

**PORT CLEMENTS
2015 ANNUAL
REPORT**



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Mayor's Report

My first full year as Mayor of our quaint community was both rewarding and trying. The balance between considering all parties' individual interests and the Village's mandatory obligations is complex and challenging. Personally for me, the largest challenge was the Conflict of Interest. In a small community, based heavily on logging as the main economic driver, there will always be some level of conflict. Government legislation does not allow for any leeway whether the issue is financial, employment, volunteer or familial connections. This becomes more apparent in a small community as opposed to a city due to our interconnectedness.

Three members of Council were found to be in Conflict of Interest around a rezoning application in the Industrial Park. This required a ruling from the BC Supreme Court for Council to be allowed to make a decision. This decision was appealed and a second BC Supreme Court decision upheld the original one. I found the process difficult and did my best to try and insure that the experience did not divide the community.

The nice part is Council has come together and found a balance to move things forward. We have been successful with a number of grant applications and expect some significant progress on projects to happen in 2016 – the first of which is the biomass project which went live in March 2016.

We are fortunate to have dedicated management and employees in the Port Clements Village Office. This has made the job of Mayor much easier and I am grateful we have such competent people looking after our community. It has been my privilege to be your Major in 2015.

Message from the Administrator

If it is one thing I am learning after 5 years working here, there is never a dull moment in Port Clements. In 2015 I learned all about British Columbia's Conflict of Interest regulations to a degree that most of my fellow small town administrators will never encounter. Learning seemed to be the theme for 2015 whether I was the one doing the learning or I was passing along lessons learned to new employees. Sharon Ferretti moved to the Post Office resulting in some change over within the Administrative Office. Change is a great opportunity to re-evaluate work processes to ensure they are done in the most efficient manner and to seek procedures which streamline the work. 2015 was also the first full year for the new Council so they were on a steep learning curve to adjust to their new roles and took part in some training opportunities to assist them in that. The Emergency Planning Committee continues to bring trainers to the islands every year to ensure that we are prepared if we are ever faced with a major event. Public Works and representatives from the Fire Department had opportunities to attend off island training events last year. All in all 2015 was a productive year for learning.

The Village was successful on a number of grant fronts in 2015. We secured funding for the Fire Department for new SCBA gear. A funding proposal that was originally for LED Streetlights for Haida Gwaii ran into some challenges with BC Hydro so the funder allowed us to change the scope of the project to Solar Panel technology to assist us in reducing our carbon footprint. Some businesses took advantage of the Business Façade program to do some external upgrades to their premises in 2015. Funding was received for sports equipment for the Recreation Committee and we received word that an application in 2015 to study our water treatment and distribution system was successful so that work will happen before the end of 2016.

I continue to be impressed and humbled by the amount of volunteer hours the various groups and committees devote to activities each year to keep Port Clements safe, beautiful, moving forward and a fun place to live. I salute the wonderful volunteers of Port Clements!

A handwritten signature in black ink, appearing to read "Kim Musyko". The signature is fluid and cursive, written in the bottom right corner of the page.

June 12, 2016

VOPC PUBLIC WORKS DRINKING WATER ANNUAL REPORT 2015

Introduction

The Village of Port Clements operates and maintains a public water distribution system in accordance with the Drinking Water Protection Act and Regulations *1, and the Guidelines for Canadian Drinking Water Quality. *2

Pursuant to Section 15 of the British Columbia Drinking Water Protection Act and Section 11 of the British Columbia Drinking Water Regulations, the Village of Port Clements department of public works provides the following Annual Drinking Water Report for 2015.

The goal of the Village of Port Clements is to provide clean, safe, and reliable drinking water. Our drinking water must meet or exceed criteria defining “high quality drinking water.” The Federal-Provincial-Territorial Committee on Drinking Water defines high quality drinking water as: free of both disease-causing organisms and chemicals in concentrations that have been shown to cause health problems. Such drinking water has minimal taste and odour, making it aesthetically acceptable to the public for drinking. *3

High quality drinking water must meet requirements with respect to the following:

- Maximum acceptable concentrations of microbiological organisms (such as enteric viruses and E. Coli);
- Maximum acceptable levels of turbidity;
- Maximum acceptable concentrations of chemical contaminants;
- Specific physical parameters; and
- Aesthetic objectives related to taste, colour, and odour.

The village accomplishes these requirements through a multi-barrier approach to treatment. A multi-barrier approach is required as “the limitations or failure of one or more barriers may be compensated for by the effective operation of the remaining barriers. This compensation minimizes the likelihood of contaminants passing through the entire system and being present in sufficient amounts to cause illness to consumers.” *4

There are a variety of potential hazards to drinking water which must be controlled. These threats involve chemical and microbiological pathogens that may be introduced at the source or intake, during treatment, or during distribution. These hazards are an ever-present risk to our drinking water supply.

The village uses a multi-barrier treatment to manage these risks and protect the public.

1. Province of BC, "Drinking Water Protection Act" (Victoria, BC: 2001).
2. Health Canada, "Guidelines for Canadian Drinking Water Quality" (Ottawa, Ontario: 2012).
- 3&4. Federal-Provincial-Territorial Committee on Drinking Water and the CCME Water Quality Task Group, "From Source to Tap: Guidance on the Multi-Barrier Approach to Safe Drinking Water" (Ottawa, Ontario: 2004), 14.4 Ibid., 17.

Water System Overview

Port Clements receives its water from two deep wells not considered under direct influence of ground water. Well 1 is adjacent to the water treatment plant, and well 2 is slightly further away near the entrance to the community park. Historical engineering reports all indicate the raw water to be exceptionally high in Iron and Manganese, causing a challenging situation in terms of producing acceptable drinking water according to Canadian Drinking Water Guidelines. Water is conveyed to the water treatment plant by means of deep well submersible pumps controlled by a modern SCADA (Supervisory Control and Data Acquisition) system. It passes through greensand filters with the addition of chlorine to aid in the oxidation of the iron and manganese. Regular grab sampling of this water indicates that the iron and manganese is stripped from the source water to just meet Drinking Water Guidelines. After filtration, the water is further post chlorinated and stored in 3 stainless steel reservoirs with a capacity of approximately 106 cubic meters each, for a total of 318,000 litres. At regular consumption this is approximately 2.5 day's supply of water for all the villages needs. From the reservoirs, the water is pressurized by two variable speed distribution pumps which maintain a consistent pressure of 55psi at the pump head. In addition to these electric pumps, the system is fitted with a standby diesel 'fire pump' which provides additional pressure and flow in the event of an emergency. This pump produces over 100 psi in the entire distribution system. The distribution system is comprised of about 10% asbestos cement pipe and about 90% PVC plastic pipe.

