



**The Village of Port Clements**  
**2013 Annual Report**  
**Looking Back and Forward**  
**Celebrating 100 years**

# Table of Contents:

|  |    |
|--|----|
| Mayor's Message                                | 1  |
| Administrator's Message                        | 2  |
| Public Works Message                           | 4  |
| RCMP Report for 2013                           | 5  |
| Recreation Committee Report                    | 7  |
| 2013 Objectives                                | 8  |
| 2014 Objectives                                | 9  |
| 2013 Remuneration Report                       | 10 |
| December 31, 2013 Audited Financial Statements |    |

# MAYOR'S MESSAGE

On behalf of the Village of Port Clements, I am pleased to present our community's 2013 Annual Report. It has been my pleasure to work with Council, Village administration, public works and many volunteers to make our community a better place to live, work, and play.

Your Council has continued to explore and promote economic interests and engage in economic development initiatives. Work to create a barge facility in the industrial park area has been ongoing with progress being made to find funding, work through regulatory requirements, and seek partnerships. Council is convinced this project is vital to Port Clements's and Haida Gwaii's economic viability as we move further into the 21<sup>st</sup> century.

We have placed promotion of tourism in our community as an integral part of our economic development strategy. Besides marketing our community, we believe the appearance of our community needs to be enhanced to encourage tourists to stay for a while and return when they can. We have been successful in obtaining NDI funding for local business facade improvements and are committed to the elimination of derelict houses. It is hoped the partnership agreement with the Historical Society to host a tourist information centre will help highlight many of our local assets to tourists visiting the Islands. Work to improve our Community Park was completed during the year and an investigation was done to make the small craft harbour more user friendly

Council has and continues to focus on the financial stability and accountability for Port Clements. We have remained firm in our commitment to ensure community finances and cost of infrastructure replacement is protected. There is an emphasis on long term planning by prioritizing goals as we believe this to be essential to being a fiscally responsible community.

With this message I would like to applaud our community's volunteer fire department for their efforts and dedication. We need to be appreciative of their volunteer effort and the high level of service they provide to Port Clements.

Port Clements is a remarkable community, home to a good entrepreneurial spirit, committed and passionate volunteer base and residents with a strong sense of civic pride. On behalf of Village Council, thank-you for all the contributions you make to our community and for putting your trust on our leadership.

## Message from the Administrator

2013 was a busy and exciting year. We started the year with another big earthquake just to keep us on our toes. This allowed us another chance to review our emergency procedures and amend them as necessary. We finalized our Official Community Plan rewrite in April which can be viewed on our website – Bylaw #398, 2013. Recognizing the impact of taxes on residents and local businesses we did not increase taxes, water or sewer user rates and instead looked for efficiencies in a challenging environment of increasing costs and demands for services. We finalized a business case study for the barge facility project and continue to work with Federal and Provincial funding agencies towards achieving this goal. We managed to obtain Lot 100 in the Industrial Park for the purpose of a future barge facility at no cost to the residents via a Crown Land Grant from the Province. A Business Façade grant was made available for the first time in 2013 and five of our local business took part in the initiative and gave their businesses a face lift. Our Auditor resigned and we appointed a new Audit firm – A.W. Vandermeer and Associates who were responsible for the 2013 Financial statements located at the back of this report.

Several committees of Council were established in 2013 such as the Centennial committee to begin planning for 2014, the Small Craft Harbour committee, to review the Small Craft Harbour and Wharf in regards to operational costs and maximizing space and effectiveness of the Small Craft Harbour, and the Parks Management committee which will be creating a management plan for each of the parks within Port Clements to address issues such as infrastructure, development, expansion and the ever popular alders.

Each year staff and Council go through a series of exercises and brainstorming sessions to create a vision and an economical plan for our community. Our vision for a healthy community is to provide the appropriate infrastructure to support our current needs while anticipating future requirements to allow us to experience a vibrant economy, community connectivity and a healthy environment in which to work and play.

Financially 2013 was a fair year. We ended the year with a small overall loss of \$3,270. However, that loss includes setting up Amortization reserves for General Purposes in the amount of \$167,086, Water Purposes \$55,187 and Sewer Purposes \$34,766. These are non-cash “expenses” that recognizes the fact that we will need to replace our physical assets as they get used up over the years or as technology changes. Schedule 2 of the Auditor’s report details our financial results by Fund and Schedule 3 shows our accumulated Surpluses for each fund. I am happy to report that when you back out the non-cash amortization item each of our funds reported an increase for 2013 – Accumulated General Reserve sits at \$1,356,631, Accumulated Water Reserve sits at \$523,660 and Accumulated Sewer Reserve sits at \$383,313 bringing our total Accumulated Surplus to \$2,263,604. This is our cushion against future, unanticipated or unavoidable issues that may arise. It is sound financial management to ensure that Port Clements has sufficient reserves to weather future events.

