



**2021 STATEMENT OF FINANCIAL
INFORMATION
FOR THE
VILLAGE OF PORT CLEMENTS**

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2021 Audited Financial Statements

Village of Port Clements
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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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.

May 1, 2022
Port Clements, British Columbia

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, 2021, 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, 2021, 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

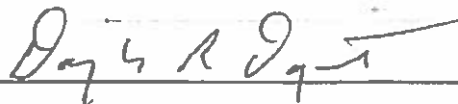
May 1, 2022
Prince George, British Columbia

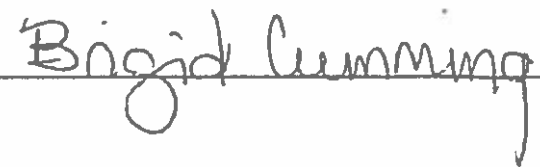
FBB Chartered Professional Accountants LLP

Village of Port Clements
Consolidated Statement of Financial Position
As at December 31, 2021

	<u>2021</u>	<u>2020</u> (restated)
Financial assets		
Cash and investments	\$ 6,175,484	\$ 5,921,245
Taxes and accounts receivable (note 2)	<u>122,909</u>	<u>269,503</u>
	<u>6,298,393</u>	<u>6,190,748</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 3)	50,790	99,345
Liability for contaminated site (note 13)	3,425,832	3,425,832
Deferred revenue (note 4)	<u>499,603</u>	<u>533,041</u>
	<u>3,976,225</u>	<u>4,058,218</u>
Net financial assets	<u>2,322,168</u>	<u>2,132,530</u>
Non-financial assets		
Property acquired for taxes	9,202	16,859
Prepaid expenses	22,076	17,594
Tangible capital assets (note 5)	<u>8,697,282</u>	<u>8,773,712</u>
	<u>8,728,560</u>	<u>8,808,165</u>
Accumulated Surplus (note 8)	<u>\$ 11,050,728</u>	<u>\$ 10,940,695</u>

Approved by the Mayor and Council





Village of Port Clements
Consolidated Statement of Operations
For the year ended December 31, 2021

	<u>2021</u> <u>Budget</u> <u>(unaudited)</u>	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
Revenue			
Property taxes	\$ 202,300	\$ 202,366	\$ 204,281
Grants in lieu	8,730	8,766	7,847
Sale of services	31,675	2,379	4,861
Revenue from own sources	210,450	236,797	220,740
Multi-purpose building rental	10,200	11,900	11,131
Unconditional grants	425,000	389,000	425,979
Conditional grants	1,486,600	387,678	1,008,900
Interest and penalties on taxes and user fees	2,350	49,276	154,406
Collections for other agencies	171,607	194,042	171,951
	<u>2,548,912</u>	<u>1,482,204</u>	<u>2,210,096</u>
Expenses			
Legislative	31,150	26,435	21,009
General administration	336,950	307,757	382,154
Emergency services	22,000	10,086	3,376
Protective services	54,100	43,092	42,274
Common services	47,050	51,331	32,590
Wharf	11,600	5,060	324,301
Small craft harbour	14,700	10,467	33,235
Roads and public works	71,050	60,486	49,956
Economic development	18,500	242,320	108,828
Parks, recreation and tourism	61,300	56,731	60,427
Water and sewer utility operations	180,000	140,900	115,798
Multi-purpose building maintenance	65,000	54,180	59,298
Fiscal services	2,100	2,109	1,766
Amortization	126,000	167,176	158,762
Payments to other agencies	171,607	194,041	171,664
	<u>1,213,107</u>	<u>1,372,171</u>	<u>1,565,438</u>
Annual Surplus	<u>1,335,805</u>	110,033	644,658
Accumulated surplus, beginning of year (Note 17)		<u>10,940,695</u>	<u>10,296,037</u>
Accumulated surplus, end of year (Note 8)		<u>\$ 11,050,728</u>	<u>\$ 10,940,695</u>