Annual Consumption Data

At an average of about 160,000 Litres/day, our yearly total water consumption is above 58 million litres. Owing to a few persistent leaks fixed in the month of August, this daily average was reduced by 10,000 Litres/day compared to 2014 calendar year, and represents, at minimum, 10% per day actual savings in produced water.

This does not include water passed through the system by the fire pump, as there is no flow monitoring when the fire pump is in use. In addition to this consumption, an additional 1.5 million litres is used per year for backwashing the sand filters, a necessary part of the filtration process in which accumulated Iron and Manganese which has been stripped from the source water is removed and flushed to sewer.

Water Quality Monitoring

2015 Water Sample Results

As a condition of Port Clements Community Water System permit to operate, granted by Northern Health authority, monthly water samples are taken at various test locations throughout the water system and submitted to a 3rd party accredited laboratory for bacteriological analysis. Notes about these tests can be found below, preceding all the results of 2015 tests.

It is noteworthy to remind those reviewing this report of the “Boil Water Order” put on the VOPC by Northern Health in mid-February. The root cause of the “Boil Water Order” was a failed chlorine pump resulting in inadequate amounts of chlorine being added to the distribution system. With the absence of sufficient residuals of Chlorine in the distribution system, the end result was increased colonies of bacteria in the test samples (see results below of Feb. 19 water samples) sent to Northern Laboratories reaching a threshold which demanded the Northern Health drinking water officer trigger the Order. By the time the Boil Water Order was made, a backup system was in place and adequate levels of chlorine were in the system to obtain the series of clean samples on Feb 24-26th. (see chart below) These samples enabled Northern Health to rescind the Boil Water Order

Bacteriological Legend – Drinking Water

Definitions:

- Total Coliforms: total coliforms are organisms that are found all around us in the environment (i.e. on plants, animals and humans). They may or may not be harmful. Northern Health uses these organisms as indicator organisms. If total coliforms are found in the water, that indicates to the Environmental Health Officer (EHO) that other organisms may also be present.
- Fecal Coliforms: bacterial contamination from human or animal waste (feces).
- Escherichia coli: bacterial contamination from human or animal waste (feces).

Codes:

- A: means not tested; likely sample was too long in transit to the lab.
- B# (number) or BG: means the number of non-coliform background bacteria colonies. High numbers (>200) may indicate deteriorating water quality
- CFU: colony forming units
- E. Coli: means Escherichia coli.
- EST: means estimated count.
- L1: means less than 1 (<1) – essentially 0. Satisfactory.
- OG: means overgrowth of bacterial colonies; not possible to count coliform bacteria – unsatisfactory.
- R: means not tested; resample is likely required

- T: means not tested; likely sample was too long in transit to the lab.
- TNTC: means too numerous to count Similar to OG – unsatisfactory.

Port Clements Community Water System Bacteriological Test Results

Facility Location:

Port Clements

Facility Sampling History:

<u>Sanistation, Bayview Road, Port Clements, B.C., Port Clements</u>	<u>28-Jan-2016</u>	<u>L1</u>	-	<u>L1</u>
<u>Gas Plus, Bayview Road, PORT CLEMENTS BC, V0T 1R0</u>	<u>16-Dec-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Post-treatment Sink, Port Clements, Port Clements BC</u>	<u>16-Dec-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C., Port Clements</u>	<u>16-Dec-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Gas Plus, Bayview Road, PORT CLEMENTS BC, V0T 1R0</u>	<u>28-Oct-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Post-treatment Sink, Port Clements, Port Clements BC</u>	<u>28-Oct-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C., Port Clements</u>	<u>28-Oct-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Gas Plus, Bayview Road</u>	<u>30-Sep-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Post-treatment Sink, Port Clements</u>	<u>30-Sep-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C.</u>	<u>30-Sep-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Post-treatment Sink, Port Clements</u>	<u>26-Aug-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C.</u>	<u>26-Aug-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Shoreline Park, Port Clements</u>	<u>26-Aug-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Gas Plus, Bayview Road</u>	<u>23-Jul-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Post-treatment Sink, Port Clements</u>	<u>23-Jul-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C.</u>	<u>23-Jul-2015</u>	<u>L1 B1</u>	-	<u>L1</u>
<u>Post-treatment Sink, Port Clements</u>	<u>9-Jun-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C.</u>	<u>9-Jun-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Shoreline Park, Port Clements</u>	<u>9-Jun-2015</u>	<u>L1</u>	-	<u>L1</u>

<u>Gas Plus, Bayview Road</u>	<u>30-Apr-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Post-treatment Sink, Port Clements</u>	<u>30-Apr-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C.</u>	<u>30-Apr-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Gas Plus, Bayview Road</u>	<u>26-Mar-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C.</u>	<u>26-Mar-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Water Treatment Plant Sink</u>	<u>26-Mar-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Gas Plus, Bayview Road</u>	<u>26-Feb-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C.</u>	<u>26-Feb-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Water Treatment Plant Sink</u>	<u>26-Feb-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Gas Plus, Bayview Road</u>	<u>24-Feb-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Post-treatment Sink, Port Clements</u>	<u>24-Feb-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C.</u>	<u>24-Feb-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Gas Plus, Bayview Road</u>	<u>23-Feb-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Post-treatment Sink, Port Clements</u>	<u>23-Feb-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C.</u>	<u>23-Feb-2015</u>	<u>L1</u>	-	<u>L1</u>
<u>Gas Plus, Bayview Road</u>	<u>19-Feb-2015</u>	<u>TNTC</u>	-	<u>R</u>
<u>Sanistation, Bayview Road, Port Clements, B.C.</u>	<u>19-Feb-2015</u>	<u>73 B22</u>	-	<u>L1</u>
<u>Water Treatment Plant Sink</u>	<u>19-Feb-2015</u>	<u>23 B10</u>	-	<u>L1</u>
<u>Sanistation, Bayview Road, Port Clements, B.C.</u>	<u>12-Feb-2015</u>	<u>5 B3</u>	-	<u>L1</u>
<u>Water Treatment Plant Sink</u>	<u>12-Feb-2015</u>	<u>2 B3</u>	-	<u>L1</u>

Chemical Samples & Results

In November, 2014, a full chemical sampling of the village potable water was undertaken at two locations, one at the Water Treatment Plant and the other at the end of distribution on Bayview Drive. The results are displayed on the following pages. Please note the laboratory's comments preceding the results.

Below are notes provided by Northern health Authority about various chemical components of drinking water to reference the results of this full chemical sampling.

Test Results for Drinking Water

This chart provides a Quick Reference for Bacteriological, Chemical, and Physical parameters as outlined in the Northern Health Guidelines for the Approval of Waterworks. Note that 'No Limit' indicates that it poses no health risk or aesthetic problem at the levels generally found in drinking water in Canada. Please contact a Drinking Water Officer at Northern Health for a more complete description.

