

Photo credit Charlie Cornfield 2008

# VILLAGE OF ZEBALLOS



# 2016 ANNUAL REPORT

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Mayor and Council 2015

Debra Morin Brown, Jeff Coburn, Kate Racey, Julie Colborne, (seated) Mayor Donnie Cox



## Mayor's Message

Greetings to all

Well here we are, another year gone by and time for the Village of Zeballos' 2016 annual report. I have reviewed our 2015 annual report, our goals and objectives so to speak.

I must say that we made notable progress on most of our initiatives but I must also admit that in some there has been very little progress.

Let me speak first about what I see as disappointing progress. Yes, you guessed it, non compliance to our unsightly premises bylaw. I truly don't understand why some property owners don't see the merit in enhancing their property value and at the same time respecting the others in the village that do care.

We are also lacking in the area of lines of communication between local business to business and business to Village Council. At one time there was an established board of trade. As a matter of fact there is still a small amount of money being held in safe keeping for any future Board of Trade by the Village of Zeballos. We encourage our local businesses to band together, thus creating a vehicle to better communicate with Village Council and also to work more constructively within the business group. On the bright side we have secured the funding for the Sugarloaf bridge replacement at \$2.9 million. Staff is now in the process of hiring a project manager and fully expect to see a new bridge in place by the winter of 2017. Staff has made substantial progress on our community asset improvement initiative. It's not only a visible improvement but also a solid long term asset protection plan.

We continue to work with our three First Nations neighbours on a variety of issues: road improvements , shared infrastructure , economic sustainability, just to mention a few.

We are currently in the process of securing some sort of long term timber tenure for the Village. The old Nootka Sound Economic Development Corporation (NSEDCC) timber tenure has expired and it is now time to move forward. Of course we will be working closely with our First Nations neighbours to reach our objectives. Another big ticket item that council has been working on is the feasibility study and construction of a trail that would connect Zeballos with Tahsis. In late 2015 we held our first meeting in Zeballos with the Ehattesaht/Chinehkint First Nations, Village of Tahsis Council, Mowachaht/Muchalaht First Nations, various Ministry and stakeholder representatives in attendance. To date this group has held four meeting and developed a strong momentum moving forward.

Many hills to cross yet but optimistic.

Please don't hesitate to contact me or any council member if you have any queries or concerns.



A handwritten signature in black ink, appearing to read "John Cox".

## Zeballos — A Tiny Paradise

Zeballos has an amazing history of gold mining in the 1930s and 40s, iron mining in the 60s and logging operations currently. What was once a booming gold mining area with a population of over 2000, has now become the smallest municipality in BC with a current population of 110.

Nestled in a deep valley, and sheltered from marine storms, Zeballos is the jewel of the North West Coast of Vancouver Island with our vistas of "mountain meeting ocean". It is a great place to "turn off" and "unplug". Enjoy the opportunity to breathe the clean air and listen to the wind in the mountains and the eagles giggling and whistling nearby. The proximity of wildlife, outdoor recreation and historical images make this quiet, restful village a great place to live and to visit.

Zeballos has always had a resource-based economic driver. Unfortunately, times have changed and economic sustainability must be found elsewhere. Many resource towns have experienced this phenomenon and the need to diversify is plain to see. The abundance of wildlife including whales, seals, spawning salmon and various waterfowl as well as bears, cougars and elk are a draw to the tourist. Sport fishing, diving, kayaking and caving opportunities are abundant. The adventures start with a left turn at signpost 320km on Highway 19, the longest driveway in BC.

Your Village Council and staff are well aware of both the opportunities and the challenges of living in such a remote community. Council is always on the search for funding solutions through grants and innovative solutions to financial issues. Municipalities across BC are suffering as infrastructures fails. Council is committed to tackle the issues head on and in the most fiscally responsible way possible.

## Municipal Services & Operations Summary for 2015

### 1. Executive

Mayor Donnie Cox lead his council in 2015 with a dedicated principle of democracy and doing 'right' by the Village. Councillors Jeff Coburn, Julie Colborne, Debra Morin Brown and Kate Racey rounded out the Executive Committee to continue the business of your local government. The goals and objectives they set for themselves kept them busy and focused. The 2015 year saw improvements in bylaws, lobbying efforts and raising our profile to the provincial funding authorities.

### 2. Administration

The Management Staff worked diligently to bring another balanced budget to Council. The in-house tax notices continue to improve annually. Meeting legislative reporting deadlines is always demanding and often take the focus of all staff. At other times, the day to day operations settle into a routine in a pleasant atmosphere. November saw Administrative Assistant Lyn Hawley leaving the village to explore new opportunities in Alert Bay. She left a vacancy which was not filled by the end of the year.

### 3. Recreation Department

The Community Hall is an inviting warm and cozy place to meet with others. It provides opportunities for indoor recreation and fitness in our community. In February of 2015 the Community held it's first dance in many years. The Red and White Dance was extremely well attended and an enjoyable evening was had by all. Just goes to show, we can be a happy and lively bunch.



The Zeballos Museum, bursting with artifacts donated by current and past residents, is a favorite stop for many visitors. One can get a glimpse of the early days of Vancouver Island's only gold rush, our iron mining and logging industries. The Museum is open during the winter months on an on-call basis and during the summer months, it has a part time host with regular hours.

This aging building needs attention, therefore, the museum is one of Council's priorities. The museum host for 2015 welcomed many visitors, a trend we are looking to continue.

### 4. Protective Services

With the addition of a new engine in 2014, the Zeballos Volunteer Fire Department has a fleet consisting of two pumper trucks and one search and rescue truck equipped with an extrication tool.



Efforts to improve our emergency preparedness continue as we look to establish a new evacuation site for the east side of Zeballos River. If an earthquake with a magnitude of 8 or 9 occurs, no bridge should be used by vehicles until they have been inspected and cleared by a qualified professional. That means the existing evacuation sites are not viable for those residents on the east side of the river.