It has been my pleasure to work with staff and Council this past year. I continue to be humbled year after year by the amount of volunteerism displayed by the residents of Port Clements. It is this generous atmosphere which should always be the highlight of any report because it is what supports and strengthens this Community.

Kim Mushynsky – Chief Administrative Officer

## Message from the Public Works Superintendent:

2013 was a year of stability for the Port Clements Public Works department, with the completion of the transition of the department's Superintendent in his new role and the experience gained in the first year being comfortably applied to the daily workings of the Village of Port Clements. A more active role was enjoyed in participating in the budgeting and strategic planning work alongside of council and staff.

The department employs two permanent employees offering a broad range of beneficial skill sets in addition to being certified operators in various levels of water and wastewater operations. We are grateful to mentor to and be assisted by the seasonal addition of a summer student.

Public Works is challenged daily with the many facets of the safe and efficient operation of a municipality including water and waste infrastructure, buildings and ground maintenance, parks, streets, campground and cemetery, walking trails and sports fields. We are here for and enjoy responding to the citizen's needs.

Integral to the operations of the Village of Port Clements and the quality of life here are the many efforts of volunteers in the community. Public works remains indebted to the spirit of volunteerism and those individuals and companies that provide assistance, advice, materials and labour in an effort to beautify and enhance the quality of living for its residents and guests.

Moving forward into 2014, we hope to overcome challenges involving our wastewater infrastructure and resolve compliance issues relating to it with both provincial and federal governing bodies, to extend the benefits of a modern water treatment plant with improvements and cost savings in its distribution system, and a genuine effort will be made to improve the aesthetic appeal of the village to both its residents and visitors. I continue to look forward to the daily challenges and the successful problem solving with a positive attitude and am thankful for the ongoing support from fellow workers, residents, Clerk and Council.

Sean O'Donoghue  
Public Works Superintendent

# Masset RCMP Report for 2013/14

---

From April 1<sup>st</sup>, 2013 to March 31<sup>st</sup>, 2014, the Masset RCMP experienced a decrease in calls for service within the detachment jurisdiction. A total of 1292 calls for service were made as compared to 1461 for the same reporting period of 2012/13. This represents a drop of 169 calls or approximately 12%. Of those calls, the Masset RCMP dealt with 129 calls for service within the Village of Port Clements in 2012/13 compared to 105 calls for service during 2013/14 a drop of approximately 19%.

Through community consultation, the Masset RCMP had identified a number of priorities for the 2013/14 year which they focused on within the detachment area. These priorities consisted of:

- i) **Reduce the Abuse of Drugs**
  - a. DARE Program
  - b. Drug Awareness presentations
  - c. Media Releases Surrounding Drug Activity
  - d. Street Checks
  
- ii) **Contribute to Safe Roads**
  - a. Ticket Tracking
  - b. High Visibility Checkstops
  
- iii) **Crime Reduction Strategy – Reduce Property Crime by 5%**
  - a. Prolific Offender tracking
  - b. Court Ordered Condition Checks (Curfews)
  
- iv) **Respectful Workplace**
  - a. Internal Programs and Training

Although a small number of the targets these initiatives were not met. This can be attributed to the lack of previous data to set realistic benchmarks. All of the topics were new additions to the Annual Performance Plan so target statistics had to be selected using an educated estimate method. Despite not meeting our internally established goals, the initiatives and results were a marked improvement from the 2012/13 year.

Port Clements continues to be a safe, delightful community due in large part to its concerned and caring residents. The Masset RCMP would like to thank the entire Village of Port Clements for its ongoing support.

**Cst. CN (Chris) KIENZLE**  
**Acting Detachment Commander**  
**Masset RCMP**

# Masset RCMP Report for 2013/14

---





## Recreation Committee Recap for 2013

The first Rec Committee activity for 2013 was the Easter chocolate hunt on March 30<sup>th</sup> at the Community Park. This was well attended by children and parents and lots of chocolate was spotted, eaten or stowed away in baskets for later. Coffee and muffins were available for the adults.

The Movie Night tradition continued with lots of homemade popcorn and goodies for the movie goers. We generally hold 9-10 movie nights per year.