LEGEND

E – Equal to

L – Less than

G – Greater than

ND – less than the method detection limit indicated

MDL – Method Detection Limit

Parameter	Result	Description
E.Coli	< 1	If exceeded, water is unsafe to use for drinking; washing vegetables, or for oral hygiene
Total Coliform	< 1	If exceeded, water is suspect and further investigation is needed to determine safety of water system
Background Growth	>200	Although not pathogenic, exceedance suggests flushing/disinfection of distribution system
Alkalinity	No limit	Affects water treatment
Aluminum	No limit	Affects water treatment coagulation
Ammonia	No limit	Aesthetic objective
Antimony	0.006 mg/L	Significant health risk
Arsenic	0.01 mg/L	High health risk
Barium	1 mg/L	Low health risk
Benzene	0.005 mg/L	High health risk
Boron	5 mg/L	Low health risk
Cadmium	0.005 mg/L	Low health risk
Calcium	No limit	Contributes to hardness
Chloride	≤250 mg/L	Aesthetic objective
Chromium	0.05 mg/L	Low health risk
Colour	≤5 TCU	Aesthetic objective
Conductivity	No limit	
Copper	≤1.0 mg/L	Aesthetic objective. Causes green staining of laundry and plumbing fixtures
Corrosivity	No limit	Risk from dissolution of heavy metals, especially lead & copper
Ethylbenzene	≤ 0.0024	Aesthetic objective

	mg/L	
Fluoride	1.5 mg/L	0.8-1.0 mg/L recommended
Hardness	80-100 mg/L	Aesthetic objective
Iron	≤0.3 mg/L	Undesirable tastes, stains laundry and plumbing fixtures.
Lead	0.01 mg/L	Chronic health effects
Magnesium	No limit	
Manganese	≤0.05 mg/L	Stains plumbing fixtures and laundry and may cause undesirable tastes
Molybdenum	No limit	
Nickel	No limit	
Nitrate NO ₃	45 mg/L	(Some labs report "as N" which is equal to 10 mg/L as nitrate-nitrogen)
Nitrite NO ₂	3.2 mg/L	(Some labs report "as N" which is equal to 1 mg/L as nitrite-nitrogen)
Nitrogen, organic	No limit	
pH	6.5-8.5	Goal is to produce water in which corrosion and incrustation are minimized
Phosphorus	No limit	
Potassium	No limit	
Selenium	0.01 mg/L	Nutritional considerations
Silver	No limit	
Sodium	≤200 mg/L	Tastes are offensive, diets may be sodium restricted
Sulphate	≤500 mg/L	May have laxative effect
Sulphide	≤0.05 mg/L	Disagreeable tastes and odours.
Toluene	≤ 0.024 mg/L	Aesthetic objective
Total Dissolved Solids	≤ 500 mg/L	At higher levels, excessive hardness, unpalatability, mineral deposition and corrosion may occur
Total Organic Carbon	No limit	Degree of carbon loading for treatment considerations
Turbidity	≤ 1 NTU	Limits effectiveness of UV disinfection
UV Transmittance	Min 85%	Limits effectiveness of UV disinfection
Xylene (total)	≤ 0.3 mg/L	Aesthetic objective
Zinc	≤5.0 mg/L	Undesirable astringent taste

References:

Guidelines for the Approval of Waterworks – Updated August 2006

Guidelines for Canadian Drinking Water Quality (GCDWQ)

"http://www.hc-sc.gc.ca/ewh-semt/pubs/water-eau/sum_guide-res_recom/index-eng.php"



ANALYSIS FINAL REPORT

Report to:

Sean O'Donoghue
Public Works Department
Village of Port Clements
Box 198
Port Clements, B.C V0T 1R0
Tel 250.557.4326
Fax 250.557.4568
publicworks@portclements.ca
debby.peng@northernhealth.ca

Lab reference: 145895 / 145896

Date received: November 20, 2014

Date reported: December 11, 2014

Methodology:

All tests were done in accordance with standard procedures published by BC MoE, Health Canada, Environment Canada, the American Public Health Association, or the US EPA.

Metals were determined in a sample aliquot which was acid-preserved and analyzed by ICP-MS.

Comment(s):

All metal levels tested are below Health Canada's safe limits as specified in the guidelines.

However manganese in the "**End of Bayview Dr**" sample is higher than its Aesthetic Objective. This means that the water may be visually unattractive and/or unpalatable, but is not a health risk. Water with high levels of manganese may cause staining of plumbing fixtures and build-up of a scaly material on pipes and fixtures, and may have a poor taste.

Hardness between 150 and 200 is generally considered hard.

Lab reference: 145895 / 145896

Total Metals	Units	DWG	VOPC WTP Post Treatment Nov 20/14 12:30	VOPC End of Bayview Dr. (Sunset Park) Nov 20/14 12:40	MDL
Total Aluminum (Al)	mg/L	(0.2)	ND	ND	0.003
Total Antimony (Sb)	mg/L	0.006	ND	ND	0.0005
Total Arsenic (As)	mg/L	0.010	ND	ND	0.0001
Total Barium (Ba)	mg/L	1.0	ND	0.0017	0.001
Total Beryllium (Be)	mg/L	-	ND	ND	0.0001
Total Bismuth (Bi)	mg/L	-	ND	ND	0.001
Total Boron (B)	mg/L	5	ND	ND	0.05
Total Cadmium (Cd)	mg/L	0.005	ND	ND	0.00001
Total Calcium (Ca)	mg/L	-	32.1	32.7	0.05
Total Chromium (Cr)	mg/L	0.05	ND	ND	0.001
Total Cobalt (Co)	mg/L	-	ND	ND	0.0005
Total Copper (Cu)	mg/L	(1.0)	0.00883	0.0110	0.0002
Total Iron (Fe)	mg/L	(0.3)	0.0065	0.219	0.005
Total Lead (Pb)	mg/L	0.010	ND	ND	0.0002
Total Magnesium (Mg)	mg/L	-	16.9	17.0	0.05
Total Manganese (Mn)	mg/L	(0.05)	ND	0.0839	0.001
Total Mercury (Hg)	mg/L	0.001	ND	ND	0.00001
Total Molybdenum (Mo)	mg/L	-	0.0026	0.0026	0.001
Total Nickel (Ni)	mg/L	-	ND	ND	0.001
Total Phosphorus (P)	mg/L	-	0.100	0.107	0.01
Total Potassium (K)	mg/L	-	4.83	5.15	0.05
Total Selenium (Se)	mg/L	0.01	ND	ND	0.0001
Total Silicon (Si)	mg/L	-	13.3	13.4	0.1
Total Silver (Ag)	mg/L	-	ND	ND	0.00002
Total Sodium (Na)	mg/L	(200)	46.2	47.3	0.05
Total Strontium (Sr)	mg/L	-	0.131	0.133	0.001
Total Sulphur (S)	mg/L	-	ND	ND	3
Total Thallium (Tl)	mg/L	-	ND	ND	0.00005
Total Tin (Sn)	mg/L	-	ND	ND	0.005
Total Titanium (Ti)	mg/L	-	ND	ND	0.005
Total Uranium (U)	mg/L	0.02	ND	ND	0.0001
Total Vanadium (V)	mg/L	-	ND	ND	0.005
Total Zinc (Zn)	mg/L	(5)	ND	0.0099	0.005
Total Zirconium (Zr)	mg/L	-	ND	ND	0.0005
Hardness as CaCO ₃	mg/L	(500)	150	152	0.5