## 5. Public Works Department

The public works department had many challenges during 2015. Lack of manpower continued through the year. With aggressive prioritizing the staff managed to keep the grass cut, solid waste picked up, water flowing and buildings in good repair. Larger building jobs, such as rebuilding the washrooms at the RV Park, were contracted out to leave our staff available for those maintenance priorities.



The awarding of a gardening contract has a very visible result throughout the village. Shrubs and trees are being pruned, flower beds brought back to life and summer colours bloom.

Examples include the shrubs around the Workers Memorial and the garden at the RV Park.



The Zeballos Library is a gathering place for residents to exchange books and chat during open hours.

Free wifi internet is available at the library during opening hours.

The 'loonie bin' is a thrift store endeavor to raise money for new books in the library.

Our few dedicated volunteers keep the doors open and the books rotating.

## Annual Progress Report and Statement of Major Projects

2014	STATEMENT OF OBJECTIVES prepared 2014	STRATEGIES / ACTION implementation 2014	MEASURES & OUTCOMES collect data 2015	REPORT submit 2016
2014 All Departments	Improve Community Appearance	Village properties are well maintained to a consistent standard and usage tracked	Track usage of village properties	ongoing
		Museum expansion	Porches, stairs and roof to be repaired and/or replaced	included in 2016 budget
Council/Admin	Economic Development	ICSP Plan in progress, confirmed funding for Economic Development Readiness Inventory	Public Feedback, Final Report, Council trained to use the tools	completed
	OCP Review	Conduct committee meeting with ICSP and Ec Dev Readiness report in hand	Receive report for Economic Development Readiness	ongoing
Policing	Increased Presence in the village as well as availability	Discussion with detachment supervisors regarding scheduling	Quarterly police reports to include attendance days in Zeballos - Sergeant Craig Blanshard providing trending statistics	completed
		Continued communications with all levels of RCMP	Scheduled annual meetings	ongoing
			RCMP stop at Village Office for discussions and communications when they attend to the area	ongoing
Public Safety	Improve airplane dock use, safety and atmosphere	Airplane dock inspection required	upgrade signage to manage risk exposure	completed
			anchor line inspection and subsequent repairs	inspection complete; repair plans ongoing
		Negotiate MOU with all users	initialize user meeting regarding maintenance and operation of dock	initial meeting complete; negotiations ongoing
	Upgrade outdated fire truck	Fire truck replacement	new fire truck delivered	completed
Road Safety	Sugarloaf Bridge replacement funding	Offer to Partner from AANDC, Grant application submitted to CSCD Gas Tax Strategic Priorities Fund	100% funding secured	

# Annual Progress Report and Statement of Major Projects

2014 continued	STATEMENT OF OBJECTIVES prepared 2014	STRATEGIES / ACTION implementation 2014	MEASURES & OUTCOMES collect data 2015	REPORT submit 2016
<b>Public Safety continued</b>	Road Safety continued	Sugarloaf Bridge replacement funding	explore other leveraging methods	not necessary
		Investigate parking and pinch points at Lot 501, Reno Street and south to mid Maquinna Ave.	regular observations and discussions	ongoing
			investigate possible solutions - included in discussions with bylaw officers	photo with cadastral overlay delivered
		Pursue pot hole and sink hole repair along all roadways working with the various jurisdictions: Forestry, Highways, Emcon, Village PW	included in 2015 budget Suncor leased land update of lease and improved signage	ongoing
<b>Public Works</b>	Accommodate growth of neighbouring First Nations	Expand sewer to service planned growth in cooperation with Ehattesaht/ Chinehkint	Ehatis to secure funding for Phase 1 of planning process and continue with Phase 2	ongoing
<b>Recreation/ Culture</b>	Encourage increased fitness and socializing to promote a sense of community	initiate programs in the Community Hall	Red & White Dance - first in 8 years Skateboard Park completed	completed
	Revitalize walking trails	PW continue to maintain existing trails		ongoing
		Seek interested community members to volunteer and serve on walking committee	no activity	no longer a goal
		Accept Canadian Rangers commitment to assist with trail maintenance		

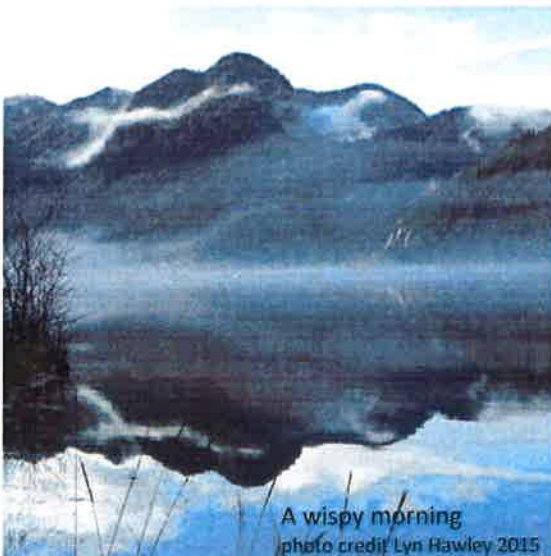


This Great Blue Heron (left) and Bald Eagle (right) are just two examples of our avian residents.



# Annual Progress Report and Statement of Major Projects

2015	STATEMENT OF OBJECTIVES prepared 2015	STRATEGIES / ACTION implementation 2015	MEASURES & OUTCOMES collect data 2016	REPORT submit 2017
<b>Council/ Admin</b>	Official Community Plan	Research facilitator funding to have update completed	in house planner secured during vacancy search	
	Bylaw Adherence	Continue to negotiate with violators	reduced number of violations and letters sent	
		Council education on enforcement	CVRD bylaw enforcement officer to Zeballos for discussions	
	Board of Variance	Establish board with community members	active board maintained	
		Application received, heard and ruled	monitor number of hearings	
	Improve and expand online presence	Bring website maintenance in house	included in 2016 budget for makeover	
		monitor number of bylaws on website		
<b>Public Engagement</b>	Encourage recycling	Improved sorts and facilities	monitoring increased usage; number of trips for pickup	
		Educators to visit Zeballos	response to invitation; school visit in 2015	
	Policy and bylaws	continue to review and update	Board of Variance sittings; Animal Control Bylaw; number of bylaws reviewed; schedule of outdated bylaws for review	