Village of Port Clements

Consolidated Statement of Changes in Net Financial Assets For the year ended December 31, 2021

	<u>2021</u> <u>Budget</u> (unaudited)	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
Annual surplus	\$ 1,335,805	\$ 110,033	\$ 644,658
Amortization	-	167,176	158,762
Change in property acquired for taxes	-	7,657	-
Change in prepaid expenses	-	(4,482)	3,634
Transfer (to) from reserve funds	(30,805)	-	-
Disposition of tangible capital assets	-	1,000	-
Acquisition of tangible capital assets	<u>(1,305,000)</u>	<u>(91,746)</u>	<u>(322,608)</u>
Increase in net financial assets	<u>\$ -</u>	189,638	484,446
Net Financial Assets, beginning of year		<u>2,132,530</u>	<u>1,648,084</u>
Net Financial Assets, end of year		<u>\$ 2,322,168</u>	<u>\$ 2,132,530</u>

Village of Port Clements
Consolidated Statement of Cash Flows
For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
NET INFLOW (OUTFLOW) OF CASH:		
Operating Activities		
Annual surplus	\$ 110,033	\$ 644,658
Non-cash charges to operations		
Amortization	167,176	158,762
Loss on disposition of tangible capital assets	1,000	-
Liability for contaminated site	-	-
Changes in non-cash operating balances:		
Increase in taxes and accounts receivable	146,594	(138,659)
Increase (decrease) in accounts payable and accrued liabilities	(48,555)	47,490
Property acquired for taxes	7,657	-
Decrease in deferred revenue	(33,438)	370,212
Decrease in prepaid expenses	(4,482)	3,634
	<u>345,985</u>	<u>1,086,097</u>
Capital Activity		
Acquisition of tangible capital assets	(91,746)	(322,608)
Increase (decrease) in cash and investments	<u>254,239</u>	<u>763,489</u>
Cash and investments, beginning of year	<u>5,921,245</u>	<u>5,157,756</u>
Cash and investments, end of year	<u>\$ 6,175,484</u>	<u>\$ 5,921,245</u>

Village of Port Clements

Notes to the Consolidated Financial Statements For the year ended December 31, 2021

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, 2021

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, 2021

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, liability for contaminated site and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

g. Liability for contaminated sites

The Village recognizes a liability for contaminated sites as at the reporting date when:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the government:
 - (i) is directly responsible; or
 - (ii) accepts responsibility;
- (d) it is expected that future economic benefits will be given up; and
- (e) a reasonable estimate of the amount can be made.

An asset acquired as part of remediation is recorded as an expense if the asset has no alternate use.

2. TAXES AND ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Property taxes	\$ 14,878	\$ 16,116
Utilities	28,976	25,326
Sales taxes	10,345	33,374
Other receivables	68,711	194,687
	<u>\$ 122,910</u>	<u>\$ 269,503</u>

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade and accrued liabilities	\$ 48,016	\$ 96,818
Payroll and withholding taxes	2,774	2,527
	<u>\$ 50,790</u>	<u>\$ 99,345</u>

Village of Port Clements

Notes to the Consolidated Financial Statements For the year ended December 31, 2021

4. DEFERRED REVENUE

	<u>2021</u>	<u>2020</u>
Federal Gas Tax Community Works	\$ 316,780	\$ 230,355
Province of B.C. - Sunset Trail	99,951	99,951
Province of B.C. - Trail Extension Study	10,000	10,000
Union of B.C. Municipalities - Flood Study	4,602	44,255
Covid-19 Restart Grant	68,000	148,000
Prepaid taxes, business licences, fitness memberships	270	480
	<u>\$ 499,603</u>	<u>\$ 533,041</u>