DWG = BC or Canadian drinking water guidelines

() = indicates DWG limit is aesthetic, ie not health-related

MDL = Method detection limit

ND = less than the method detection limit indicated

THM Sampling

THM's (Trihalomethanes) are by products formed when chlorine comes into contact with organic matter in the drinking water. The following lab results indicate that the potable water supply in the Village of Port Clements is well under the maximum Total trihalomethane concentration according to Canadian Drinking Water Guidelines (DWG):



ANALYSIS FINAL REPORT

Report to: Sean O'Donoghue
Public Works Department
Village of Port Clements
Box 198
Port Clements, B.C V0T 1R0
Tel 250.557.4326 / Fax 250.557.4568
publicworks@portclements.ca
debby.peng@northernhealth.ca

Lab reference: 145897

Date received: November 20, 2014

Date reported: December 11, 2014

Methodology:

All tests were done in accordance with standard procedures published by BC MoE, Health Canada, Environment Canada, the American Public Health Association, or the US EPA.

Results:

Parameter	Units	DWG	Post Treatment Nov 20/14 11:25	End of Bayview Nov 20/14 12:15	MDL
Trihalomethanes					
Chloroform	µg/L	-	18	20	1.0
Chlorodibromomethane	µg/L	-	1.3	1.7	1.0
Bromodichloromethane	µg/L	-	5.0	6.8	1.0
Bromoform	µg/L	-	ND	ND	1.0
Total trihalomethanes	µg/L	100	24	29	1

MDL = Method detection limit

DWG = BC or Canadian drinking water guidelines

ND = Less than MDL

Forthcoming Major Projects

Based on direction from council and strong opinions in the community about the aesthetic quality of our drinking water, as well as test results indicating high levels of manganese within the distribution system, public works will be focused in 2016 with improving the taste of the drinking water within the distribution system, using methods including minor process adjustments, enhanced flushing and swabbing (pigging) of distribution mains.

The public works department looks forward to assisting with the planned engineering study of both the aging infrastructure as well as water treatment processes to guide us in future decisions in maintaining and improving the entire system.

Prepared by: Sean O'Donoghue, Public Works Superintendent for The Village of Port Clements.

MEMORIES

It was a sad event December 3rd 2015 when the news was out that Betty Dalzell left this world to meet up with her husband Albert who passed away May 15th 2000. Funeral services were held for Betty December 10th 2015. She was the last of the Original 14th members living, Betty and Albert were the original along with 12 other members to start the senior's organization named Justportel, which later became Port Clements Seniors Branch 123. The 14 members spent many hours to join Seniors Citizens Association of B.C. (incorporated 1953) and became CHARTER MEMBERS 123 on June 1978.

When Dez and Bunny joined the seniors 1993 it was with great pleasure to meet so many seniors and soon found that we could give assistance that required special help and just to be there. As many seniors pass in years our biggest plan is to keep the seniors branch 123 alive within Port Clements and Tlell and hope younger seniors will consider joining the association and bring their knowledge and interest to keep the Branch 123 alive.

I truly miss Betty as we had many discussion about how the meeting should be run and at every meeting when she was Secretary (many years) she made everyone at ease with great stories. There was much laughter, and that is healthy. If anyone wishes to know more just come to senior's room Monday afternoon or better still our Luncheon and meetings are 2nd Friday of every month from Sept. to June

March 30, 2016

To – Village of Port Clements.

From – Recreation Committee.

Re: - Annual Report for 2015.

Easter was celebrated with a scavenger hunt – on April 4 from 10:30 to 11:30am at the Port Clements Community Park. We had 21 scavengers of ages between 3 months to 13 years of age. The weather wasn't the best but did not deter the hunters who quickly filled their cups with the items on the list. Thanks to the parents who assisted and also helped with bringing some baking and treats.

The first part of the year we were under the umbrella of Haida Gwaii Rec as far as putting on the movie nights. In the fall the Rec Committee decided to take on this project – and with this - we are the ones to order the movies, advertise here in Port Clements – with us doing this locally the admission to the movies is by donation.

Our Canada day weekend theme was – Seashells and Chantrelles. Germain got us started with the children's fishing derby on the Friday night – We had 43 fishers registered...good prizes, hot dogs, cake and hot chocolate. This event is extremely entertaining with the 'type' 'kinds' of things that can be retrieved from a rod and hook!!Thanks to Germain and your volunteers. Well done!

Saturday brought the parade, firemen's breakfast, ball games, loggers sports, children's events and we had music supplied by a gospel/folk/county/jazz couple – Joanie and Elgin Kotanen from Parksville, B.C.

Sunday more ball games, a paddle race and the islands big entertainment – THE MUD BOG.

Christmas ended the year on Saturday December 12 – this s a much fun time for the volunteers – chefs Angela and Penny – keep us hopping getting breakfast of pancakes, eggs and bacon to all the families and friends.

Santa is always popular – and we had lots of smiling faces and laughter.

Our goal for 2015 was to upgrade and install new playground equipment – we have donation by LNR Trucking and Bayview Market and will continue to seek additional funding.

Please be proud of all our volunteers – whether organizing, setting up, cleaning up which really makes one burst with pride at all the events and activities.

Thanks to all – the Port Clements Recreation Committee

Bev Lore, Matt Gaspar, Sean O'Donoghue, Charleen O'Brien-Anderson, Angela Mielecki, Sue Couch and Marilyn Bliss.

Masset RCMP Report for 2015

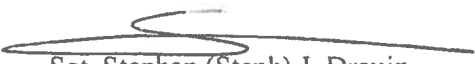
Over the course of 2015, the Masset Detachment of the Royal Canadian Mounted Police experienced a comparable number of call volume to 2014. A total of 1644 calls for service were generated compared to 1660 calls over the same period in 2014. In terms of crime, the Masset RCMP has seen a 9.73% decrease for its entire jurisdiction in 2015 compared to 2014. Specific to Port Clements, the total number of calls for service for 2015 was 122 compared to 129 calls in 2014.