A wispy morning  
photo credit: Lyn Hawley 2015

# Annual Progress Report and Statement of Major Projects

2015 continued	STATEMENT OF OBJECTIVES prepared 2015	STRATEGIES / ACTION implementation 2015	MEASURES & OUTCOMES collect data 2016	REPORT submit 2017
Public Safety	Continue to advocate for public safety on ALL roadways	Continue to engage all parties (federal, provincial, first nation and municipal) to collaborate and seek increased road improvements	improve signage resolution for Road Maintenance Funding thru AVICC to UBCM forum RFP for Sugarloaf Bridge Project Manager	
		New format for Road Advisory Group	number of meetings along with results	
Public Safety continued	Improve Emergency Preparedness	Support ongoing training for ESS include ZVFD in training	monitor with # of people trained; monitor # of FD training units completed	
		Send Mayor and Councillors to more training	increased attendance to training sessions	
		Attract an Emergency Program Coordinator	budget item; included in budget discussions	
		Investigate a second tsunami warning siren	quotes gathered; funding research results; UBCM item	
Public Works	Reduce flooding in Residential Areas	ABC Creek long term repairs	design complete, easements issued; mapping improved, investigate options	
	Preserve the integrity of all public buildings	Maintenance program to include one side per year for each building wherever possible	Public Works manual with checklists; VO west complete	
Recreation/ Culture	Encourage recreation and trails in the area	Work with Ehatis First Nation, Village of Tahsis & BC Hydro toward a connecting trail	monitor CUT participation re: # of meetings, progress in plan	
		Accept Canadian Rangers commitment to assist with trail maintenance	ongoing correspondence	
	Beautification of village owned properties	Enlarge and Improve Appearance of Cemetery	Lima report- next steps and timelines; gardener engaged	
		Work with property owners to comply with unsightly premises bylaw	continue w letters; spring cleanup; continue communications and lead by example	
		Hire a seasonal gardener for village properties	continue funding	



# Annual Progress Report and Statement of Major Projects

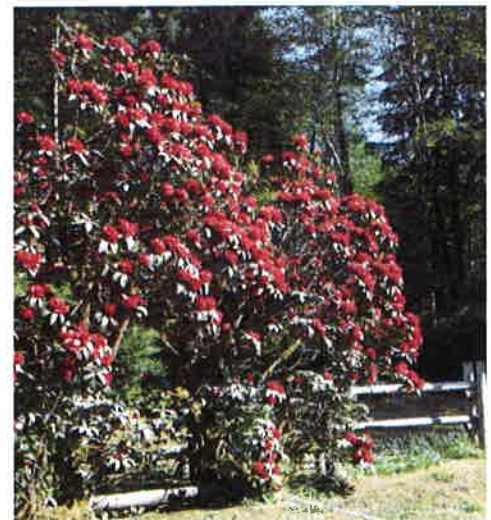
2016	STATEMENT OF OBJECTIVES prepared 2016	STRATEGIES / ACTION implementation 2016	MEASURES & OUTCOMES collect data 2017	REPORT submit 2018	
<b>Council/ Admin</b>	OCP review	Conduct an inventory of environmentally sensitive areas			
	Policy and bylaws	Adopt contaminated site policy			
		Adopt Fire Play Book policy			
		Prepare asset management plan			
	Increase Economic Stability	Research requirements for industrial site/ transfer station			
		Foster relationships and continue communications with First Nations villages	Ehattesaht protocol renewal		
			Nuchatlaht protocol renewal		
	<b>Policing</b>	Maintain RCMP presence	Scheduled annual meetings		
			Continue to lobby for regular police presence		
	<b>Public Safety</b>	Dock Repair	Inspect and repair anchors at seaplane dock		
Repair access ramps at seaplane dock and municipal dock					
Bridge Project		Secure Project Manager, complete pre-design phase			
Fire Safety		Annual inspections and follow thru of results			
		Continue training of ZVFD members			
		Continue recruitment of ZVFD members			
Road Safety and Maintenance		Road naming for 9-1-1			
		Increased signage			
	Lot 501				

# Annual Progress Report and Statement of Major Projects

<b>2016</b> continued	<b>STATEMENT OF OBJECTIVES</b> prepared 2016	<b>STRATEGIES / ACTION</b> implementation 2016	<b>MEASURES &amp; OUTCOMES</b> collect data 2017	<b>REPORT</b> submit 2018
<b>Public Safety</b> continued	Attract Emergency Program Coordinator	Advertising and education		
		Secure budget line item		
	Tsunami Siren	UBCM lobbying		
<b>Public Works</b>	Maintain a secure Water System	Reservoir inspection and clean out		
	Maintain a secure Sewer System	Research, fund and complete upgrades to lift stations		
	Preserve the Integrity of all Public Buildings	Repair Museum porch and complete addition		
		Continue maintenance program of one side per year of village buildings		
		Adherence to public works manual		
<b>Recreation/ Culture</b>	Beautification of Village Owned properties	Spring clean up and free dump days		
		Contractual gardener position		



Rhododendrons do well in our climate whether pruned to a tree shape as this sample at the Village Office shows or left untouched as the specimen at the Cemetery demonstrates.