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. TANGIBLE CAPITAL ASSETS

			<u>2021</u>	<u>2020</u>
	Cost	Accumulated Amortization	Net Carrying Amount	
Land	\$ 466,958	\$ -	\$ 466,958	\$ 466,958
Buildings	3,818,933	941,847	2,877,086	2,916,108
Automotive	196,189	46,332	149,857	165,649
Fire department	546,175	335,957	210,218	236,490
Office equipment	36,180	16,216	19,964	21,038
Tools and equipment	83,903	46,416	37,487	29,417
Parks and recreation	1,119,099	267,468	851,631	870,038
Roads and sidewalks	471,067	140,525	330,542	345,774
Biomass heating system	414,148	80,631	333,517	343,095
Solar Panel	151,900	55,698	96,202	106,329
Water system	2,404,288	386,619	2,017,669	2,006,561
Sewer system	1,620,533	314,382	1,306,151	1,266,255
	<u>\$ 11,329,373</u>	<u>\$ 2,632,091</u>	<u>\$ 8,697,282</u>	<u>\$ 8,773,712</u>

Village of Port Clements

Notes to the Consolidated Financial Statements For the year ended December 31, 2021

5. TANGIBLE CAPITAL ASSETS (continued)

Tangible Capital Asset Additions for the year are as follows:

	Cost January 1, 2021	Disposals	Additions	Cost December 31, 2021
Land	\$ 466,958	\$ -	\$ -	\$ 466,958
Buildings	3,818,933	-	-	3,818,933
Automotive	215,449	(19,260)	-	196,189
Fire department	546,175	-	-	546,175
Office equipment	36,180	-	-	36,180
Tools and equipment	71,175	-	12,728	83,903
Parks and recreation	1,122,401	(3,302)	-	1,119,099
Roads and sidewalks	487,359	(16,292)	-	471,067
Biomass heating system	414,148	-	-	414,148
Solar panel	151,900	-	-	151,900
Water system	2,376,137	-	28,151	2,404,288
Sewer system	1,569,666	-	50,867	1,620,533
	<u>\$ 11,276,481</u>	<u>\$ (38,854)</u>	<u>\$ 91,746</u>	<u>\$ 11,329,373</u>

Amortization for the year is as follows:

	Balance January 1, 2021	Disposals	Amortization	Balance December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Buildings	902,825	-	39,022	941,847
Automotive	49,800	(18,260)	14,792	46,332
Fire department	309,685	-	26,272	335,957
Office equipment	15,142	-	1,074	16,216
Tools and equipment	41,758	-	4,658	46,416
Parks and recreation	252,363	(3,302)	18,407	267,468
Roads and sidewalks	141,585	(16,292)	15,232	140,525
Biomass heating system	71,053	-	9,578	80,631
Solar panel	45,571	-	10,127	55,698
Water system	369,576	-	17,043	386,619
Sewer system	303,411	-	10,971	314,382
	<u>\$ 2,502,769</u>	<u>\$ (37,854)</u>	<u>\$ 167,176</u>	<u>\$ 2,632,091</u>

Village of Port Clements
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

5. TANGIBLE CAPITAL ASSETS (continued)

	<u>2021</u>	<u>2020</u>
Details of asset additions:		
Shipping containers	\$ 12,728	
Water well project	28,151	
Flygt Sewer System Pumps	50,868	
	<u>\$ 91,747</u>	

6. NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS

Net assets in tangible capital assets, beginning of year	\$ 8,773,712	\$ 8,609,866
Add: acquisition of tangible capital assets	91,746	322,608
Less: loss on disposals	(1,000)	-
Less: amortization	(167,176)	(158,762)
	<u>\$ 8,697,282</u>	<u>\$ 8,773,712</u>

7. RESERVE FUNDS

	<u>Balance</u> <u>January 1, 2021</u>	<u>Additions/</u> <u>Funds used</u>	<u>Balance</u> <u>December 31, 2021</u>
Northern Capital and Planning Grant	\$ 2,206,778	\$ 17,048	\$ 2,223,826
Latecomer's fee reserve	9,369	-	9,369
Fire department reserve	5,500	-	5,500
Bursary reserve	-	500	500
Planning fund reserve	3,595	-	3,595
	<u>\$ 2,225,242</u>	<u>\$ 17,548</u>	<u>\$ 2,242,790</u>

These internally restricted net assets are not available for other purposes without the approval of mayor and council. Interest was added to NCPG grant reserve and \$500 was appropriated for bursary reserve.