Canada Day is our major event and 2013 started off strong with the Children's Fishing Derby at the Rainbow Wharf Friday June 28<sup>th</sup>. We had an excellent turnout – 44 young fishers – and all types and sizes of water dwellers were landed by the excited crew. Lots of prizes were awarded and hot chocolate, hot dogs and cake were served to all those in attendance. Saturday began with our fire department cooking mouth-watering pancakes and bacon. Later they changed over to hamburgers for the afternoon crowd. Running the concession is always a good fundraiser for them and a great opportunity for good food for the attendees. The parade happens on Saturday which is always a big hit. We also had roaring groups of softball and soccer teams with great rivalry. Cheers from the sports events rivalled with the children's hoots of laughter from the "sumo wrestling" activities. Unfortunately it was a cooler, wet Canada Days but that didn't stop the activities. We added some more bird houses to the bird house sub-division down by the Rainbow Wharf. With the various vendors, beer garden, flea market, canoe race and music everyone was kept busy and entertained. Sunday continued with sporting events and the ever famous Mud Bog.

The next event was Breakfast with Santa on December 14<sup>th</sup>. This started off with resident Chef Matt Gaspar cooking eggs, pancakes and bacon for everyone. Crafts were available to keep the anxious children occupied until Santa came to visit. Smiles could not have been any bigger.

Looking ahead the Recreation Committee would like to upgrade the playground and the tennis courts need to be resurfaced. The bleachers are in need of repair and we want to install scoreboards for the softball and soccer fields. There needs to be ongoing maintenance for the grounds including trimming bushes and removing some of the trees to improve the visual appearance of the Community Park. A roof over the roller/ice rink would be a useful addition.

The success of all our activities depends upon the precious time committed by our Volunteers. We would like to thank everyone who donated their time to make these events happen. Thank you to all!!

Please feel free to join our dedicated group of volunteers to help bring recreational opportunities to our community.

## **Report on 2013 Objectives:**

Following is a list of the Main Priorities identified by Council and Staff when Strategic Planning for 2013 and what was accomplished in 2013 towards these goals.

**#1 – Barge Facility Project** – the barge project continues to be a major priority of Council. Funding applications were submitted to three funders by the end of 2013 – Northern Development Initiative Trust for \$250,000 which was successful, Gwaii Trust for \$100,000 which was successful and Western Economic Diversification for \$600,000 which is pending until September 2014. Another public meeting is slated for July to bring the community up to date on where/how/if this project is moving forward.

**#2 –Derelict Houses** – Council identified two houses for 2013, one of which was later sold and the new owner dealt with the issue. The second house did not get demolished in 2013 as we were still in negotiations with the owner. It is hoped that this property will be dealt with successfully in 2014.

**#3 – Small Craft Harbour** – Council struck a committee in 2013 to look at various issues concerning the Small Craft Harbour and make recommendations back to Council. This committee met several times during 2013 and has put many suggestions forward to Council in regards to maintenance issues and usage fees. It is anticipated that the committee will wrap up by the end of 2014.

**#4 – Tourism/Beautification** – the tourism committee will be creating a new brochure for Port Clements for 2015. In 2013 they had several signs made up to better identify areas within Port Clements. In addition, in 2013 the Tourism Committee came to an agreement with the Museum to act as our Information Centre.

**#5 – Ambulance Station Upgrades** – Council contacted the province in regards to the possibility of jointly constructing a new ambulance station for Port Clements. The province indicated that this is not on their priority list for at least another 2 years. Council will connect with them again in late 2015.

**#6 – Marketing Port Clements to Seniors & Baby Boomers via magazine articles** – the Village of Port Clements commissioned Jane Wilson to write an article about living in Port Clements. Several pictures, as well as the article, were sent to numerous magazines to see if they would be interested in doing a feature on Port Clements. There was limited interest expressed, one of the magazines indicated that they may run it in 2014.

**#7 – Community Park** – several issues related to the Community Park and infrastructure were identified by Council over the course of the year. A couple of initiatives such as some alder remediation and repair of bleachers were undertaken in 2013. Further work is planned for 2014 as part of the Centennial Celebrations.

## **2014 Priority List:**

|                               |
|-------------------------------|
| TR – Training                 |
| INFR – Infrastructure         |
| REC – Recreation/Parks        |
| TOUR – Tourism/Beautification |
| OTH - Other                   |

### **Administration Priorities:**

**INFR** - Barge Facility Project Funding & investigate partnership structure

**OTH** - Correct digital Bylaw index/attachments

### **Public Works Priorities:**

**INFR** - Lagoon & Sewer Outfall issues

Fire hydrant maintenance – maintain all hydrants before end of 2014

Leak detection – design a plan. Tie in with pigging of the lines

**OTH** - Integrated Pest Management – knotweed & rat - ongoing

Research on equipment purchases to enhance PW options.