## Schedule of Board Remuneration 2015

	Remuneration	Expenses	Total
Mayor Cox	4,680.00	4,807.41	9,487.41
Councillor Debra Brown	3,120.00	1,350.07	4,470.07
Councillor Jeff Coburn	3,120.00	945.57	4,065.57
Councillor Julie Colborne	3,120.00	3,093.54	6,213.54
Councillor Kate Racey	3,120.00	1,333.40	4,453.40
<b>Totals</b>	<b>\$ 17,160.00</b>	<b>\$ 11,529.99</b>	<b>\$ 28,689.99</b>

## Schedule of Payments to Suppliers 2015

Greater than \$25,000:

BC Hydro Total	\$ 29,814.34
BDO Canada LLP Total	\$ 37,800.00
Municipal Insurance Association Total	\$ 28,691.00
OK Paving Company Total	\$ 57,540.00
All other Consolidated	\$ 362,364.61

<b>Total Payments to Suppliers</b>	<b>\$ 516,209.95</b>
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## **Village of Zeballos**

Financial Statements

For the year ended December 31, 2015

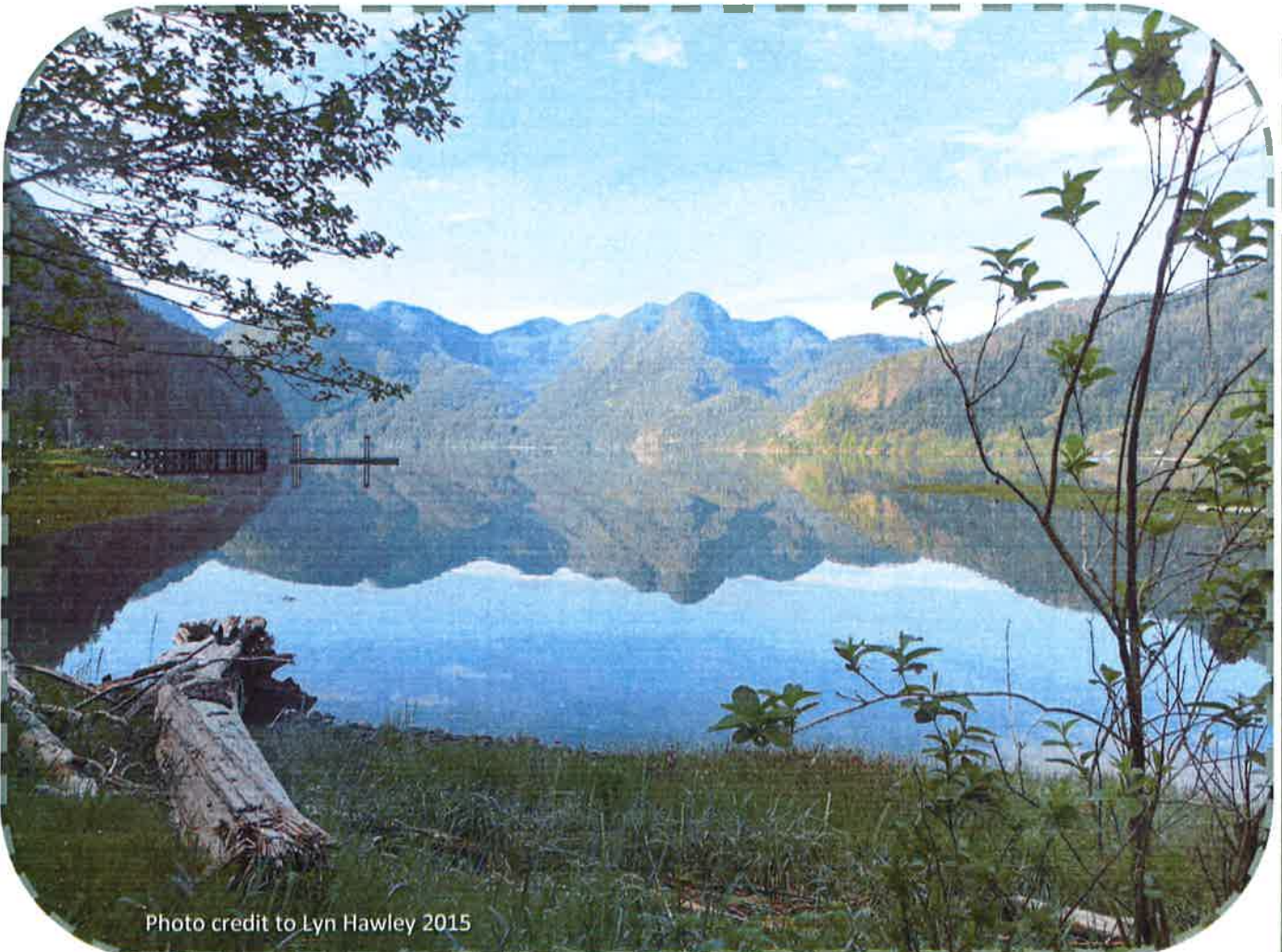


Photo credit to Lyn Hawley 2015



**Village of Zeballos**  
**Financial Statements**  
For the year ended December 31, 2015

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## Independent Auditor's Report

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### To the Mayor and Councilors of the Village of Zeballos

We have audited the accompanying financial statements of the Village of Zeballos, which comprise the Statement of Financial Position as at December 31, 2015, the 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 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 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 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 financial statements. The procedures selected depend on the auditor's judgment, 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 entity'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 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 financial statements.

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

### Opinion

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

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of the financial statements, which explains that certain comparative information for the year ended December 31, 2014 has been restated.

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**Village of Zeballos**  
**Management's Responsibility for Financial Reporting**  
**2015 Financial Statements**

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**May 9, 2016**

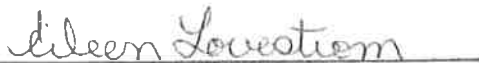
The Council of the Village of Zeballos has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Village of Zeballos. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are executed and recorded in accordance with authorization, and that financial records are reliable for preparation of financial statements.

The Mayor and Council oversee management's responsibilities for the financial reporting and internal control systems. Mayor and Council review internal financial statements on a quarterly basis, and meet periodically with management to satisfy themselves that management's responsibilities are properly discharged. Council annually reviews and approves the financial statements.

The Village of Zeballos' independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether these financial statements present fairly the Village of Zeballos' financial position, financial activities and cash flows in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion in accordance with Canadian generally accepted auditing standards.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards.



