1,212,027</u>
Expenses			
Legislative	46,450	41,037	42,562
General administration	280,764	233,325	175,720
Protective services	44,300	7,294	6,223
Emergency services	1,750	37,201	36,255
Common services	56,250	39,130	27,194
Wharf	22,725	15,527	9,189
Small craft harbour	25,500	17,799	14,312
Roads and public works	66,630	46,598	45,743
Environmental recovery	580	-	(346)
Economic development	51,500	62,651	60,500
Parks, recreation and tourism	85,450	95,832	74,946
Water and sewer utility operations	145,075	126,129	107,379
Multi-purpose building maintenance	69,800	61,693	67,462
Fiscal services	2,200	1,823	2,138
Amortization	229,000	151,942	151,372
Payments to other agencies	198,010	184,186	191,865
	<u>1,325,984</u>	<u>1,122,167</u>	<u>1,012,514</u>
Annual Surplus	<u>(65,563)</u>	153,538	199,513
Transfer from reserve funds		-	-
Accumulated surplus, beginning of year		<u>11,443,028</u>	<u>11,243,515</u>
Accumulated surplus, end of year		<u>\$ 11,596,566</u>	<u>\$ 11,443,028</u>

Village of Port Clements**Consolidated Statement of Changes in Net Financial Assets****For the year ended December 31, 2018**

	2018 Budget (unaudited)	2018 Actual	2017 Actual
Annual surplus	\$ (65,563)	\$ 153,538	\$ 199,513
Amortization	-	151,942	151,372
Change in property acquired for taxes	-	-	(50)
Change in prepaid expenses	-	(48,666)	(121)
Transfer to (from) reserve funds	163,124	-	-
Acquisition of tangible capital assets	(90,000)	(224,490)	(93,101)
Increase in net financial assets	<u>\$ 7,561</u>	32,324	257,613
Net Financial Assets, beginning of year		<u>2,998,398</u>	<u>2,740,785</u>
Net Financial Assets, end of year		<u>\$ 3,030,722</u>	<u>\$ 2,998,398</u>

Village of Port Clements
Consolidated Statement of Cash Flows
For the year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
NET INFLOW (OUTFLOW) OF CASH:		
Operating Activities		
Annual surplus	\$ 153,538	\$ 199,513
Non-cash charges to operations		
Amortization	151,942	151,372
Transfer from reserves	-	-
Changes in non-cash operating balances:		
Increase in taxes and accounts receivable	(28,804)	64,716
Increase (decrease) in accounts payable and accrued liabilities	41,934	(33,198)
Property acquired for taxes	-	(50)
Decrease in deferred revenue	(90,896)	93,894
Decrease in prepaid expenses	(48,666)	(121)
	<u>179,048</u>	<u>476,126</u>
Capital Activity		
Acquisition of tangible capital assets	(224,490)	(93,101)
Increase (decrease) in cash and investments	(45,442)	383,025
Cash and investments, beginning of year	<u>3,064,035</u>	<u>2,681,010</u>
Cash and investments, end of year	<u><u>\$ 3,018,593</u></u>	<u><u>\$ 3,064,035</u></u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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, 2018

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, 2018

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>2018</u>	<u>2017</u>
Property taxes	\$ 70,800	\$ 77,282
Utilities	(2,842)	-
Sales taxes	31,216	6,180
Other receivables	<u>52,836</u>	<u>39,744</u>
	<u>\$ 152,010</u>	<u>\$ 123,206</u>

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade and accrued liabilities	\$ 83,043	\$ 45,055
Payroll and withholding taxes	<u>4,021</u>	<u>75</u>
	<u>\$ 87,064</u>	<u>\$ 45,130</u>

4. DEFERRED REVENUE

Federal Gas Tax Community Works	\$ 52,817	\$ 117,963
Tax sale proceeds	-	25,370
Prepaid taxes, business licences, fitness memberships	<u>-</u>	<u>380</u>
	<u>\$ 52,817</u>	<u>\$ 143,713</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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, 2018 - 3.40%). The facility was unused as at December 31, 2018.