### **Council Priorities – Short List**

**#1 – Barge Facility – construction funding**

**#2 – Derelict Houses – identify 2 properties to work on in 2014.**

**#3 – Small Craft Harbour – finalize and implement recommendations from SCH Committee**

**#4 – Community Park – alder removal, remove old bleachers, build pavilion**

**#5 – Centennial Activities**

**#6 – Biomass Heat for Multiplex building**

### **Additional ongoing priorities:**

**INFR** - Backup power for Multiplex

Bus shelter

Remove water tower

Culverts & Sidewalks for downtown corridor along with Downtown Revitalization

Improved Signage per MIA recommendations

Pave & re-pave streets

Water meters

LED Street Lighting – proposal successful now need to tender project & work with BCHydro

Cemetery Upgrades – still working on ownership issues (2015 priority)

**REC** - Maintenance to park infrastructure (such as playground equipment)

Trail Extension from Community park to the Museum

**TOUR** - Brochure for 2015

**OTH** - Wind firm trees in Road allowance by end of Water Drive

Marketing Port Clements to Seniors & Baby Boomers via magazine articles

## Year ended December 31, 2013

### Elected Officials

| <u>Name</u>                     | <u>Position</u> | <u>Remuneration</u> | <u>Expenses</u>    | <u>Total per Official</u> |
|---------------------------------|-----------------|---------------------|--------------------|---------------------------|
| Cheer, Wally                    | Mayor           | \$ 3,500.00         | \$ 781.73          | \$ 4,281.73               |
| Thomas, Urs                     | Councillor      | \$ 2,099.96         | \$ 127.60          | \$ 2,227.56               |
| Gould, Norman                   | Councillor      | \$ 2,099.96         | \$ 0.00            | \$ 2,099.96               |
| Gaspar, Matt                    | Councillor      | \$ 2,099.96         | \$ 132.11          | \$ 2,232.07               |
| Falconbridge, Kazamir           | Councillor      | \$ 2,099.96         | \$ 0.00            | \$ 2,099.96               |
| <b>TOTALS FOR ALL OFFICIALS</b> |                 | <b>\$11,899.84</b>  | <b>\$ 1,041.44</b> | <b>\$12,941.28</b>        |

### Employees

|                                   |                     |                    |                     |
|-----------------------------------|---------------------|--------------------|---------------------|
| Employees over \$75,000.00        | \$ 0.00             | \$ 0.00            | \$ 0.00             |
| Employees under \$75,000.00 (all) | \$202,234.94        | \$ 3,839.00        | \$206,073.94        |
| <b>GRAND TOTAL</b>                | <b>\$214,134.78</b> | <b>\$ 4,880.44</b> | <b>\$219,015.22</b> |

**VILLAGE OF PORT CLEMENTS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

Certified General Accountant

**Independent Auditor's Report**

To the Mayor and Councillors of the  
Village of Port Clements,

I have audited the statement of financial position of the Village of Port Clements as at December 31, 2013, and the statement of operations, changes in net debt, cash flows for the year then ended, and a summary of significant policies and other explanatory information.

*Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for local governments, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, these financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2013 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles for local governments.

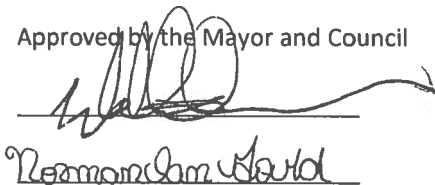
*A.W. Vandermeer*

A.W. Vandermeer & Associates  
Certified General Accountant

**VILLAGE OF PORT CLEMENTS  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2013**

|  | 2013              | 2012              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| <b>Assets</b>                                    |                   |                   |
| <b>Financial assets</b>                          |                   |                   |
| Cash   | 877,569           | 1,960,611         |
| Temporary investments                            | 1,390,987         | 129,376           |
| Property taxes and utilities receivable (Note 3) | 107,195           | 127,906           |
| Trade, government and other receivables (Note 3) | 33,870            | 14,467            |
|  | <u>2,409,621</u>  | <u>2,232,360</u>  |
| <b>Liabilities</b>                               |                   |                   |
| Trade accounts payable and accruals              | 21,999            | 30,915            |
| Deferred revenue (Note 4)                        | 151,381           | 211,335           |
|  | <u>173,380</u>    | <u>242,250</u>    |
| <b>Net financial assets</b>                      | <u>2,236,241</u>  | <u>1,990,110</u>  |
| <b>Non-financial assets</b>                      |                   |                   |
| Tangible capital assets (Notes 1 and 5)          | 8,206,660         | 8,449,592         |
| Inventories (Notes 1(e) )                        | 27,325            | 34,974            |
| Prepaid expenses and deferred charges            | 20,262            | 19,082            |
|  | <u>8,254,247</u>  | <u>8,503,648</u>  |
| <b>Accumulated surplus</b>                       | <u>10,490,488</u> | <u>10,493,758</u> |
| <b>Represented by:</b>                           |                   |                   |
| Operating funds                                  | 2,263,604         | 2,023,942         |
| Statutory Reserve (Note 7)                       | 20,224            | 20,224            |
| Equity in tangible capital assets (Note 6)       | 8,206,660         | 8,449,592         |
|  | <u>10,490,488</u> | <u>10,493,758</u> |