Eileen Lovestrom  
CAO



**Village of Zeballos**  
**Statement of Financial Position**

December 31	2015	2014
		Restated (Note 1)
<b>Financial Assets</b>		
Cash	\$ 54,854	\$ -
Accounts receivable	27,796	79,491
Portfolio investments (Note 2)	632,553	662,130
Taxes and user fees receivable	60,860	65,565
Investment in Nootka Sound Economic Development Corporation (Note 3)	78,902	84,929
	854,965	892,115
<b>Liabilities</b>		
Bank indebtedness (Note 4)	-	30,799
Accounts payable and accrued liabilities	61,114	61,513
Unearned revenue (Note 5)	245,733	280,857
	306,847	373,169
<b>Net Financial Assets</b>	548,118	518,946
<b>Non-Financial Assets</b>		
Prepaid expenses	20,574	22,610
Tangible capital assets (Note 7)	3,861,636	3,943,547
	3,882,210	3,966,157
<b>Accumulated Surplus (Note 6)</b>	\$ 4,430,328	\$ 4,485,103

Contingencies - see Note 7

Eileen Lovestrom Treasurer

Don Co Mayor

**Village of Zeballos**  
**Statement of Operations**

<b>For the year ended December 31</b>	<b>Budget 2015</b>	<b>2015</b>	<b>2014</b>
	(Note 14)		Restated (Note 1)
<b>Revenue (Schedule 2 and 3)</b>			
Taxation - net (Note 9)	\$ 167,550	\$ 164,866	\$ 160,766
Government grants - Provincial (Schedule 1)	538,656	403,010	383,319
Sales of services	78,550	86,115	120,366
Contribution of tangible capital asset	-	26,789	-
Other revenue	10,100	7,094	6,930
Water utility	22,000	25,812	21,730
Sewer utility	12,500	11,606	9,962
	<u>829,356</u>	<u>725,292</u>	<u>703,073</u>
<b>Expenses (Schedule 2 and 3)</b>			
General government services	566,095	681,734	695,596
Interest and bank charges	3,500	2,990	3,602
Water system operations	21,000	37,393	41,701
Sewer system operations	43,455	57,950	70,369
	<u>634,050</u>	<u>780,067</u>	<u>811,268</u>
<b>Annual Surplus (deficit)</b>	195,306	(54,775)	(108,195)
<b>Accumulated Surplus, beginning of year</b>	4,485,103	4,485,103	4,593,298
<b>Accumulated Surplus, end of year</b>	<u>\$ 4,680,409</u>	<u>\$ 4,430,328</u>	<u>\$ 4,485,103</u>

**Village of Zeballos**  
**Statement of Changes in Net Financial Assets**

<b>For the year ended December 31</b>	<b>Budget 2015</b>	<b>2015</b>	<b>2014</b>
	(Note 14)		Restated (Note 1)
<b>Annual surplus (deficit)</b>	<b>\$ 195,306</b>	<b>\$ (54,775)</b>	<b>\$ (108,195)</b>
Acquisition of tangible capital assets	-	(100,843)	(341,328)
Amortization of tangible capital assets	-	181,089	170,259
Disposition of tangible capital assets	-	1,666	12,025
	-	<b>81,912</b>	<b>(159,044)</b>
Acquisition of prepaid expenses	-	(20,574)	(22,610)
Use of prepaid expenses	-	22,609	17,210
	-	<b>2,035</b>	<b>(5,400)</b>
<b>Change in net financial assets for the year</b>	<b>195,306</b>	<b>29,172</b>	<b>(272,639)</b>
<b>Net financial assets, beginning of year</b>	<b>518,946</b>	<b>518,946</b>	<b>791,585</b>
<b>Net financial assets, end of year</b>	<b>\$ 714,252</b>	<b>\$ 548,118</b>	<b>\$ 518,946</b>



**Village of Zeballos**  
**Statement of Cash Flows**

For the year ended December 31	2015	2014
		Restated (Note 1)
<b>Cash provided by (used in)</b>		
<b>Operating transactions</b>		
Annual deficit	\$ (54,775)	\$ (108,195)
Items not involving cash		
Equity loss from Nootka Sound Economic Development Corporation	6,027	9,587
Amortization of tangible capital assets	181,089	170,259
Loss on disposal of tangible capital assets	-	12,025
	132,341	83,676
Changes in non-cash operating balances		
Accounts and taxes receivable	56,400	(19,090)
Prepaid expenses	2,036	(5,401)
Accounts payable and accrued liabilities	(400)	(16,501)
Unearned revenue	(35,124)	222,185
	155,253	264,869
<b>Investing activities</b>		
Purchase of tangible capital assets	(99,177)	(341,328)
Proceeds on disposal of investments	29,577	68,224
	(69,600)	(273,104)
<b>Financing activities</b>		
Increase (repayment) of bank indebtedness	(30,799)	8,235
<b>Increase in cash during the year</b>	<b>54,854</b>	<b>-</b>
<b>Cash, beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash, end of year</b>	<b>\$ 54,854</b>	<b>\$ -</b>

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**Village of Zeballos**  
**Summary of Significant Accounting Policies**

**December 31, 2015**

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**Significant Accounting Policies**

The Village of Zeballos (the "Village") is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The Village provides municipal services such as fire, public works, planning, parks, recreation and other general government services for its tax payers and some services to neighbouring communities. The Village prepares its financial statements in accordance with Canadian public sector accounting standards for local government using guidelines developed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada.

**Investments** Portfolio investments are comprised entirely of Municipal Finance Authority (MFA) pooled investments. The investments are carried at market value which approximates cost.

The investment in Nootka Sound Development Corporation is considered a government business partnership and is recorded using the modified equity method.

**Tangible Capital Assets** Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is put into use. Donated tangible capital assets are recorded at fair value at the time of the donation.

Estimated useful lives of tangible capital assets are as follows:

Buildings	10 to 40 years
Fixtures, furniture, equipment and vehicles	5 to 20 years
Fire truck	30 years
Roads and bridges	10 to 100 years
Other	10 to 100 years
Water infrastructure	10 to 100 years
Sewer infrastructure	10 to 100 years

**Collection of Taxes on Behalf of Other** The Village collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to

**Taxation Authorities** the operations of entities are not reflected in these financial statements. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Levies imposed by Strathcona Regional District for services and general administrative services and other taxing authorities are not included.