6. TANGIBLE CAPITAL ASSETS

			<u>2018</u>	<u>2017</u>
	Cost	Accumulated Amortization	Net Carrying Amount	
Land	\$ 466,958	\$ -	\$ 466,958	\$ 444,376
Buildings	3,684,192	822,567	2,861,625	2,899,059
Automotive	99,996	33,372	66,624	7,979
Fire department	546,175	257,141	289,034	315,306
Office equipment	34,389	14,783	19,606	19,606
Tools and equipment	69,122	31,340	37,782	44,276
Parks and recreation	1,122,401	223,331	899,070	912,971
Roads and sidewalks	487,359	111,121	376,238	254,497
Biomass heating system	414,148	51,897	362,251	371,829
Solar Panel	151,900	25,317	126,583	136,710
Water system	2,212,078	332,712	1,879,366	1,897,552
Sewer system	1,390,634	286,555	1,104,079	1,112,507
	<u>\$ 10,679,352</u>	<u>\$ 2,190,136</u>	<u>\$ 8,489,216</u>	<u>\$ 8,416,668</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, 2018

6. TANGIBLE CAPITAL ASSETS (continued)

Tangible Capital Asset Additions for the year are as follows:

	Cost January 1, 2018	Additions	Cost December 31, 2018
Land	\$ 444,376	\$ 22,582	\$ 466,958
Buildings	3,684,192	-	3,684,192
Automotive	35,061	64,935	99,996
Fire department	546,175	-	546,175
Office equipment	34,389	-	34,389
Tools and equipment	69,122	-	69,122
Parks and recreation	1,122,401	-	1,122,401
Roads and sidewalks	350,386	136,973	487,359
Biomass heating system	414,148	-	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>\$ 10,454,862</u>	<u>\$ 224,490</u>	<u>\$ 10,679,352</u>

Amortization for the year is as follows:

	Balance January 1, 2018	Amortization	Balance December 31, 2018
Land	\$ -	\$ -	\$ -
Buildings	785,133	37,434	822,567
Automotive	27,082	6,290	33,372
Fire department	230,869	26,272	257,141
Office equipment	14,783	-	14,783
Tools and equipment	24,846	6,494	31,340
Parks and recreation	209,430	13,901	223,331
Roads and sidewalks	95,889	15,232	111,121
Biomass heating system	42,319	9,578	51,897
Solar panel	15,190	10,127	25,317
Water system	314,526	18,186	332,712
Sewer system	278,127	8,428	286,555
	<u>\$ 2,038,194</u>	<u>\$ 151,942</u>	<u>\$ 2,190,136</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

7. NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS

	<u>2018</u>	<u>2017</u>
Net assets in tangible capital assets, beginning of year	\$ 8,416,668	\$ 8,474,939
Add: acquisition of tangible capital assets	224,490	93,101
Less: amortization	<u>(151,942)</u>	<u>(151,372)</u>
	<u>\$ 8,489,216</u>	<u>\$ 8,416,668</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>2018</u>	<u>2017</u>
General operating fund	\$ 1,830,962	\$ 1,805,805
Water system	734,285	698,295
Sewer system	523,639	503,796
Net assets invested in tangible capital assets (note 7)	8,489,216	8,416,668
Reserve funds (note 8)	<u>18,464</u>	<u>18,464</u>
	<u>\$ 11,596,566</u>	<u>\$ 11,443,028</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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 trusteesd 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 2018 (\$34,626 - 2017).

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, 2018

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>2018</u>	<u>2017</u>
Salaries, wages and benefits	\$ 276,016	\$ 218,573
Materials and supplies	79,957	64,131
Contracted services	57,992	23,057
Rent, maintenance and utilities	249,160	243,619
Mayor and council remuneration and travel	23,119	32,285
Insurance	28,559	25,669
Grants	69,447	59,824
Interest and bank charges	1,789	2,120
Amortization	151,942	151,372
Payment to other agencies	184,186	191,864
	<u>\$ 1,122,167</u>	<u>\$ 1,012,514</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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. 449 approved by the Village Mayor and Council on December 20, 2018.



**CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP**

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, 2018.

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.

April 1, 2019
Prince George, British Columbia

FBB Chartered Professional Accountants LLP

Village of Port Clements

General Operating Fund - Statement of Financial Position

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and investments	\$ 3,018,593	\$ 3,064,035
Taxes and accounts receivable	152,010	123,206
	<u>3,170,603</u>	<u>3,187,241</u>
Financial Liabilities		
Accounts payable and accrued liabilities	87,064	45,130
Deferred revenue	52,817	143,713
Due to other funds	1,257,924	1,202,091
	<u>1,397,805</u>	<u>1,390,934</u>
Net financial assets	<u>1,772,798</u>	<u>1,796,307</u>
Non-financial assets		
Property acquired for taxes	9,189	9,189
Prepaid expenses	67,439	18,773
Tangible capital assets	5,505,771	5,406,609
	<u>5,582,399</u>	<u>5,434,571</u>
	<u>\$ 7,355,197</u>	<u>\$ 7,230,878</u>
Accumulated surplus		
Accumulated surplus	1,830,962	1,805,805
Equity in tangible capital assets	5,505,771	5,406,609
Reserves	18,464	18,464
	<u>\$ 7,355,197</u>	<u>\$ 7,230,878</u>