Approved by the Mayor and Council



Raymond J. Gould

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF PORT CLEMENTS**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

|   | Budget                   | 2013                     | 2012                     |
|---|--------------------------|--------------------------|--------------------------|
|   | \$                       | \$                       | \$                       |
| <b>Revenue</b>                                |                          |                          |                          |
| Property taxes                                | 208,416                  | 208,546                  | 208,080                  |
| Grants in lieu                                | 6,645                    | 6,315                    | 7,137                    |
| Services                                      | 16,790                   | 16,306                   | 7,522                    |
| Revenue from own sources                      | 116,080                  | 121,443                  | 114,196                  |
| Multi purpose building rental                 | 12,850                   | 12,206                   | 12,344                   |
| Unconditional grants                          | 400,000                  | 251,920                  | 539,009                  |
| Conditional grants                            | 86,000                   | 199,125                  | 1,028,657                |
| Interest and penalties                        | 23,100                   | 47,393                   | 25,028                   |
| Collections for other agencies                | 206,710                  | 196,717                  | 202,660                  |
|   | <u>1,076,591</u>         | <u>1,059,971</u>         | <u>2,144,633</u>         |
| <b>Total revenue</b>                          |                          |                          |                          |
| <b>Expenditures</b>                           |                          |                          |                          |
| Legislative                                   | 34,800                   | 30,073                   | 33,473                   |
| General administration                        | 188,900                  | 190,777                  | 166,110                  |
| Protective services                           | 40,650                   | 37,102                   | 45,577                   |
| Emergency services                            | 3,650                    | 3,835                    | 760                      |
| Common services                               | 25,000                   | 25,924                   | 17,651                   |
| Wharf   | 27,500                   | 21,598                   | 2,419                    |
| Small craft harbour                           | 7,850                    | 8,625                    | 5,786                    |
| Roads   | 46,450                   | 37,327                   | 38,103                   |
| Environmental                                 | 3,830                    | 596                      | 2,510                    |
| Economic development                          | 57,000                   | 56,144                   | 44,162                   |
| Parks, recreation and tourism                 | 48,500                   | 56,707                   | 43,380                   |
| Other (Water and Sewer)                       | 117,530                  | 100,513                  | 97,802                   |
| Multipurpose building maintenance             | 51,050                   | 38,212                   | 55,413                   |
| Fiscal services                               | 2,500                    | 2,134                    | 1,689                    |
| Amortization                                  | 234,766                  | 257,039                  | 233,271                  |
| Payments to other agencies                    | 207,210                  | 196,635                  | 203,015                  |
|   | <u>1,097,186</u>         | <u>1,063,241</u>         | <u>991,121</u>           |
| <b>Excess operating revenue over expenses</b> | (20,595)                 | (3,270)                  | 1,153,512                |
| <b>Gain on disposal of capital assets</b>     | -                        | -                        | 2,966                    |
| <b>Excess revenue over expenses</b>           | (20,595)                 | (3,270)                  | 1,156,478                |
| <b>Accumulated surplus, beginning of year</b> | <u>10,493,758</u>        | <u>10,493,758</u>        | <u>9,337,280</u>         |
| <b>Accumulated surplus, end of year</b>       | <u><u>10,473,163</u></u> | <u><u>10,490,488</u></u> | <u><u>10,493,758</u></u> |

The accompanying notes are an integral part of these financial statements.



**VILLAGE OF PORT CLEMENTS  
STATEMENT OF CHANGES IN NET DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2013**

|   | 2013<br>\$              | 2012<br>\$              |
|---|-------------------------|-------------------------|
| <b>Excess revenue over expenses</b>         | (3,270)                 | 1,156,478               |
| Amortization of tangible capital assets     | 257,039                 | 233,271                 |
| Change in inventories                       | 7,649                   | (2,329)                 |
| Change in prepaid expenses                  | (1,180)                 | (7,529)                 |
| Acquisition of tangible capital assets      | (14,107)                | (1,008,686)             |
| Increase (decrease) in net financial assets | <u>246,131</u>          | <u>371,205</u>          |
| Net financial assets, beginning of year     | 1,990,110               | 1,618,905               |
| Net financial assets, end of year           | <u><u>2,236,241</u></u> | <u><u>1,990,110</u></u> |