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**Village of Zeballos**  
**Summary of Significant Accounting Policies**

**December 31, 2015**

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<b>Revenue Recognition</b>	<p>Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Taxes receivable are recognized net of allowance for anticipated uncollectible amounts</p> <p>Through the British Columbia Assessment's appeal process, taxes may be adjusted by way of supplementary roll adjustments. The affects of these adjustments on taxes are recognized at the time they are awarded.</p> <p>Charges for sewer and water usage are recorded as user fees when services are delivered. Connection fee revenues are recognized when the connection has been established.</p> <p>Government transfers, which include legislative grants, are recognized in the financial statements when received if the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Sales of service and other revenue is recognized on an accrual basis.</p>
<b>Unearned Revenue</b>	<p>Revenues from the sale of business licenses, dog tags and rental revenues pertaining to the subsequent year have been deferred. These amounts will be recognized as revenue in the next fiscal year.</p> <p>Contributions of assets in exchange for future services are deferred and amortized over the term of the service contract.</p>
<b>Trust Funds</b>	<p>Trust funds held in trust by the Village, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately. (Note 11)</p>
<b>Use of Estimates</b>	<p>The preparation of financial statements in accordance 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Areas requiring the greatest degree of estimation include useful lives of tangible capital assets, collectability of receivables and estimation of contingent liabilities.</p>



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**Village of Zeballos**  
**Summary of Significant Accounting Policies**

December 31, 2015

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**Liability for  
Contaminated Sites -  
Adoption of New  
Accounting Standards**

Effective January 1, 2015, the Village adopted the new Public Sector Accounting Standard PS 3260, Liability for Contaminated Sites. The new standard can be applied retroactively or prospectively and the Village has elected to apply it prospectively.

Under PS 3260, governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the new standard including sites that are no longer in productive use and sites for which the Village accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation at this time, therefore no liability was recognized on transition as at January 1, 2015 or at December 31, 2015.

**Village of Zeballos**  
**Notes to Financial Statements**

**December 31, 2015**

**1. Prior Period Adjustment**

While reviewing the Village's listing of tangible capital assets for the year end preparation, the Village identified that the building on the public works yard was not included in the tangible capital assets listing. Accordingly, accumulated surplus, tangible capital assets, and amortization expense has been adjusted for these discrepancies.

Tangible capital assets as previously stated - January 1, 2014	\$ 3,727,189
Additional net book value of tangible capital assets identified	<u>57,315</u>
Tangible capital assets restated - January 1, 2014	<u>\$ 3,784,504</u>
Accumulated surplus previously stated - January 1, 2014	\$ 4,535,983
Add: net book value of tangible capital assets	<u>57,315</u>
Accumulated Surplus restated - January 1, 2014	<u>\$ 4,593,298</u>
Annual deficit previously stated - year ended December 31, 2014	\$ (105,755)
Adjustment to amortization for tangible capital assets capitalized	<u>(2,440)</u>
Annual deficit restated - year ended December 31, 2014	<u>\$ (108,195)</u>

**2. Portfolio Investments**

	<u>2015</u>	<u>2014</u>
Money Market Funds - Municipal Finance Authority	<u>\$ 632,553</u>	<u>\$ 662,130</u>

Money market funds currently yield interest at 0.7% (2014 - 1.09%) and are redeemable at any time.

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**Village of Zeballos**  
**Notes to Financial Statements**

**December 31, 2015**

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**3. Nootka Sound Economic Development Corporation**

	<u>2015</u>	<u>2014</u>
Cost of investment	\$ 41,993	\$ 41,993
Accumulated net equity income, beginning of year	42,936	52,523
Share of investment's loss during the year	<u>(6,027)</u>	<u>(9,587)</u>
Accumulated net equity income, end of year	<u>36,909</u>	42,936
Total investment	<u>\$ 78,902</u>	<u>\$ 84,929</u>

On February 21, 1996, the Village received the approval of the Inspector of Municipalities to acquire shares in the Nootka Sound Economic Development Corporation ("NSEDC"). This corporation was formed by the Villages of Gold River, Tahsis and Zeballos for the purpose of acquiring and managing a community based forest licence. NSEDC has been granted a forest license that represents non-replaceable quota of 35,766 cubic metres per year.

The Village holds one of the three common shares of NSEDC and 35,075 of 140,300 (25%) preferred shares. Each shareholder has the right to elect an equal number of directors to the Board of NSEDC. The Village's investment in NSEDC is recorded on a modified equity basis.

As of December 31, 2014, the logging volume has been fulfilled. The Corporation is exploring other license opportunities.

During 2015, the Village received \$nil (2014 - \$nil) in dividends from NSEDC as a result of owning the aforementioned preferred shares and common shares.

**Village of Zeballos**  
**Notes to Financial Statements**

**December 31, 2015**

**3. Nootka Sound Economic Development Corporation (Continued)**

Condensed supplementary financial statement information of NSEDC:

	2015	2014
<b>Statement of Financial Position</b>		
Total Assets	<b>\$ 251,454</b>	<b>\$ 269,795</b>
Total Liabilities	419	679
Total Equity	<b>251,035</b>	<b>269,116</b>
	<b>\$ 251,454</b>	<b>\$ 269,795</b>
<b>Statement of Comprehensive Income</b>		
Revenues	2,159	2,828
Expenditures	<u>(20,240)</u>	<u>(31,591)</u>
Net Loss	<b>\$ (18,081)</b>	<b>\$ (28,763)</b>
<b>Statement of Changes in Equity</b>		
Retained Earnings, beginning of year	128,813	157,576
Comprehensive loss	<u>(18,081)</u>	<u>(28,763)</u>
Retained Earnings, end of year	<b>110,732</b>	<b>128,813</b>
Share Capital	<u>140,303</u>	<u>140,303</u>
Total Equity	<b>\$ 251,035</b>	<b>\$ 269,116</b>



**Village of Zeballos**  
**Notes to Financial Statements**

**December 31, 2015**

**4. Bank Indebtedness**

The Village has a revolving line of credit with a credit limit of \$78,750 (2014 - \$78,750) with interest at prime plus 1.5% (2014 - 1.5%). As at December 31, 2015, the balance of \$nil (2014 - \$30,799) consisted of \$nil (2014 - \$16,542) from the revolving line of credit and the remaining amount was due to outstanding cheques at year end.