Village of Port Clements

General Operating Fund - Statement of Operations

For the year ended December 31, 2018

	2018 Budget (unaudited)	2018 Actual	2017 Actual
Revenue			
Property taxes	\$ 127,000	\$ 126,904	\$ 127,049
Grants in lieu	8,500	6,600	7,984
Sale of services	10,150	10,378	10,736
Revenue from own sources	116,850	136,647	144,366
Multi-purpose building rental	12,950	14,797	13,624
Unconditional grants	405,700	405,701	386,064
Conditional grants	140,625	168,181	112,205
Interest and penalties on taxes and user fees	-	40,342	36,709
Collections for other agencies	189,010	184,192	191,748
	<u>1,010,785</u>	<u>1,093,742</u>	<u>1,030,485</u>
Expenses			
Legislative	46,450	41,037	42,562
General administration	280,764	233,325	175,720
Protective services	44,300	37,201	36,255
Emergency services	1,750	7,294	6,223
Common services	56,250	39,130	27,194
Wharf	22,725	15,527	9,189
Small craft harbour	25,500	17,799	14,311
Roads and public works	66,630	46,598	45,743
Environmental recovery	580	-	(346)
Economic development	51,500	62,651	60,500
Parks, recreation and tourism	85,450	95,832	74,946
Multi-purpose building maintenance	69,800	61,693	67,462
Fiscal services	2,200	1,823	2,138
Amortization	132,000	125,327	124,758
Payments to other agencies	198,010	184,186	191,865
	<u>1,083,909</u>	<u>969,423</u>	<u>878,520</u>
Annual surplus	<u>(73,124)</u>	124,319	151,965
Transfer from reserves	163,124	-	-
Investment in tangible capital assets	(90,000)		
Accumulated surplus, beginning of year		<u>7,230,878</u>	<u>7,078,913</u>
Accumulated surplus, end of year		<u>\$ 7,355,197</u>	<u>\$ 7,230,878</u>

Village of Port Clements
Water System - Statement of Financial Position
As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Financial assets		
Due from general operating fund	\$ 734,285	\$ 698,295
Non-financial assets		
Tangible capital assets	<u>1,879,366</u>	<u>1,897,552</u>
	<u>\$ 2,613,651</u>	<u>\$ 2,595,847</u>
Accumulated Surplus		
Accumulated surplus	\$ 734,285	\$ 698,295
Equity in tangible capital assets	<u>1,879,366</u>	<u>1,897,552</u>
	<u>\$ 2,613,651</u>	<u>\$ 2,595,847</u>

Village of Port Clements
Water System - Statement of Operations
For the year ended December 31, 2018

	2018 Budget (unaudited)	2018 Actual	2017 Actual
Revenue			
User charges	\$ 57,000	\$ 57,662	\$ 56,712
Water frontage tax	55,700	53,367	53,292
Community works	68,000	-	-
Interest and other	-	2,133	2,551
	<u>180,700</u>	<u>113,162</u>	<u>112,555</u>
Expenses			
Administration	5,000	4,757	4,955
Amortization	88,000	18,186	18,186
Community works	-	-	-
Distribution	26,000	20,614	19,531
Repairs and maintenance	25,000	17,967	13,570
Wages and benefits	36,700	33,834	27,344
	<u>180,700</u>	<u>95,358</u>	<u>83,586</u>
Annual surplus (deficit)	<u>-</u>	17,804	28,969
Accumulated surplus, beginning of year		<u>2,595,847</u>	<u>2,566,878</u>
Accumulated surplus, end of year		<u>\$ 2,613,651</u>	<u>\$ 2,595,847</u>

Village of Port Clements**Sewer System - Statement of Financial Position****As at December 31, 2018**

	<u>2018</u>	<u>2017</u>
Financial assets		
Due from general operating fund	\$ 523,639	\$ 503,796
Non-financial assets		
Tangible capital assets	<u>1,104,079</u>	<u>1,112,507</u>
	<u>1,104,079</u>	<u>1,112,507</u>
	<u>\$ 1,627,718</u>	<u>\$ 1,616,303</u>
Accumulated surplus		
Accumulated surplus	\$ 523,639	\$ 503,796
Equity in tangible capital assets	<u>1,104,079</u>	<u>1,112,507</u>
	<u>\$ 1,627,718</u>	<u>\$ 1,616,303</u>

Village of Port Clements
Sewer System - Statement of Operations
For the year ended December 31, 2018

	2018 Budget (unaudited)	2018 Actual	2017 Actual
Revenue			
User charges	\$ 31,500	\$ 31,557	\$ 31,553
Sewer frontage tax	37,436	37,245	37,434
	<u>68,936</u>	<u>68,802</u>	<u>68,987</u>
Expenses			
Administration	3,000	3,000	3,000
Amortization	9,000	8,428	8,428
Operations	8,875	6,770	7,080
Repairs and maintenance	15,500	16,290	14,549
Wages and benefits	25,000	22,899	17,351
	<u>61,375</u>	<u>57,387</u>	<u>50,408</u>
Annual surplus (deficit)	<u>7,561</u>	11,415	18,579
Accumulated surplus, beginning of year		<u>1,616,303</u>	<u>1,597,724</u>
Accumulated surplus, end of year		<u>\$ 1,627,718</u>	<u>\$ 1,616,303</u>



**2018 STATEMENT OF FINANCIAL
INFORMATION
FOR THE
VILLAGE OF PORT CLEMENTS**

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Village of Port Clements
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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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.