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF PORT CLEMENTS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

|   | 2013                    | 2012                    |
|---|-------------------------|-------------------------|
|   | \$                      | \$                      |
| <b>Operating</b>                                |                         |                         |
| Excess revenue over expenses                    | (3,270)                 | 1,156,478               |
| <i>Non-cash charges to operating</i>            |                         |                         |
| Amortization                                    | 257,039                 | 233,271                 |
| Inventory                                       | 7,649                   | (2,329)                 |
| <i>Changes to financial assets/liabilities</i>  |                         |                         |
| Accounts receivable                             | 1,308                   | 2,542                   |
| Accounts payable                                | (8,916)                 | (24,178)                |
| Deferred revenue                                | (59,954)                | (13,448)                |
| Prepaid expenses                                | (1,180)                 | (7,528)                 |
|   | <u>192,676</u>          | <u>1,344,808</u>        |
| <b>Capital</b>                                  |                         |                         |
| Acquisition of tangible capital assets          | (14,107)                | (1,008,686)             |
|   | <u>(14,107)</u>         | <u>(1,008,686)</u>      |
| <b>Financing activities</b>                     | -                       | -                       |
| Change in cash and cash equivalents             | 178,569                 | 336,122                 |
| Opening cash and cash equivalents               | <u>2,089,987</u>        | <u>1,753,865</u>        |
| <b>Closing cash and cash equivalents</b>        | <u><u>2,268,556</u></u> | <u><u>2,089,987</u></u> |
| <b>Composition of cash and cash equivalents</b> |                         |                         |
| Cash  | 877,569                 | 1,960,611               |
| Temporary investments                           | <u>1,390,987</u>        | <u>129,376</u>          |
|   | <u><u>2,268,556</u></u> | <u><u>2,089,987</u></u> |

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PORT CLEMENTS  
 SCHEDULE OF TANGIBLE CAPITAL ASSETS  
 YEAR ENDED DECEMBER 31, 2013

|                                 | Land    | Buildings | Fire Department<br>Equipment | Office<br>Equipment | Tools &<br>Equipment | Vehicles | Roads &<br>Sidewalks | Water     | Sewer     | Parks &<br>Recreation | 2013<br>Total | 2012<br>Total |
|---------------------------------|---------|-----------|------------------------------|---------------------|----------------------|----------|----------------------|-----------|-----------|-----------------------|---------------|---------------|
| <b>Historical cost</b>          |         |           |                              |                     |                      |          |                      |           |           |                       |               |               |
| Opening balance                 | 349,954 | 3,636,754 | 465,285                      | 19,594              | 70,248               | 19,334   | 350,386              | 2,207,504 | 1,390,634 | 1,012,218             | 9,521,911     | 9,521,911     |
| Additions                       | -       | 11,600    | -                            | -                   | 2,507                | -        | -                    | -         | -         | -                     | 14,107        | -             |
| Closing balance                 | 349,954 | 3,636,754 | 476,885                      | 19,594              | 72,755               | 19,334   | 350,386              | 2,207,504 | 1,390,634 | 1,012,218             | 9,536,018     | 9,521,911     |
| <b>Accumulated amortization</b> |         |           |                              |                     |                      |          |                      |           |           |                       |               |               |
| Opening balance                 | -       | 465,906   | 92,781                       | 9,797               | 8,781                | 9,667    | 43,798               | 141,972   | 173,829   | 125,788               | 1,072,319     | 839,047       |
| Amortization expense            | -       | 101,895   | 25,136                       | 1,959               | 2,245                | 1,933    | 8,760                | 55,188    | 34,766    | 25,157                | 257,039       | 233,272       |
|                                 | -       | 567,801   | 117,917                      | 11,756              | 11,026               | 11,600   | 52,558               | 197,160   | 208,595   | 150,945               | 1,329,358     | 1,072,319     |
| Net book value                  | 349,954 | 3,068,953 | 358,968                      | 7,838               | 61,729               | 7,734    | 297,828              | 2,010,344 | 1,182,039 | 861,273               | 8,206,660     | 8,449,592     |