Through community consultations in early 2015, the Masset RCMP had identified a number of strategic priorities with Port Clements for its fiscal year 2015-2016 Strategic Plan. In terms of the identified priorities and strategic plan, the following three priorities were specifically identified by the Village of Port Clements:

1. Property – Break & Enter/Vandalism.
 - The Masset Detachment's goal on this initiative was to conduct a number of Port Clements infrastructure checks each month. A similar initiative was implemented with the Village of Masset with a combined goal of conducting a total of 48 infrastructure checks throughout the year. Your police force delivered on this commitment by exceeding its goal and completing 68 infrastructure checks.
2. Police/Community Relations – Police Visibility.
 - The Masset Detachment's goal on this initiative was to increase its visibility within the village of Port Clements. To accomplish this, your police force committed to conduct a minimum of 96 patrols in Port Clements and include a number of face to face contacts with community service providers. Your police force delivered on this commitment by exceeding its goal and completing 119 patrols/community contacts.
3. Youth – Positive Engagement with the Youth.
 - The Masset Detachment's goal on this initiative was to maintain its participation in various Youth Outreach Programs. A similar initiative was implemented with the Village of Masset and the Village of Old Massett. Again your police force delivered on its commitment by exceeding its planned participation in Youth Outreach Programs. Specifically for Port Clements, officers delivered a wrestling clinic at the Port Clements School, participated in activities at the Canada Day festivities, participated in the Terry Fox Run and have delivered the Dare Program.

Strategic planning consultations for the upcoming fiscal year 2016-2017 have been conducted. As result of the consultation with Port Clements, it is anticipated that a new Strategic Plan and initiatives will soon be presented to the Council of Port Clements.

Members of the Masset RCMP continue to be proud to serve the Village of Port Clements.


Sgt. Stephan (Steph) J. Drouin
Detachment Commander
Masset (Port Clements) Royal Canadian Mounted Police

Masset RCMP Report for 2015

April 2015 – Port Clements RCMP Wrestling Clinic.

Constable Josh Smith talking to the kids about wrestling



Getting the kids warmed up for some wrestling.



2015 STRATEGIC PLAN REVIEW

Below is the 2015 Strategic plan (black) along with comments on progress (red).

COUNCIL PRIORITIES

#1 – Water (appearance, leaks, infrastructure replacement requirements, etc.) – Funding was applied for in 2015, we were advised in February 2016 that we were successful in our funding application. There will be a detailed review of our water system in late 2016. Several major water leaks were found and fixed which have resulted in an overall reduction in daily water consumption.

#2 – Biomass Heating (completion of project started in 2014) – Biomass heating went live on March 9, 2016. There are still some items being resolved but basically the system is working as anticipated.

#3 – Industrial Park road (need a plan that will seek to complete major upgrades over a 2-4 year period) – This priority was not actioned in 2015. In early 2016 direction was given to O'Brien's Road & Bridge to undertake some specific work on a section of the road and then we will analyze how well that holds up over the winter and make a decision in early 2017 on whether or not to proceed with upgrading the entire road accordingly.

#4 – Derelict Homes - #6 Bayview Drive was dealt with in 2015

#5 – Retaining Wall on Yakoun Lane – completed in 2015.

OTHER CONSIDERATIONS

Rec Committee indicated that new playground equipment and upgrades in the Community Park are a priority – a sub-committee of Council has been working on exactly what playground equipment can be purchased and what existing items will be maintained. Work will commence over the summer of 2016 with completion on all items before yearend.

Rainbow Wharf needs to be inspected and decisions made based on the results of the information obtained – Rainbow wharf was inspected in 2015 and some major repairs are required if vehicle/equipment traffic is to continue on the dock. A request for bids was advertised in May 2016 but the only tender received was significantly higher than Council was willing to entertain. This item is currently under review.

Dog issues are a concern – what would a solution look like – an all island administrators meeting was held in 2015 to see if there was an appetite amongst the communities for a joint Bylaw enforcement officer which could have some impact on the dog concerns locally. There was mild interest in the idea and work continues on how we might move this concept forward. However, there are currently no facilities in Port Clements for housing dogs if we were to capture them so that is another hurdle which would have to be resolved.

STRATEGIC PLANNING 2016

COUNCIL

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

#2 Priority – Industrial Road upgrades

#3 Priority - Rainbow Wharf – upgrades? Long term plans for use?

#4 Priority – MIEDS/Community Forest/Long term direction

#5 Priority – Derelict Homes

#6 Priority – Bylaw Enforcement/Training

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

PUBLIC WORKS

Priority #1 – pigging of lines, snorkel in water reservoirs and additional testing for more data

Priority #2 – completion of biomass project

Priority #3 – Work with Administration on plan/tenders for Industrial Road upgrades

Priority #4 – Work with Rec Commission on Community Park Upgrades

ADMINISTRATION

Priority #1 – Replace auditor/work with new auditor

Priority #2 – Staff training – succession planning – optimizing of staff levels for maximizing capacity

Priority #3 – Work with PW on Industrial Road & Community Park upgrades

OTHER CONSIDERATIONS

Dog issues are a concern – what would a solution look like?

Bypass route for industrial traffic (re: heavy traffic via Bayview) around exterior of Port Clements

Year ended December 31, 2015

Elected Officials

<u>Name</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>	<u>Total per Official</u>
Gould, Norman	Mayor	\$ 5,000.00	\$ 314.09	\$ 5,314.09
O'Brien Anderson, C	Councillor	\$ 3,000.00	\$ 374.20	\$ 3,374.20
Cunningham, Christine	Councillor	\$ 3,000.00	\$ 1,917.20	\$ 4,917.20
Gaspar, Matt	Councillor	\$ 3,000.00	\$ 0.00	\$ 3,000.00
Daugert, Doug	Councillor	\$ 3,000.00	\$ 220.50	\$ 3,220.50
TOTALS FOR ALL OFFICIALS		\$17,000.00	\$ 2,825.99	\$19,825.99

Employees

Employees over \$75,000.00	\$ 0.00	\$ 0.00	\$ 0.00
Employees under \$75,000.00 (all)	\$195,749.00	\$ 2,292.63	\$ 198,041.63
GRAND TOTAL	\$212,749.00	\$5,118.62	\$217,867.62

There were no severance agreements for 2015.

Village of Port Clements
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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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.