April 1, 2019
Port Clements, British Columbia



**CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP**

Ryan Broughton, CPA, CA* - Partner

*Denotes incorporated professional

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Village of Port Clements, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Port Clements as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Village in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the municipality's financial reporting process.



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Ryan Broughton, CPA, CA* - Partner

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INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the municipality to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

April 1, 2019
Prince George, British Columbia

FBB Chartered Professional Accountants LLP

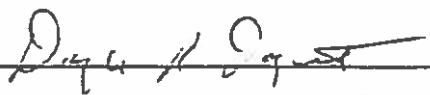

Village of Port Clements

Consolidated Statement of Financial Position

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and investments	\$ 3,018,593	\$ 3,064,035
Taxes and accounts receivable (note 2)	<u>152,010</u>	<u>123,206</u>
	<u>3,170,603</u>	<u>3,187,241</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 3)	87,064	45,130
Deferred revenue (note 4)	<u>52,817</u>	<u>143,713</u>
	<u>139,881</u>	<u>188,843</u>
Net financial assets	<u>3,030,722</u>	<u>2,998,398</u>
Non-financial assets		
Property acquired for taxes	9,189	9,189
Prepaid expenses	67,439	18,773
Tangible capital assets (note 6)	<u>8,489,216</u>	<u>8,416,668</u>
	<u>8,565,844</u>	<u>8,444,630</u>
Accumulated Surplus (note 9)	<u>\$ 11,596,566</u>	<u>\$ 11,443,028</u>

Approved by the Mayor and Council

Village of Port Clements

Consolidated Statement of Operations

For the year ended December 31, 2018

	2018 Budget (unaudited)	2018 Actual	2017 Actual
Revenue			
Property taxes	\$ 220,136	\$ 217,516	\$ 217,775
Grants in lieu	8,500	6,600	7,984
Sale of services	10,150	10,378	10,736
Revenue from own sources	205,350	225,959	232,786
Multi-purpose building rental	12,950	14,797	13,624
Unconditional grants	405,700	405,701	386,064
Conditional grants	208,625	168,181	112,205
Interest and penalties on taxes and user fees	-	42,381	39,105
Collections for other agencies	189,010	184,192	191,748
	<u>1,260,421</u>	<u>1,275,705</u>	<u>1,212,027</u>
Expenses			
Legislative	46,450	41,037	42,562
General administration	280,764	233,325	175,720
Protective services	44,300	7,294	6,223
Emergency services	1,750	37,201	36,255
Common services	56,250	39,130	27,194
Wharf	22,725	15,527	9,189
Small craft harbour	25,500	17,799	14,312
Roads and public works	66,630	46,598	45,743
Environmental recovery	580	-	(346)
Economic development	51,500	62,651	60,500
Parks, recreation and tourism	85,450	95,832	74,946
Water and sewer utility operations	145,075	126,129	107,379
Multi-purpose building maintenance	69,800	61,693	67,462
Fiscal services	2,200	1,823	2,138
Amortization	229,000	151,942	151,372
Payments to other agencies	198,010	184,186	191,865
	<u>1,325,984</u>	<u>1,122,167</u>	<u>1,012,514</u>
Annual Surplus	<u>(65,563)</u>	153,538	199,513
Transfer from reserve funds		-	-
Accumulated surplus, beginning of year		<u>11,443,028</u>	<u>11,243,515</u>
Accumulated surplus, end of year		<u>\$ 11,596,566</u>	<u>\$ 11,443,028</u>

Village of Port Clements

Consolidated Statement of Changes in Net Financial Assets For the year ended December 31, 2018

	2018 Budget (unaudited)	2018 Actual	2017 Actual
Annual surplus	\$ (65,563)	\$ 153,538	\$ 199,513
Amortization	-	151,942	151,372
Change in property acquired for taxes	-	-	(50)
Change in prepaid expenses	-	(48,666)	(121)
Transfer to (from) reserve funds	163,124	-	-
Acquisition of tangible capital assets	(90,000)	(224,490)	(93,101)
Increase in net financial assets	<u>\$ 7,561</u>	32,324	257,613
Net Financial Assets, beginning of year		<u>2,998,398</u>	<u>2,740,785</u>
Net Financial Assets, end of year		<u>\$ 3,030,722</u>	<u>\$ 2,998,398</u>