**5. Unearned Revenue**

Included in unearned revenue are amounts related to:

	2015	2014
Deferred revenue - fire protection agreement (a)	\$ 241,097	\$ 267,886
Other deferred revenue	4,636	12,971
	\$ 245,733	\$ 280,857

	2015	2014
<b>Opening balance of unspent funds</b>	<b>\$ 280,857</b>	<b>\$ 58,672</b>
Add: Amount received during the year	-	10,000
Deferred revenue - fire protection agreement	-	267,886
Less: Recognition of prior year deferred gas tax into revenue	-	(46,461)
Amount spent on eligible projects	(8,080)	(10,000)
Amortization of deferred fire protection agreement	(26,789)	-
Change from other deferred revenue	(255)	760
<b>Closing balance of unspent funds</b>	<b>\$ 245,733</b>	<b>\$ 280,857</b>

- (a) The Village received a contribution of a fire truck with an estimated fair value of \$267,886 from Ehatís Reserve during 2014. In exchange for the contribution, the Village has committed to provide fire protection services, maintain the fire truck and provide a 50% reduction of annual fire service fee to Ehatís Reserve for each of the next 10 years (2015 - 2024) as the consideration of the capital contribution. The fair value is being amortized to revenue over the term of the service agreement.

**Village of Zeballos**  
**Notes to Financial Statements**

**December 31, 2015**

**6. Accumulated Surplus**

The Village segregates its accumulated surplus in the following categories:

	2015	2014
Statutory Reserve - Capital Works, Machinery and Equipment Depreciation Reserve (a)	\$ 88,564	\$ 87,805
Economic Development Reserve	74,301	73,664
Future Expenditures Reserves	76,913	111,142
Gas Tax Agreement - Community Works (b)	159,691	102,910
Investment in Non-Financial Assets (c)	3,882,210	3,966,157
Unrestricted	148,649	143,425
	\$ 4,430,328	\$ 4,485,103

- (a) The Capital Works, Machinery and Equipment Depreciation Reserve was established by Bylaw #114, 1975 for the purpose of setting aside funds on an annual basis to purchase machinery and equipment.
- (b) The Gas Tax Agreement funds consists of \$102,910 that remained unspent at December 31, 2014 plus additional funds of \$55,022 which was received in 2015 and \$ 1,759 of interest earnings. The amounts will remain in the reserve until spent on eligible projects.
- (c) The investment in non-financial assets represents amounts already spent and invested in infrastructure and other non-financial assets.

**Village of Zeballos**  
**Notes to Financial Statements**

**December 31, 2015**

**7. Tangible Capital Assets**

	Land	Buildings	Fixture, Furniture and Vehicles	Roads and Bridges	Parks and Land Improvements	Water Infrastructure	Sewer Infrastructure	2015 Total	2014 Total
Cost, beginning of year	\$ 342,442	\$ 1,388,883	\$ 684,545	\$ 1,207,510	\$ 582,437	\$ 985,975	\$ 988,724	\$ 6,180,516	\$ 5,857,688
Additions		28,178	17,865	54,800	-	-	-	100,843	341,328
Disposals/adjustments		-	(1,666)	-	-	-	-	(1,666)	(18,500)
Cost, end of year	342,442	1,417,061	700,744	1,262,310	582,437	985,975	988,724	6,279,693	6,180,516
Accumulated amortization, beginning of year		415,820	204,850	680,646	261,317	273,323	401,012	2,236,968	2,073,185
Amortization		43,135	30,491	46,253	19,353	22,083	19,774	181,089	170,259
Disposals		-	-	-	-	-	-	-	(6,475)
Accumulated amortization, end of year		458,955	235,341	726,899	280,670	295,406	420,786	2,418,057	2,236,969
Net carrying amount, end of year	\$ 342,442	\$ 958,106	\$ 465,403	\$ 535,411	\$ 301,767	\$ 690,569	\$ 567,938	\$ 3,861,636	\$ 3,943,547

**Village of Zeballos**  
**Notes to Financial Statements**

**December 31, 2015**

**8. Contingent Liabilities**

- (a) The Village is responsible as a member of the Strathcona Regional District for its share of any operating deficits or long-term debt related to functions in which it participates. Management has assessed the risks as unlikely at this time therefore no provision has been recorded in the financial statements.
- (b) The Village is partially self-insured through the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the Village along with the other participants, would be required to contribute towards the deficit.

**9. Taxation - Net**

	Budget 2015	Actual 2015	Actual 2014
General municipal purposes	\$ 167,550	\$ 165,969	\$ 160,874
Collections for other governments			
Province of BC - school tax	58,099	55,200	59,723
Comox Strathcona Regional Hospital District	12,067	11,938	13,047
Police taxes levied	6,044	5,982	6,164
Strathcona Regional District	3,034	3,501	3,806
Municipal Finance Authority	879	871	983
Vancouver Island Regional Library	4,561	4,515	5,464
	<u>252,234</u>	<u>247,976</u>	<u>250,061</u>
Transfers			
Province of BC - school tax	58,099	55,200	59,723
Comox Strathcona Regional Hospital District	12,067	12,567	13,513
Police taxes levied	6,044	5,982	6,164
Strathcona Regional District	3,034	3,924	3,451
Municipal Finance Authority	879	877	980
Vancouver Island Regional Library	4,561	4,560	5,464
	<u>84,684</u>	<u>83,110</u>	<u>89,295</u>
Available for general municipal purposes	<u>\$ 167,550</u>	<u>\$ 164,866</u>	<u>\$ 160,766</u>



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**Village of Zeballos**  
**Notes to Financial Statements**

**December 31, 2015**

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**10. Pension Plan**

The Village and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2015, Plan membership is broken down into about 185,000 active members, 80,000 retired members, and 33,000 inactive members. Active members include approximately 37,000 contributors from local governments and 5 contributors from the Village. The plan holds assets in excess of \$40 billion.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. 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 actuarial valuation for the Municipal Pension Plan as at December 31, 2012, indicates a \$1,370 million deficit for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2015 with results available later 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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The Village paid \$22,455 (2014 - \$22,752) for employer contributions while employees contributed \$15,819 (2014 - \$16,541) to the plan in fiscal 2015 .