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF PORT CLEMENTS  
SEGMENT DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

|                                   | <u>General</u> | <u>Water</u>    | <u>Sewer</u>    | <u>Total</u>     |
|-----------------------------------|----------------|-----------------|-----------------|------------------|
| <b>Revenue</b>                    |                |                 |                 |                  |
| Property taxes                    | 125,132        | 47,742          | 35,672          | 208,546          |
| Grants in lieu                    | 6,315          |                 |                 | 6,315            |
| Services                          | 16,306         |                 |                 | 16,306           |
| Revenue from own sources          | 49,619         | 47,519          | 24,305          | 121,443          |
| Multi purpose building rental     | 12,206         |                 |                 | 12,206           |
| Unconditional grants              | 251,920        |                 |                 | 251,920          |
| Conditional grants                | 199,125        |                 |                 | 199,125          |
| Interest and penalties            | 44,637         | 2,756           |                 | 47,393           |
| Collections for other agencies    | 196,717        |                 |                 | 196,717          |
|                                   | <u>901,977</u> | <u>98,017</u>   | <u>59,977</u>   | <u>1,059,971</u> |
| <b>Expenditures</b>               |                |                 |                 |                  |
| Legislative                       | 30,073         |                 |                 | 30,073           |
| General administration            | 190,777        |                 |                 | 190,777          |
| Protective services               | 37,102         |                 |                 | 37,102           |
| Emergency services                | 3,835          |                 |                 | 3,835            |
| Common services                   | 25,924         |                 |                 | 25,924           |
| Wharf                             | 21,598         |                 |                 | 21,598           |
| Small craft harbour               | 8,625          |                 |                 | 8,625            |
| Roads                             | 37,327         |                 |                 | 37,327           |
| Environmental                     | 596            |                 |                 | 596              |
| Economic development              | 56,144         |                 |                 | 56,144           |
| Parks, recreation and tourism     | 56,707         |                 |                 | 56,707           |
| Other (Water and Sewer)           |                | 59,710          | 40,803          | 100,513          |
| Multipurpose building maintenance | 38,212         |                 |                 | 38,212           |
| Fiscal services                   | 2,134          |                 |                 | 2,134            |
| Amortization                      | 167,086        | 55,187          | 34,766          | 257,039          |
| Payments to other agencies        | 196,635        |                 |                 | 196,635          |
|                                   | <u>872,775</u> | <u>114,897</u>  | <u>75,569</u>   | <u>1,063,241</u> |
| <b>Operating fund surplus</b>     | <u>29,202</u>  | <u>(16,880)</u> | <u>(15,592)</u> | <u>(3,270)</u>   |

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF PORT CLEMENTS  
CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

|                                       | General          | Water           | Sewer           | Total            | Reserve       | Tangible<br>Capital Assets |
|---------------------------------------|------------------|-----------------|-----------------|------------------|---------------|----------------------------|
| Revenue                               | 904,733          | 95,261          | 59,977          | 1,059,971        |               |                            |
| Expenditures                          | 872,775          | 114,898         | 75,568          | 1,063,241        |               |                            |
| <b>Current year surplus (deficit)</b> | <u>31,958</u>    | <u>(19,637)</u> | <u>(15,591)</u> | <u>(3,270)</u>   | <u>-</u>      | <u>-</u>                   |
| Current year adjustments              |                  |                 |                 |                  |               |                            |
| Amortization                          | 167,086          | 55,187          | 34,766          | 257,039          |               | (257,039)                  |
| Additions to assets                   | (14,107)         |                 |                 | (14,107)         |               | 14,107                     |
|                                       | <u>152,979</u>   | <u>55,187</u>   | <u>34,766</u>   | <u>242,932</u>   | <u>-</u>      | <u>(242,932)</u>           |
| Accumulated surplus beginning balance | <u>1,171,694</u> | <u>488,110</u>  | <u>364,138</u>  | <u>2,023,942</u> | <u>20,224</u> | <u>8,449,592</u>           |
| Accumulated surplus ending balance    | <u>1,356,631</u> | <u>523,660</u>  | <u>383,313</u>  | <u>2,263,604</u> | <u>20,224</u> | <u>8,206,660</u>           |

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF PORT CLEMENTS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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

**1. Significant accounting policies**

**(a) Basis of presentation**

The financial statements of the Village of Port Clements are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Financial Statements reflect the combined results and activities of the reporting entity which is comprised of the Operating, Water, Sewer and Reserve funds and all organizations that are accountable for the administration of their financial affairs and resources to the Council and are controlled or owned by the Village.

**(b) 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 grant revenues are recognized when specified conditions have been completed. Unconditional grant revenue is recognized when the funding becomes receivable. Revenue unearned in the current period is recorded as deferred revenue.

**(c) Tangible capital assets**

Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight line basis over the estimated useful life of the asset commencing in the year the asset is put into service. Assets under development are not amortized until the asset is available for productive use. Estimated useful lives are as follows:

|   | Years   |
|---|---------|
| Land improvements                           | 40      |
| Buildings                                   | 25 – 50 |
| Mobile equipment                            | 10 – 20 |
| Furniture, small tools and office equipment | 10      |
| Vehicles                                    | 10      |
| Infrastructure                              | 40      |

**(d) Use of estimates**

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period. Significant areas requiring estimates include the determination of payroll liabilities and provisions for contingencies. As such actual amounts could differ from the estimates.