Village of Port Clements
Consolidated Statement of Cash Flows
For the year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
NET INFLOW (OUTFLOW) OF CASH:		
Operating Activities		
Annual surplus	\$ 153,538	\$ 199,513
Non-cash charges to operations		
Amortization	151,942	151,372
Transfer from reserves	-	-
Changes in non-cash operating balances:		
Increase in taxes and accounts receivable	(28,804)	64,716
Increase (decrease) in accounts payable and accrued liabilities	41,934	(33,198)
Property acquired for taxes	-	(50)
Decrease in deferred revenue	(90,896)	93,894
Decrease in prepaid expenses	(48,666)	(121)
	<u>179,048</u>	<u>476,126</u>
Capital Activity		
Acquisition of tangible capital assets	(224,490)	(93,101)
	<u>(224,490)</u>	<u>(93,101)</u>
Increase (decrease) in cash and investments	<u>(45,442)</u>	<u>383,025</u>
Cash and investments, beginning of year	<u>3,064,035</u>	<u>2,681,010</u>
Cash and investments, end of year	<u><u>\$ 3,018,593</u></u>	<u><u>\$ 3,064,035</u></u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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, 2018

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, 2018

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>2018</u>	<u>2017</u>
Property taxes	\$ 70,800	\$ 77,282
Utilities	(2,842)	-
Sales taxes	31,216	6,180
Other receivables	<u>52,836</u>	<u>39,744</u>
	<u>\$ 152,010</u>	<u>\$ 123,206</u>

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade and accrued liabilities	\$ 83,043	\$ 45,055
Payroll and withholding taxes	<u>4,021</u>	<u>75</u>
	<u>\$ 87,064</u>	<u>\$ 45,130</u>

4. DEFERRED REVENUE

Federal Gas Tax Community Works	\$ 52,817	\$ 117,963
Tax sale proceeds	-	25,370
Prepaid taxes, business licences, fitness memberships	<u>-</u>	<u>380</u>
	<u>\$ 52,817</u>	<u>\$ 143,713</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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, 2018 - 3.40%). The facility was unused as at December 31, 2018.

6. TANGIBLE CAPITAL ASSETS

			2018	2017
	Cost	Accumulated Amortization	Net Carrying Amount	
Land	\$ 466,958	\$ -	\$ 466,958	\$ 444,376
Buildings	3,684,192	822,567	2,861,625	2,899,059
Automotive	99,996	33,372	66,624	7,979
Fire department	546,175	257,141	289,034	315,306
Office equipment	34,389	14,783	19,606	19,606
Tools and equipment	69,122	31,340	37,782	44,276
Parks and recreation	1,122,401	223,331	899,070	912,971
Roads and sidewalks	487,359	111,121	376,238	254,497
Biomass heating system	414,148	51,897	362,251	371,829
Solar Panel	151,900	25,317	126,583	136,710
Water system	2,212,078	332,712	1,879,366	1,897,552
Sewer system	1,390,634	286,555	1,104,079	1,112,507
	<u>\$ 10,679,352</u>	<u>\$ 2,190,136</u>	<u>\$ 8,489,216</u>	<u>\$ 8,416,668</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, 2018

6. TANGIBLE CAPITAL ASSETS (continued)

Tangible Capital Asset Additions for the year are as follows:

	Cost January 1, 2018	Additions	Cost December 31, 2018
Land	\$ 444,376	\$ 22,582	\$ 466,958
Buildings	3,684,192	-	3,684,192
Automotive	35,061	64,935	99,996
Fire department	546,175	-	546,175
Office equipment	34,389	-	34,389
Tools and equipment	69,122	-	69,122
Parks and recreation	1,122,401	-	1,122,401
Roads and sidewalks	350,386	136,973	487,359
Biomass heating system	414,148	-	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>\$ 10,454,862</u>	<u>\$ 224,490</u>	<u>\$ 10,679,352</u>

Amortization for the year is as follows:

	Balance January 1, 2018	Amortization	Balance December 31, 2018
Land	\$ -	\$ -	\$ -
Buildings	785,133	37,434	822,567
Automotive	27,082	6,290	33,372
Fire department	230,869	26,272	257,141
Office equipment	14,783	-	14,783
Tools and equipment	24,846	6,494	31,340
Parks and recreation	209,430	13,901	223,331
Roads and sidewalks	95,889	15,232	111,121
Biomass heating system	42,319	9,578	51,897
Solar panel	15,190	10,127	25,317
Water system	314,526	18,186	332,712
Sewer system	278,127	8,428	286,555
	<u>\$ 2,038,194</u>	<u>\$ 151,942</u>	<u>\$ 2,190,136</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

7. NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS

	<u>2018</u>	<u>2017</u>
Net assets in tangible capital assets, beginning of year	\$ 8,416,668	\$ 8,474,939
Add: acquisition of tangible capital assets	224,490	93,101
Less: amortization	<u>(151,942)</u>	<u>(151,372)</u>
	<u>\$ 8,489,216</u>	<u>\$ 8,416,668</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>2018</u>	<u>2017</u>
General operating fund	\$ 1,830,962	\$ 1,805,805
Water system	734,285	698,295
Sewer system	523,639	503,796
Net assets invested in tangible capital assets (note 7)	8,489,216	8,416,668
Reserve funds (note 8)	<u>18,464</u>	<u>18,464</u>
	<u>\$ 11,596,566</u>	<u>\$ 11,443,028</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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 2018 (\$34,626 - 2017).

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, 2018

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>2018</u>	<u>2017</u>
Salaries, wages and benefits	\$ 276,016	\$ 218,573
Materials and supplies	79,957	64,131
Contracted services	57,992	23,057
Rent, maintenance and utilities	249,160	243,619
Mayor and council remuneration and travel	23,119	32,285
Insurance	28,559	25,669
Grants	69,447	59,824
Interest and bank charges	1,789	2,120
Amortization	151,942	151,372
Payment to other agencies	184,186	191,864
	<u>\$ 1,122,167</u>	<u>\$ 1,012,514</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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. 449 approved by the Village Mayor and Council on December 20, 2018.



**CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP**

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, 2018.

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.

April 1, 2019
Prince George, British Columbia

FBB Chartered Professional Accountants LLP

Village of Port Clements

General Operating Fund - Statement of Financial Position

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and investments	\$ 3,018,593	\$ 3,064,035
Taxes and accounts receivable	<u>152,010</u>	<u>123,206</u>
	<u>3,170,603</u>	<u>3,187,241</u>
Financial Liabilities		
Accounts payable and accrued liabilities	87,064	45,130
Deferred revenue	52,817	143,713
Due to other funds	<u>1,257,924</u>	<u>1,202,091</u>
	<u>1,397,805</u>	<u>1,390,934</u>
Net financial assets	<u>1,772,798</u>	<u>1,796,307</u>
Non-financial assets		
Property acquired for taxes	9,189	9,189
Prepaid expenses	67,439	18,773
Tangible capital assets	<u>5,505,771</u>	<u>5,406,609</u>
	<u>5,582,399</u>	<u>5,434,571</u>
	<u>\$ 7,355,197</u>	<u>\$ 7,230,878</u>
Accumulated surplus		
Accumulated surplus	1,830,962	1,805,805
Equity in tangible capital assets	5,505,771	5,406,609
Reserves	<u>18,464</u>	<u>18,464</u>
	<u>\$ 7,355,197</u>	<u>\$ 7,230,878</u>

Village of Port Clements

General Operating Fund - Statement of Operations

For the year ended December 31, 2018

	2018 Budget (unaudited)	2018 Actual	2017 Actual
Revenue			
Property taxes	\$ 127,000	\$ 126,904	\$ 127,049
Grants in lieu	8,500	6,600	7,984
Sale of services	10,150	10,378	10,736
Revenue from own sources	116,850	136,647	144,366
Multi-purpose building rental	12,950	14,797	13,624
Unconditional grants	405,700	405,701	386,064
Conditional grants	140,625	168,181	112,205
Interest and penalties on taxes and user fees	-	40,342	36,709
Collections for other agencies	189,010	184,192	191,748
	<u>1,010,785</u>	<u>1,093,742</u>	<u>1,030,485</u>
Expenses			
Legislative	46,450	41,037	42,562
General administration	280,764	233,325	175,720
Protective services	44,300	37,201	36,255
Emergency services	1,750	7,294	6,223
Common services	56,250	39,130	27,194
Wharf	22,725	15,527	9,189
Small craft harbour	25,500	17,799	14,311
Roads and public works	66,630	46,598	45,743
Environmental recovery	580	-	(346)
Economic development	51,500	62,651	60,500
Parks, recreation and tourism	85,450	95,832	74,946
Multi-purpose building maintenance	69,800	61,693	67,462
Fiscal services	2,200	1,823	2,138
Amortization	132,000	125,327	124,758
Payments to other agencies	198,010	184,186	191,865
	<u>1,083,909</u>	<u>969,423</u>	<u>878,520</u>
Annual surplus	<u>(73,124)</u>	124,319	151,965
Transfer from reserves	163,124	-	-
Investment in tangible capital assets	(90,000)		
Accumulated surplus, beginning of year		<u>7,230,878</u>	<u>7,078,913</u>
Accumulated surplus, end of year		<u>\$ 7,355,197</u>	<u>\$ 7,230,878</u>