Village of Port Clements
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

8. ACCUMULATED SURPLUS

	2021	2020
General operating fund	\$ 2,591,080	\$ 2,434,363
Water system	639,501	624,498
Sewer system	(3,119,925)	(3,067,120)
Net assets invested in tangible capital assets (note 6)	8,697,282	8,773,712
Reserve funds (note 7)	2,242,790	2,225,242
	\$ 11,050,728	\$ 10,990,695

9. 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 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 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 2018 indicated a funding surplus of \$2,866 million for basic pension benefits on a going concern basis.

The next valuation will be December 31, 2021 with results available in 2022. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension accounting). This is because the Plan records accrued liabilities and assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and costs to the individual employers participating in the Plan.

The Village of Port Clements paid \$18,043 for employer contributions and \$15,775 in employee contributions to the Plan in the year ended December 31, 2021 (\$24,771 and \$22,111 - 2020).

Village of Port Clements

Notes to the Consolidated Financial Statements For the year ended December 31, 2021

10. ECONOMIC DEPENDENCE

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

11. 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.

12. EXPENSES BY OBJECT

	<u>2021</u>	<u>2020</u>
Salaries, wages and benefits	\$ 273,602	\$ 342,125
Materials and supplies	93,009	104,352
Contracted services	102,495	85,176
Rent, maintenance and utilities	249,455	548,987
Mayor and council remuneration and travel	19,735	17,669
Insurance	33,544	32,718
Grants	237,925	102,223
Interest and bank charges	1,189	1,762
Amortization	167,176	158,762
Payment to other agencies	194,041	171,664
	<u>\$ 1,372,171</u>	<u>\$ 1,565,438</u>

Village of Port Clements

Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

13. 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.

During the year, the Village has exceeded environmental standards relating to its effluent discharge from its wastewater operations into the Masset Inlet which has been deemed hazardous to fish as per Environment Canada. As directed by Environment Canada, the Village has to remediate the effluent discharge fully or reduce to acceptable levels by September 2022. The Village has determined the only effective way to mitigate the issue is the construction of a new sewer lagoon and related wastewater facility. The Village has undertaken studies and quotation from professional contractors for the costs to extend the sewer lagoon and facilities and has recorded a liability for environmental contamination as follows:

Construction costs, with 3% inflation allowance for materials	\$ 2,535,984
Consultant costs (engineers, forester, monitor)	435,500
Other costs (federal and provincial required signage)	7,500
Contingency for cost overruns and unforeseen items (15%)	<u>446,848</u>
Provision for environmental remediation	<u>\$ 3,425,832</u>

During the year, the Village has also incurred \$21,177 in costs with respect to planning and preparation for this project. These items have been expensed in the year under Environmental remediation expenses in the statement of operations along with the above provision. The item is recorded as an expense rather than an asset since it has no alternate use as required by PS3260.45 and Note 2.

The Villages believes the above liability will be funded \$1,000,000 by the Village from a combination of reserves and surpluses and the additional \$2,425,832 will be funded by federal and provincial grants. The Village has applied for and received confirmation for the relevant federal and provincial grants and these grant will be recorded as revenue when received or receivable.

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

14. BUDGETED FIGURES

The budget amounts presented throughout these consolidated financial statements are unaudited and represent the amended five year financial plan bylaw No. 468 approved by the Village Mayor and Council on December 20, 2021.