**(e) Inventories of land for resale**

Inventories of land for resale are recorded at cost.

**(f) Reserves**

Appropriations of the equity of operating funds are provided to allow for anticipated future capital and operating expenditures (see Note 10).

**2. Banking facilities**

The Village of Port Clements has been provided a \$189,000 operating line of credit at prime with the Canadian Imperial Bank of Commerce.

**VILLAGE OF PORT CLEMENTS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| <b>3. Accounts receivable</b>       | <b>2013</b>    | <b>2012</b>    |
|                                     | \$             | \$             |
| <b>Property Taxes and Utilities</b> |                |                |
| Property taxes                      | 108,106        | 128,909        |
| Utilities                           | <u>(911)</u>   | <u>(1,003)</u> |
|                                     | <u>107,195</u> | <u>127,906</u> |
| <b>Trade, Government and Other</b>  |                |                |
| Sales taxes receivable              | 5,821          | 12,000         |
| Other receivables                   | <u>28,049</u>  | <u>2,467</u>   |
|                                     | <u>33,870</u>  | <u>14,467</u>  |

|                                 |                |                |
|---------------------------------|----------------|----------------|
| <b>4. Deferred income</b>       | <b>2013</b>    | <b>2012</b>    |
| Donation (Centennial Pavilion)  | 5,000          | -              |
| Federal Gas Tax Community Works | 133,481        | 211,336        |
| Tax sale                        | <u>12,900</u>  | <u>-</u>       |
|                                 | <u>151,381</u> | <u>211,336</u> |

*Federal gas tax*

The Community Works Fund Agreement (Gas Tax) funding is provided by the Government of Canada. The use of the funding is established by an agreement between the Municipality and the Union of British Columbia Municipalities. Funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects.

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| <b>5. Tangible capital assets</b> | <b>2013</b>      | <b>2012</b>      |
|                                   | \$               | \$               |
| Land                              | 349,954          | 349,954          |
| Buildings                         | 3,068,953        | 3,170,847        |
| Automotive                        | 7,734            | 9,667            |
| Fire Department equipment         | 358,968          | 372,504          |
| Office Equipment                  | 7,838            | 9,797            |
| Tools & Equipment                 | 61,729           | 61,467           |
| Parks & Recreation                | 861,273          | 886,431          |
| Roads and Sidewalks               | 297,828          | 306,588          |
| Water System                      | 2,010,344        | 2,065,532        |
| Sewer System                      | <u>1,182,039</u> | <u>1,216,805</u> |
|                                   | <u>8,206,660</u> | <u>8,449,592</u> |

**6. Equity in tangible capital assets**  
Equity in tangible capital assets (TCA) represents the net book value of total capital assets less long term obligations assumed to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

|  |                  |                  |
|--|------------------|------------------|
|  | <b>2013</b>      | <b>2012</b>      |
| Equity in tangible capital assets, beginning | 8,449,592        | 7,674,177        |
| Add: capital acquisitions                    | 14,107           | 1,008,686        |
| Less: amortization                           | <u>(257,039)</u> | <u>(233,271)</u> |
| Equity in tangible capital assets, ending    | <u>8,206,660</u> | <u>8,449,592</u> |

**VILLAGE OF PORT CLEMENTS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**7. Reserves**

|                         | <b>2013</b>   | <b>2012</b>   |
|-------------------------|---------------|---------------|
|                         | \$            | \$            |
| Building reserve fund   | 4,261         | 4,261         |
| Latecomers' fee reserve | 9,369         | 9,369         |
| Fire department reserve | 3,000         | 3,000         |
| Planning fund reserve   | <u>3,594</u>  | <u>3,594</u>  |
|                         | <u>20,224</u> | <u>20,224</u> |

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

**8. Operating leases**

**Xerox**

Quarterly payment of \$431.78 for the lease for the photocopier for the term February 1, 2012 to February 1, 2017 .

**9. Contingent liabilities and commitments**

- a)** The municipality and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately three contributors from The Village of Port Clements.

The most recent actuarial valuation as at December 31, 2012 indicated 1,370 million funding deficit for basic pension benefits. The next valuation will be at December 31, 2015 with the results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). this is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Village of Port Clements paid \$14,497(2012 - \$8,208) for employer contributions to the plan in fiscal 2013.

**10. Financial Instruments**

The municipality's financial instruments consist of cash and term deposits, accounts and taxes receivable, grants receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.