March 15, 2016
Port Clements, British Columbia



**CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP**

D. Kane Fraser CPA, CA* – Partner

Ryan Broughton, CPA, CA* - Partner

*Denotes incorporated professional

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council,
Village of Port Clements

We have audited the accompanying consolidated financial statements of the Village of Port Clements, which comprise the Consolidated Statement of Financial Position as at December 31, 2015 and the Consolidated Statements of Operations, Changes in Net Financial Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP**

D. Kane Fraser CPA, CA* – Partner

Ryan Broughton, CPA, CA* - Partner

*Denotes incorporated professional

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Village of Port Clements as at December 31, 2015, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

*FBB Chartered Professional
Accountants LLP*

March 15, 2016
Quesnel, British Columbia

FBB Chartered Professional Accountants LLP

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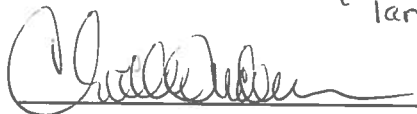
Suite 301 19 1st Ave N
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Village of Port Clements
Consolidated Statement of Financial Position
As at December 31, 2015

	<u>2015</u>	<u>2014</u>
Financial assets		
Cash and investments	\$ 2,597,524	\$ 2,441,630
Taxes and accounts receivable (note 2)	<u>143,129</u>	<u>98,861</u>
	<u>2,740,653</u>	<u>2,540,491</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 3)	79,706	19,327
Deferred revenue (note 4)	<u>68,477</u>	<u>155,708</u>
	<u>148,183</u>	<u>175,035</u>
Net financial assets	<u>2,592,470</u>	<u>2,365,456</u>
Non-financial assets		
Property acquired for taxes	29,151	28,238
Prepaid expenses	19,212	17,995
Tangible capital assets (note 6)	<u>8,172,222</u>	<u>8,088,876</u>
	<u>8,220,585</u>	<u>8,135,109</u>
Accumulated Surplus (note 9)	<u>\$ 10,813,055</u>	<u>\$ 10,500,565</u>

Approved by the Mayor and Council


 Ian Gould - Mayor


 Charleen O'Brien Anderson - Councillor

Village of Port Clements
Consolidated Statement of Operations
For the year ended December 31, 2015

	<u>2015</u> <u>Budget</u> (unaudited)	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
Revenue			
Property taxes	\$ 213,500	\$ 213,539	\$ 211,344
Grants in lieu	6,600	7,371	7,440
Sale of services	8,965	7,153	8,250
Revenue from own sources	179,811	209,274	159,515
Multi-purpose building rental	13,400	12,944	14,178
Unconditional grants	382,000	396,388	250,351
Conditional grants	155,750	146,746	139,232
Interest and penalties on taxes and user fees	-	50,498	45,499
Collections for other agencies	191,810	183,236	190,391
	<u>1,151,836</u>	<u>1,227,149</u>	<u>1,026,200</u>
Expenses			
Legislative	47,100	41,342	25,521
General administration	214,250	201,742	182,570
Protective services	40,250	35,770	42,731
Emergency services	750	2,339	12,884
Common services	23,050	19,915	25,807
Wharf	30,400	26,954	3,991
Small craft harbour	16,300	6,905	11,564
Roads and public works	45,750	42,845	34,178
Environmental recovery	1,080	(350)	(355)
Economic development	3,500	2,500	2,479
Parks, recreation and tourism	42,250	56,850	75,773
Water and sewer utility operations	171,275	104,050	100,022
Multi-purpose building maintenance	45,200	43,553	47,742
Fiscal services	2,500	1,723	1,640
Amortization	274,966	145,288	259,194
Payments to other agencies	192,310	183,233	190,382
	<u>1,150,931</u>	<u>914,659</u>	<u>1,016,123</u>
Annual Surplus	<u>905</u>	312,490	10,077
Accumulated surplus, beginning of year		<u>10,500,565</u>	<u>10,490,488</u>
Accumulated surplus, end of year		<u>\$ 10,813,055</u>	<u>\$ 10,500,565</u>

Village of Port Clements

Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Annual surplus	312,490	10,077
Amortization	145,288	259,194
Change in property acquired for taxes	(913)	(913)
Change in prepaid expenses	(1,217)	2,267
Disposition of tangible capital assets	-	2,756
Acquisition of tangible capital assets	<u>(228,634)</u>	<u>(144,166)</u>
Increase in net financial assets	227,014	129,215
Net Financial Assets, beginning of year	<u>2,365,456</u>	<u>2,236,241</u>
Net Financial Assets, end of year	<u>\$ 2,592,470</u>	<u>\$ 2,365,456</u>

Village of Port Clements
Consolidated Statement of Cash Flows
For the year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
NET INFLOW (OUTFLOW) OF CASH:		
Operating Activities		
Annual surplus	\$ 312,490	\$ 10,077
Non-cash charges to operations		
Amortization	145,288	259,194
Changes in non-cash operating balances:		
Increase in taxes and accounts receivable	(44,268)	42,204
Increase (decrease) in accounts payable and accrued liabilities	60,379	(2,672)
Land acquired for taxes	(913)	(913)
Increase (decrease) in deferred revenue	(87,231)	4,327
Decrease in prepaid expenses	(1,217)	2,267
	<u>384,528</u>	<u>314,484</u>
Capital Activities		
Disposition of tangible capital assets	-	2,756
Acquisition of tangible capital assets	(228,634)	(144,166)
	<u>(228,634)</u>	<u>(141,410)</u>
Financing Activities	<u>-</u>	<u>-</u>
Increase (decrease) in cash and investments	155,894	173,074
Cash and investments, beginning of year	<u>2,441,630</u>	<u>2,268,556</u>
Cash and investments, end of year	<u>\$ 2,597,524</u>	<u>\$ 2,441,630</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

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, 2015

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 harbour	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, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Use of Estimates

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

g. Adoption of new accounting policy

The Village has adopted the provisions of Section PS 3260 - Liability for Contaminated Sites of the CPA Canada Public Sector Accounting Handbook. Section PS 3260 establishes standards on accounting for and disclosure of liabilities associated with the remediation of contaminated sites in order to ensure relevant and reliable information is provided and to promote uniformity and consistency of application of the standards. The Village has implemented the necessary procedures to enable it to comply with the requirements of Section PS 3260 beginning with the year ended December 31, 2015. The Village has applied the standard prospectively and information related to the new standard is disclosed in Note 12 to the consolidated financial statements.