15. CONTINGENT LIABILITY

The Village is contingently liable for fines of \$500,000 to \$6,000,000 from Environment Canada should they not carry out the environmental remediation as disclosed in Note 14. The Village believes their remediation plan will be accepted by Environment Canada and the project will be completed before any fines are applied.

16. COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At this time, these factors continue to present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

17. PRIOR PERIOD ADJUSTMENT

Management has determined that \$50,000 of the NDIIT economic development flow-through grant paid to Misty Isles Economic development is actually for prior years. It was previously understood that the Village paid \$50,000 twice in 2018 and had prepaid for 2019. It has been determined that the Village has always been paying the flow-through grant for the previous fiscal year and the item should have been setup originally as accounts payable and then cleared with the payment. This goes back to the start of the flow-through economic development grant many years ago. Management has corrected this item retroactively and restated the figures for 2020. The impact of the change is as follows:

	<u>2021</u>	<u>2020</u>
Accumulated surplus opening, as previously reported	\$ 10,990,695	\$ 10,346,037
Decrease to 2020 opening operating surplus	<u>(50,000)</u>	<u>(50,000)</u>
Accumulated surplus opening, as restated	10,940,695	10,296,037
Decrease to 2020 prepaid expenses	\$ -	\$ (50,000)

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 statements of the Village of Port Clements as at and for the year ended December 31, 2021.

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.

**May 1, 2022
Prince George, British Columbia**

FBB Chartered Professional Accountants LLP

Village of Port Clements

General Operating Fund - Statement of Financial Position

As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and investments	\$ 6,175,484	\$ 5,921,245
Taxes and accounts receivable	122,909	269,503
	<u>6,298,393</u>	<u>6,190,748</u>
Financial Liabilities		
Accounts payable and accrued liabilities	50,790	99,345
Deferred revenue	499,603	533,041
Due to other funds	945,408	983,210
	<u>1,495,801</u>	<u>1,615,596</u>
Net financial assets	<u>4,802,592</u>	<u>4,575,152</u>
Non-financial assets		
Property acquired for taxes	9,202	16,859
Prepaid expenses	22,076	17,594
Tangible capital assets	5,373,462	5,500,896
	<u>5,404,740</u>	<u>5,535,349</u>
	<u>\$ 10,207,332</u>	<u>\$ 10,110,501</u>
Accumulated surplus		
Accumulated surplus	2,591,080	2,384,363
Equity in tangible capital assets	5,373,462	5,500,896
Reserves	2,242,790	2,225,242
	<u>\$ 10,207,332</u>	<u>\$ 10,110,501</u>

Village of Port Clements

General Operating Fund - Statement of Operations
For the year ended December 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
Property taxes	\$ 114,000	\$ 113,998	\$ 113,939
Grants in lieu	8,730	8,766	7,847
Sale of services	31,675	2,379	4,861
Revenue from own sources	121,100	147,552	131,382
Multi-purpose building rental	10,200	11,900	11,131
Unconditional grants	425,000	389,000	425,979
Conditional grants	261,600	387,678	1,008,900
Interest and penalties on taxes and user fees	-	47,273	152,078
Collections for other agencies	171,607	194,042	171,951
	<u>1,143,912</u>	<u>1,302,588</u>	<u>2,028,068</u>
Expenses			
Legislative	31,150	26,435	21,009
General administration	336,950	307,757	382,154
Emergency services	22,000	10,086	3,376
Protective services	54,100	43,092	42,274
Common services	47,050	51,331	32,590
Wharf	11,600	5,060	324,301
Small craft harbour	14,700	10,467	33,235
Roads and public works	71,050	60,486	49,956
Economic development	18,500	242,320	108,828
Parks, recreation and tourism	61,300	56,731	60,427
Sewer lagoon	-	2,500	-
Multi-purpose building maintenance	65,000	54,180	59,298
Fiscal services	2,100	2,109	1,766
Amortization	126,000	139,162	131,902
Payments to other agencies	171,607	194,041	171,664
	<u>1,033,107</u>	<u>1,205,757</u>	<u>1,422,780</u>
Annual surplus	<u>110,805</u>	96,831	605,288
Transfer to reserves	(30,805)	-	-
Investment in tangible capital assets	(80,000)	-	-
Accumulated surplus, beginning of year		<u>10,110,501</u>	<u>9,505,213</u>
Accumulated surplus, end of year		<u>\$ 10,207,332</u>	<u>\$ 10,110,501</u>