Village of Port Clements

Water System - Statement of Financial Position

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Financial assets		
Due from general operating fund	\$ 734,285	\$ 698,295
Non-financial assets		
Tangible capital assets	<u>1,879,366</u>	<u>1,897,552</u>
	<u>\$ 2,613,651</u>	<u>\$ 2,595,847</u>
Accumulated Surplus		
Accumulated surplus	\$ 734,285	\$ 698,295
Equity in tangible capital assets	<u>1,879,366</u>	<u>1,897,552</u>
	<u>\$ 2,613,651</u>	<u>\$ 2,595,847</u>

Village of Port Clements

Water System - Statement of Operations

For the year ended December 31, 2018

	2018 Budget (unaudited)	2018 Actual	2017 Actual
Revenue			
User charges	\$ 57,000	\$ 57,662	\$ 56,712
Water frontage tax	55,700	53,367	53,292
Community works	68,000	-	-
Interest and other	-	2,133	2,551
	<u>180,700</u>	<u>113,162</u>	<u>112,555</u>
Expenses			
Administration	5,000	4,757	4,955
Amortization	88,000	18,186	18,186
Community works	-	-	-
Distribution	26,000	20,614	19,531
Repairs and maintenance	25,000	17,967	13,570
Wages and benefits	36,700	33,834	27,344
	<u>180,700</u>	<u>95,358</u>	<u>83,586</u>
Annual surplus (deficit)	<u>-</u>	17,804	28,969
Accumulated surplus, beginning of year		<u>2,595,847</u>	<u>2,566,878</u>
Accumulated surplus, end of year		<u>\$ 2,613,651</u>	<u>\$ 2,595,847</u>

Village of Port Clements

Sewer System - Statement of Financial Position

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Financial assets		
Due from general operating fund	\$ 523,639	\$ 503,796
Non-financial assets		
Tangible capital assets	<u>1,104,079</u>	<u>1,112,507</u>
	<u>1,104,079</u>	<u>1,112,507</u>
	<u>\$ 1,627,718</u>	<u>\$ 1,616,303</u>
Accumulated surplus		
Accumulated surplus	\$ 523,639	\$ 503,796
Equity in tangible capital assets	<u>1,104,079</u>	<u>1,112,507</u>
	<u>\$ 1,627,718</u>	<u>\$ 1,616,303</u>

Village of Port Clements

Sewer System - Statement of Operations For the year ended December 31, 2018

	2018 Budget (unaudited)	2018 Actual	2017 Actual
Revenue			
User charges	\$ 31,500	\$ 31,557	\$ 31,553
Sewer frontage tax	37,436	37,245	37,434
	<u>68,936</u>	<u>68,802</u>	<u>68,987</u>
Expenses			
Administration	3,000	3,000	3,000
Amortization	9,000	8,428	8,428
Operations	8,875	6,770	7,080
Repairs and maintenance	15,500	16,290	14,549
Wages and benefits	25,000	22,899	17,351
	<u>61,375</u>	<u>57,387</u>	<u>50,408</u>
Annual surplus (deficit)	<u>7,561</u>	11,415	18,579
Accumulated surplus, beginning of year		<u>1,616,303</u>	<u>1,597,724</u>
Accumulated surplus, end of year		<u>\$ 1,627,718</u>	<u>\$ 1,616,303</u>

2018 Audited Financial Statements

DRAFT

Village of Port Clements
STATEMENT OF FINANCIAL INFORMATION APPROVAL
For The Period of January 1 – December 1, 2018

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, Subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.

Ruby Decock
Chief Administrative Officer/Chief Financial Officer
June 28, 2019

Doug Daugert
Mayor
June 28, 2019



The Village of
PORT CLEMENTS
"Gateway to the Wilderness"

CERTIFIED EXTRACT
REGULAR MEETING OF COUNCIL

2019-06-XXX – Moved by Councillor xx, seconded by Councillor YY

THAT the Chief Administrative Officer's/Chief Financial Officer's report regarding the 2018 Statement of Financial Information be approved.

CARRIED

Certified a true extract of the Minutes
of the Special Meeting of Council

held June 28, 2019.

Ruby Decock, CAO



The Village of
PORT CLEMENTS
"Gateway to the Wilderness"

36 Cedar Avenue West

PO Box 198

Port Clements, BC

V0T1R0

OFFICE :250-557-4295

FAX :250-557-4568

Management Letter

Fiscal Year 2018

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by administration in accordance with generally accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements is the Chief Administrative Officer's responsibility. Administration is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Administration is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Village of Port Clements Council is responsible for ensuring that administration fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Village Council which meets twice monthly.