2. TAXES AND ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Property taxes	\$ 90,305	\$ 86,769
Utilities	(1,557)	(2,445)
Sales taxes	12,560	6,313
Other receivables	41,821	8,224
	<u>\$ 143,129</u>	<u>\$ 98,861</u>

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade and accrued liabilities	\$ 71,268	\$ 19,327
School taxes	8,438	-
	<u>\$ 79,706</u>	<u>\$ 19,327</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. DEFERRED REVENUE

Donation (Centennial pavilion)	\$	-	\$	5,000
Federal Gas Tax Community Works		56,044		134,647
Playground donations		10,501		-
Prepaid taxes, business licences, fitness memberships		60		9,261
Via Sport Grant		1,872		-
Parks Canada		-		1,800
Tax sale		-		5,000
	\$	68,477	\$	155,708

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

5. BANK INDEBTEDNESS

The Village has a \$189,000 operating line of credit the Canadian Imperial Bank of Commerce bearing interest at bank prime (December 31, 2015 - 2.7%). The facility was unused as at December 31, 2015.

6. TANGIBLE CAPITAL ASSETS

			<u>2015</u>	<u>2014</u>
	Cost	Accumulated Amortization	Net Carrying Amount	
Land	\$ 406,944	\$ -	\$ 406,944	\$ 402,594
Buildings	3,665,085	712,593	2,952,492	2,987,598
Automotive	35,061	18,580	16,481	20,732
Fire department	546,175	172,325	373,850	333,832
Office equipment	19,594	14,343	5,251	5,878
Tools and equipment	69,122	12,840	56,282	59,605
Parks and harbour	987,399	182,272	805,127	818,385
Roads and sidewalks	350,386	72,357	278,029	289,069
Biomass heating system	217,974	3,495	214,479	68,754
Water system	2,212,078	278,154	1,933,924	1,955,156
Sewer system	1,390,634	261,271	1,129,363	1,147,273
	<u>\$ 9,900,452</u>	<u>\$ 1,728,230</u>	<u>\$ 8,172,222</u>	<u>\$ 8,088,876</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

6. TANGIBLE CAPITAL ASSETS (continued)

Tangible Capital Asset Additions for the year are as follows:

	Cost January 1, 2015	Additions	Cost December 31, 2015
Land	\$ 402,594	\$ 4,350	\$ 406,944
Buildings	3,665,085	-	3,665,085
Automotive	35,061	-	35,061
Fire department	476,885	69,290	546,175
Office equipment	19,594	-	19,594
Tools and equipment	67,922	1,200	69,122
Parks and recreation	987,399	-	987,399
Roads and sidewalks	350,386	-	350,386
Biomass heating system	68,754	149,220	217,974
Water system	2,207,504	4,574	2,212,078
Sewer system	1,390,634	-	1,390,634
	<u>\$ 9,671,818</u>	<u>\$ 228,634</u>	<u>\$ 9,900,452</u>

Amortization for the year is as follows:

	Balance January 1, 2015	Amortization	Balance December 31, 2015
Land	\$ -	\$ -	\$ -
Buildings	677,487	35,106	712,593
Automotive	14,329	4,251	18,580
Fire department	143,053	29,272	172,325
Office equipment	13,716	627	14,343
Tools and equipment	8,317	4,523	12,840
Parks and recreation	169,014	13,258	182,272
Roads and sidewalks	61,317	11,040	72,357
Biomass heating system	-	3,495	3,495
Water system	252,348	25,806	278,154
Sewer system	243,361	17,910	261,271
	<u>\$ 1,582,942</u>	<u>\$ 145,288</u>	<u>\$ 1,728,230</u>

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

7. NET ASSETS INVESTED IN TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Net assets in tangible capital assets, beginning of year	\$ 8,088,876	\$ 8,206,660
Add: acquisition of tangible capital assets	228,634	144,166
Less: disposition of tangible capital assets	-	(2,756)
Less: amortization	<u>(145,288)</u>	<u>(259,194)</u>
	<u>\$ 8,172,222</u>	<u>\$ 8,088,876</u>

8. RESERVE FUNDS

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

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

9. ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u>
General operating fund	\$ 1,575,609	\$ 1,412,755
Water system	602,755	568,843
Sewer system	439,744	407,366
Net assets invested in tangible capital assets (note 7)	8,172,222	8,088,876
Reserve funds (note 8)	<u>22,725</u>	<u>22,725</u>
	<u>\$ 10,813,055</u>	<u>\$ 10,500,565</u>

Village of Port Clements

Notes to the Consolidated Financial Statements For the year ended December 31, 2015

10. COMMITMENTS AND CONTINGENCIES

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

The Village and its employees contribute to the Municipal Pension Plan (Plan), a jointly trustee pension plan. The Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. The Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to the fund. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit. The most recent valuation as at December 2012 indicated a funding deficit of \$1,370 million for basic pension benefits on a going concern basis.

The next valuation will be December 31, 2015 with 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 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 \$12,830 for employer contributions to the Plan in the year ended 2015 (\$19,994 - 2014).

11. ECONOMIC DEPENDENCE

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

Village of Port Clements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

13. EXPENSES BY OBJECT

	<u>2015</u>	<u>2014</u>
Salaries, wages and benefits	\$ 206,671	\$ 225,405
Materials and supplies	62,891	84,613
Contracted services	38,554	11,308
Rent, maintenance and utilities	205,235	191,319
Mayor and council remuneration and travel	35,421	15,213
Insurance	24,681	26,389
Grants	60,921	10,639
Interest and bank charges	1,763	1,661
Amortization	155,392	259,194
Payment to other agencies	183,234	190,382
	<u>\$ 974,763</u>	<u>\$ 1,016,123</u>

Village of Port Clements

Notes to the Consolidated Financial Statements For the year ended December 31, 2015

14. LIABILITY FOR CONTAMINATED SITES

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

15. BUDGETED FIGURES

The budget amounts presented throughout these consolidated financial statements are unaudited and represent the amended five year financial plan bylaw No. 430 approved by the Village Mayor and Council on October 5, 2015.

The summary below reconciles the 2015 adopted financial plan to the budgeted figures presented on the Consolidated Statement of Operations.

Budgeted consolidated annual surplus, as reported on statement of operations	\$	905
Budgeted amounts for:		
Tangible Capital Asset acquisitions		(1,019,000)
Capital project funding		929,000
Net transfers from reserves		89,095
		<hr/>
Budgeted consolidated annual surplus, as per financial plan	\$	<hr/> <hr/> -

16. COMPARATIVE FIGURES

Certain of the comparative figures, which were audited by another firm of Chartered Professional Accountants, have been reclassified to conform to the current year's presentation. There were no changes to annual surplus or accumulated surplus.



D. Kane Fraser CPA, CA* – Partner

Ryan Broughton, CPA, CA* - Partner

*Denotes incorporated professional

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Mayor and Council,
Village of Port Clements,

We have audited and reported separately herein on the consolidated financial statement of the Village of Port Clements as at and for the year ended December 31, 2015.