Village of Port Clements
Water System - Statement of Financial Position
As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial assets		
Due from general operating fund	\$ 639,501	\$ 624,498
Non-financial assets		
Tangible capital assets	<u>2,017,669</u>	<u>2,006,561</u>
	<u>\$ 2,657,170</u>	<u>\$ 2,631,059</u>
Accumulated Surplus		
Accumulated surplus	\$ 639,501	\$ 624,498
Equity in tangible capital assets	<u>2,017,669</u>	<u>2,006,561</u>
	<u>\$ 2,657,170</u>	<u>\$ 2,631,059</u>

Village of Port Clements

Water System - Statement of Operations For the year ended December 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
User charges	\$ 58,150	\$ 57,685	\$ 58,149
Water frontage tax	52,600	52,640	52,640
Interest and other	2,350	2,004	2,328
	<u>113,100</u>	<u>112,329</u>	<u>113,117</u>
Expenses			
Administration	5,000	5,055	5,000
Amortization	26,000	17,043	18,432
Distribution	27,600	23,408	23,632
Repairs and maintenance	15,500	7,480	10,184
Wages and benefits	39,000	33,232	38,487
	<u>113,100</u>	<u>86,218</u>	<u>95,735</u>
Annual surplus (deficit)	<u>-</u>	26,111	17,382
Capital project grant	225,000		
Capital projects	(225,000)	-	-
Accumulated surplus, beginning of year		<u>2,631,059</u>	<u>2,613,677</u>
Accumulated surplus, end of year		<u>\$ 2,657,170</u>	<u>\$ 2,631,059</u>

Village of Port Clements
Sewer System - Statement of Financial Position
As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial assets		
Due from general operating fund	\$ 305,907	\$ 358,712
Financial Liabilities		
Liability for contaminated site	<u>3,425,832</u>	<u>3,425,832</u>
Net financial assets	<u>(3,119,925)</u>	<u>(3,067,120)</u>
Non-financial assets		
Tangible capital assets	<u>1,306,151</u>	<u>1,266,255</u>
	<u>1,306,151</u>	<u>1,266,255</u>
	<u>\$ (1,813,774)</u>	<u>\$ (1,800,865)</u>
Accumulated surplus		
Accumulated surplus	\$ (3,119,925)	\$ (3,067,120)
Equity in tangible capital assets	<u>1,306,151</u>	<u>1,266,255</u>
	<u>\$ (1,813,774)</u>	<u>\$ (1,800,865)</u>

Village of Port Clements
Sewer System - Statement of Operations
For the year ended December 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
User charges	\$ 31,200	\$ 31,560	\$ 31,209
Sewer frontage tax	35,700	35,728	37,702
	<u>66,900</u>	<u>67,288</u>	<u>68,911</u>
Expenses			
Administration	3,000	3,000	3,000
Amortization	18,000	10,971	8,428
Contaminated site remediation	-	21,177	-
Operations	9,850	12,074	7,822
Repairs and maintenance	11,000	3,922	5,979
Wages and benefits	25,050	29,053	21,694
	<u>66,900</u>	<u>80,197</u>	<u>46,923</u>
Annual surplus (deficit)	<u>-</u>	<u>(12,909)</u>	<u>21,988</u>
Capital project grant	1,000,000	-	-
Capital projects	(1,000,000)	-	-
Accumulated surplus, beginning of year		<u>(1,800,865)</u>	<u>(1,822,853)</u>
Accumulated surplus, end of year		<u>\$ (1,813,774)</u>	<u>\$ (1,800,865)</u>