The CAO has the responsibility for assessing the management systems and practices of the Village office.

The external auditors, FBB Chartered Professional Accountants LLP, Prince George, BC, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to Village of Port Clements financial records, Council and administrative staff.

On behalf of the Village of Port Clements,

Ruby Decock, CAO

Village of Port Clements Schedule of Debt

The Village of Port Clements did not incur any debt during the 2018 financial year as per the Financial Information Regulation Schedule 1, section 4.

Village of Port Clements

Schedule of Guarantee and Indemnity Agreements

The Village of Port Clements does not have any Guarantee and Indemnity Agreements as per the Financial Information Regulation Schedule 1, section 5.

Village of Port Clements

Schedule of Remuneration and Expenses paid to each Employee

As per the Financial Information Regulations Schedule 1, section 6.

1. Elected Officials

Name	Position	Remuneration	Expenses	Total Per Official
Cumming, Brigid	Councillor	\$ 3000.00	\$ 0.00	\$ 3,000.00
Daugert, Doug	Councillor/Mayor	\$ 3333.34	\$ 0.00	\$ 3,333.34
Falconbridge, Kazmir	Councillor	\$ 500.00	\$ 0.00	\$ 500.00
Gould, Ian	Councillor	\$ 500.00	\$ 0.00	\$ 500.00
Kish, Teri	Councillor	\$ 500.00	\$ 0.00	\$ 500.00
O'Brien Anderson, Charlene	Councillor	\$ 3,000.00	\$ 500.00	\$ 3,500.00
Stewart, Elizabeth	Councillor	\$ 2,500.00	\$ 0.00	\$ 2,500.00
Thomas, Urs	Mayor	\$ 4,166.67	\$ 1,794.74	\$ 5,961.41
TOTALS FOR ALL OFFICIALS		\$17,500.01	\$ 2,294.74	\$19,794.75

2. Employees

Name	Remuneration	Expenses	Total
Employees over \$75,000.00			
Employees under \$75,000.00 (all)	\$ 222,255.37	\$ 13,583.29	\$ 235,838.70
TOTALS FOR ALL OFFICIALS	\$ 222,255.37	\$ 13,583.29	\$ 235,838.70

*Remuneration includes taxable benefits

3. Reconciliation

No reconciliation as the financial statements records remuneration by department not as a separate line item.

Village of Port Clements Statement of Severance Agreements

As per the Financial Information Regulations Schedule 1 section 6 (7), there was 1 severance agreement in the amount of \$10,827.39 for the equivalent of eleven (11) weeks' wages plus benefits.

Village of Port Clements

Schedule of Payments to Suppliers of Goods and Services

As per the Financial Information Regulation Schedule 1, section 7 the table below is the alphabetical list of suppliers and their aggregate payments exceeding \$25,000.00.

Name	Amount
Adventure Paving	\$ 129,849.93
Avenue Machinery Corporation	\$ 63,983.89
BC Hydro	\$ 47,243.43
Dediluke Land Surveying Inc.	\$ 32,646.10
MasterCard, Cuets Financial	\$ 35,748.70
Misty Isles Economic Development Society	\$ 123,631.44
North Coast Regional District	\$ 89,926.35
Receiver General – Canada Revenue Agency	\$ 71,957.20
Urban Systems Ltd.	\$ 28,944.38
Subtotal	\$ 623,931.42

Payments Made (Vendors over \$25,000)	\$ 623,931.42
Miscellaneous Payments (\$25,000 and under)	\$ 493,800.01
TOTAL	\$ 1,117,731.43

Village of Port Clements
Schedule of Grant Payments (included in the suppliers listing above)

Name	Amount
Cedarview Church	\$ 1777.60
Charleen O'Brien Anderson, Council Service Grant	\$ 100.00
Community Hall Society	\$ 3057.01
Edge of the World Music Festival, Gwaii Trust Community Events	\$ 1500.00
Elizabeth Stewart, Council Service Grant	\$ 50.00
Misty Isles Economic Development Society, NDIT grant disbursement	\$ 123,151.44
Port Clements Historical Society	\$ 4600.00
Port Clements Historical Society, Mardi Gras	\$ 1500.00
Sarah Adams, Student Bursary	\$ 1000.00
Sandspit Logger's Sports Day	\$ 500.00
Skidegate Days	\$ 50.00
Tlell Fall Fair, Gwaii Trust Community Events	\$ 1500.00
Urs Thomas, Council Service Grant	\$ 50.00
Volunteer Bev Lore	\$ 100.00
Volunteer Marilyn Bliss	\$ 100.00

Total Grants **\$ 139,036.05**