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

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

*FBB Chartered Professional
Accountants LLP*

March 15, 2016
Quesnel, British Columbia

FBB Chartered Professional Accountants LLP

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Village of Port Clements

General Operating Fund - Statement of Financial Position

As at December 31, 2015

	<u>2015</u>	<u>2014</u>
Financial assets		
Cash and investments	\$ 2,597,524	\$ 2,441,630
Taxes and accounts receivable	143,129	98,861
	<u>2,740,653</u>	<u>2,540,491</u>
Financial Liabilities		
Accounts payable and accrued liabilities	79,706	19,327
Deferred revenue	68,477	155,708
Due to other funds	1,042,499	976,209
	<u>1,190,682</u>	<u>1,151,244</u>
Net financial assets	<u>1,549,971</u>	<u>1,389,247</u>
Non-financial assets		
Property acquired for taxes	29,151	28,238
Prepaid expenses	19,212	17,995
Tangible capital assets	5,108,934	4,986,446
	<u>5,157,297</u>	<u>5,032,679</u>
	<u>\$ 6,707,268</u>	<u>\$ 6,421,926</u>
Accumulated surplus		
Accumulated surplus	1,575,609	1,412,755
Equity in tangible capital assets	5,108,934	4,986,446
Reserves	22,725	22,725
	<u>\$ 6,707,268</u>	<u>\$ 6,421,926</u>

Village of Port Clements

General Operating Fund - Statement of Operations For the year ended December 31, 2015

	2015 <u>Budget</u> (unaudited)	2015 <u>Actual</u>	2014 <u>Actual</u>
Revenue			
Property taxes	\$ 213,500	\$ 126,022	\$ 125,324
Grants in lieu	6,600	7,371	7,440
Sale of services	8,965	7,153	8,250
Revenue from own sources	179,811	123,805	79,274
Multi-purpose building rental	13,400	12,944	14,178
Unconditional grants	382,000	396,388	250,351
Conditional grants	155,750	146,746	139,232
Interest and penalties on taxes and user fees	-	48,570	42,502
Collections for other agencies	191,810	183,236	190,391
	<u>1,151,836</u>	<u>1,052,235</u>	<u>856,942</u>
Expenses			
Legislative	47,100	41,342	25,521
General administration	194,250	201,743	182,571
Protective services	40,250	35,770	42,731
Emergency services	750	2,339	12,884
Common services	23,050	19,915	25,807
Wharf	30,400	26,954	3,991
Small craft harbour	16,300	6,905	11,564
Roads and public works	45,750	42,845	34,178
Environmental recovery	1,080	(350)	(355)
Economic development	3,500	2,500	2,479
Parks, recreation and tourism	42,250	56,850	75,773
Multi-purpose building maintenance	45,200	43,552	47,742
Fiscal services	2,500	1,723	1,640
Amortization	185,000	101,572	169,240
Payments to other agencies	192,310	183,233	190,382
	<u>869,690</u>	<u>766,893</u>	<u>826,148</u>
Annual surplus	<u>282,146</u>	285,342	30,794
Accumulated surplus, beginning of year		<u>6,421,926</u>	<u>6,391,132</u>
Accumulated surplus, end of year		<u>\$ 6,707,268</u>	<u>\$ 6,421,926</u>

Village of Port Clements
Water System - Statement of Financial Position
As at December 31, 2015

	<u>2015</u>	<u>2014</u>
Financial assets		
Due from general operating fund	\$ 602,755	\$ 568,843
Non-financial assets		
Tangible capital assets	<u>1,933,925</u>	<u>1,955,157</u>
	<u>\$ 2,536,680</u>	<u>\$ 2,524,000</u>
Accumulated Surplus		
Accumulated surplus	\$ 602,755	\$ 568,843
Equity in tangible capital assets	<u>1,933,925</u>	<u>1,955,157</u>
	<u>\$ 2,536,680</u>	<u>\$ 2,524,000</u>

Village of Port Clements

Water System - Statement of Operations

For the year ended December 31, 2015

	<u>2015 Budget (unaudited)</u>	<u>2015 Actual</u>	<u>2014 Actual</u>
Revenue			
User charges	\$ 54,000	\$ 54,987	\$ 52,762
Water frontage tax	52,500	49,958	48,463
Community works	65,000	-	-
Interest and other	2,700	1,928	2,997
	<u>174,200</u>	<u>106,873</u>	<u>104,222</u>
Expenses			
Administration	3,000	3,100	3,000
Amortization	55,200	25,806	55,188
Community works	65,000		
Distribution	28,700	30,708	23,552
Repairs and maintenance	6,000	8,012	4,638
Loss on disposal of assets	-	-	2,156
Wages and benefits	28,900	26,567	25,692
	<u>186,800</u>	<u>94,193</u>	<u>114,226</u>
Annual surplus (deficit)	<u>(12,600)</u>	12,680	(10,004)
Accumulated surplus, beginning of year		<u>2,524,000</u>	<u>2,534,004</u>
Accumulated surplus, end of year		<u>\$ 2,536,680</u>	<u>\$ 2,524,000</u>

Village of Port Clements
Sewer System - Statement of Financial Position
As at December 31, 2015

	<u>2015</u>	<u>2014</u>
Financial assets		
Due from general operating fund	\$ 439,744	\$ 407,366
Non-financial assets		
Tangible capital assets	<u>1,129,363</u>	<u>1,147,273</u>
	<u>1,129,363</u>	<u>1,147,273</u>
	<u>\$ 1,569,107</u>	<u>\$ 1,554,639</u>
Accumulated surplus		
Accumulated surplus	\$ 439,744	\$ 407,366
Equity in tangible capital assets	<u>1,129,363</u>	<u>1,147,273</u>
	<u>\$ 1,569,107</u>	<u>\$ 1,554,639</u>

Village of Port Clements
Sewer System - Statement of Operations
For the year ended December 31, 2015

	<u>2015 Budget (unaudited)</u>	<u>2015 Actual</u>	<u>2014 Actual</u>
Revenue			
User charges	\$ 30,000	\$ 30,482	\$ 27,479
Sewer frontage tax	37,316	37,559	37,559
	<u>67,316</u>	<u>68,041</u>	<u>65,038</u>
Expenses			
Administration	3,000	3,093	3,000
Amortization	34,766	17,910	34,766
Operations	10,000	11,243	11,871
Repairs and maintenance	4,500	6,235	4,438
Wages and benefits	22,175	15,092	21,674
	<u>74,441</u>	<u>53,573</u>	<u>75,749</u>
Annual surplus (deficit)	<u>(7,125)</u>	14,468	(10,711)
Accumulated surplus, beginning of year		<u>1,554,639</u>	<u>1,565,350</u>
Accumulated surplus, end of year		<u>\$ 1,569,107</u>	<u>\$ 1,554,639</u>