Village of Port Clements


Northern Capital and Planning Grant - Statement of Operations

For the year ended December 31, 2021


	<u>2021 Budget (unaudited)</u>	<u>2021 Actual</u>	<u>2020 Actual</u>
Revenue			
Northern Capital and Planning Grant	\$ -	\$ -	\$ -
Interest	-	17,048	91,452
	-	17,048	91,452
Reserve funds, beginning of year		<u>2,206,778</u>	<u>2,115,326</u>
Reserve funds, end of year		<u>\$ 2,223,826</u>	<u>\$ 2,206,778</u>

Village of Port Clements
STATEMENT OF FINANCIAL INFORMATION APPROVAL
For The Period of January 1 – December 1, 2021

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*.



Marjorie Dobson
Chief Administrative Officer/Chief Financial Officer
June 29, 2022



Doug Daugert
Mayor
June 29, 2022



The Village of
PORT CLEMENTS
"Gateway to the Wilderness"

CERTIFIED EXTRACT

REGULAR MEETING OF COUNCIL

2022-06-171– Moved by Councillor Cumming, seconded by Councillor Whitney-Gould

THAT Council approves the 2021 Statement of Financial Information Report.

CARRIED

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

held June 20th, 2022.

A handwritten signature in black ink, appearing to read 'Marjorie Dobson', written over a horizontal line.

Marjorie Dobson, 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 2021

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,



Marjorie Dobson, CAO

Village of Port Clements Schedule of Debt

The Village of Port Clements did not incur any debt during the 2021 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	\$ 5000.00	\$ 0.00	\$ 5,000.00
Falconbridge, Kazimir	Councillor	\$ 3000.00	\$ 0.00	\$ 3,000.00
Gould, Ian	Councillor	\$ 3000.00	\$ 500.00	\$ 3,500.00
Whitney-Gould, Kelly	Councillor	\$ 3000.00	\$ 0.00	\$ 3,000.00
TOTALS FOR ALL OFFICIALS		\$ 17,000.00	\$ 500.00	\$ 17,500.00

2. Employees

Name	Remuneration	Expenses	Total
Employees over \$75,000.00			
Employees under \$75,000.00 (all)	\$ 280,546.25	\$ 5,615.88	\$ 286,162.13
TOTALS FOR ALL OFFICIALS	\$ 280,546.25	\$ 5,615.88	\$ 286,162.13

*Remuneration includes taxable benefits

3. Reconciliation

No reconciliation is required as the financial statements record remuneration by department and 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), a severance agreement was not entered into in 2021.

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
BC Hydro	\$ 53,169.53
Board of School Trustees SD#50	\$ 26,714.09
C&C Beachy	\$ 38,047.52
Johnny's Machine Shop	\$ 53,244.80
Misty Isles Economic Development Society	\$ 63,162.00
Minister of Finance School & Police Tax	\$ 41,711.28
Municipal Pension Plan	\$ 40,541.03
North Coast Regional District	\$ 90,143.06
Northwest Hydraulic Consultants Ltd	\$ 37,008.30
Receiver General CRA	\$ 76,856.54
Subtotal	\$ 520,598.15

Payments Made (Vendors over \$25,000)	\$ 520,598.15
Miscellaneous Payments (\$25,000 and under)	\$ 621,358.58
TOTAL	\$ 1,141,956.73

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

Name	Amount
Caden Bergstrom student bursary	\$ 500.00
Haida Gwaii Mental Health and Addictions	\$ 6,400.00
Literacy Haida Gwaii	\$ 200.00
Royal Canadian Legion	\$ 225.00
Port Clements Historical Society	\$ 3,000.00

Total Grants **\$ 10,325.00**