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**11. Funds Held in Trust**

The Village holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries. The following trust funds and assets are excluded from the Village's financial statements:

	<u>2015</u>	<u>2014</u>
Cemetery Care Fund	\$ 480	\$ 480

**December 31, 2015**

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**12. Segmented Information**

The Village is a diversified municipal government institution that provides a wide range of services to its citizens such as recreation, fire, sewer, water and solid waste. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**General Government Administration and Other**

This item relates to the revenues and expenses of the operations of the Village, public safety building and other costs that cannot be directly attributed to a specific segment including general administrative, legislative, and fiscal services.

**Protective Services**

Protection is comprised of fire protection services, building inspection, bylaw enforcement and emergency services. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers.

**Transportation Services**

Public works and transportation is responsible for the maintenance of roads, sidewalks, cemetery maintenance, outdoor lighting, storm drains and mechanical services and public work buildings.

**Environmental Health**

Environmental health is responsible for solid waste collection and landfill maintenance.

**Recreation and Cultural**

This service area provides services meant to improve the health and development of the Village's citizens and also include the cost of the local library services through Vancouver Island Regional Library.

**Village of Zeballos**  
**Notes to Financial Statements**

**December 31, 2015**

**13. Expenses by Object**

	Operations	Capital Acquisitions	2015 Total
Goods and services	\$ 338,507	\$ 100,843	\$ 439,350
Labour	257,481	-	257,481
Debt charges - interest	2,990	-	2,990
Amortization expense	181,089	-	181,089
<b>Total Expenses</b>	<b>\$ 780,067</b>	<b>\$ 100,843</b>	<b>\$ 880,910</b>

	Operations	Capital Acquisitions	2014 Total Restated (Note 1)
Goods and services	\$ 366,127	\$ 341,328	\$ 707,455
Labour	271,279	-	271,279
Debt charges - interest	3,602	-	3,602
Amortization expense	170,259	-	170,259
<b>Total Expenses</b>	<b>\$ 811,267</b>	<b>\$ 341,328</b>	<b>\$ 1,152,595</b>

**14. Budget**

Budget amounts represent the financial Plan By-Law adopted by Council on May 14, 2015. The budget anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues. In addition, the budget anticipated capital expenditures rather than amortization expense. The following reconciliation of the "Surplus for the year" is provided to show which items must be added or removed to reflect the financial plan.

	<u>2015</u>
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	260,900
Less:	
Budgeted transfers to accumulated surplus	113,000
Amortization	<u>(181,089)</u>
Surplus for the year presented in PSAB financial statements	<u>\$ 192,811</u>

**Village of Zeballos**  
**Schedule 1 - Government Grants to the Village and Ratepayers**

<b>For the year ended December 31</b>	<b>Budget 2015</b>	<b>2015</b>	<b>2014</b>
<b>Province of British Columbia</b>			
General operating fund			
Small Communities Protection	\$ 323,548	\$ 323,548	\$ 214,202
Gas Tax Agreement - Community Works	55,022	55,891	102,352
Grants in lieu of taxes	5,700	5,415	5,729
Community Hall	-	-	14,435
Asset Management Plan	30,000	8,081	-
Other	124,386	10,075	46,601
	<b>\$ 538,656</b>	<b>\$ 403,010</b>	<b>\$ 383,319</b>



**Village of Zeballos**  
**Schedule 2 - Combined Statement of Operations by Segment**

**For the year ended December 31, 2015**

	General Government				Recreation and Cultural Services	Water		Total Sewer Utility	Total 2015 Actual	2015 Budget
	Administration	Protective Services	Transportation Services	Environmental Health Services		Water Utility				
<b>Revenues</b>										
General taxes, net	\$ 164,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,866	\$ 167,550
Utility charges	-	-	-	-	-	25,812	11,606	-	37,418	34,500
Government grants - Provincial	392,935	-	-	-	10,075	-	-	-	403,010	538,656
Contribution of tangible asset	-	26,789	-	-	-	-	-	-	26,789	-
Sales of services	43,379	1,820	13,484	20,658	6,774	-	-	-	86,115	78,550
Other revenue	7,094	-	-	-	-	-	-	-	7,094	10,100
	<u>608,274</u>	<u>28,609</u>	<u>13,484</u>	<u>20,658</u>	<u>16,849</u>	<u>25,812</u>	<u>11,606</u>	<u>11,606</u>	<u>725,292</u>	<u>829,356</u>
<b>Expenses</b>										
Operating										
Goods and services	147,473	31,810	72,079	6,383	36,189	10,854	33,719	4,456	338,507	211,461
Labour	145,713	2,504	71,816	16,632	11,904	4,456	4,456	-	257,481	238,000
Interest and bank charges	2,990	-	-	-	-	-	-	-	2,990	3,500
Amortization	53,024	13,576	46,253	7,026	19,353	22,083	19,774	-	181,089	181,089
	<u>349,200</u>	<u>47,890</u>	<u>190,148</u>	<u>30,041</u>	<u>67,446</u>	<u>37,393</u>	<u>57,949</u>	<u>57,949</u>	<u>780,067</u>	<u>634,050</u>
<b>Excess (deficiency) in revenues over expenses</b>	\$ 259,074	\$ (19,281)	\$ (176,664)	\$ (9,383)	\$ (50,597)	\$ (11,581)	\$ (46,343)	\$ (46,343)	\$ (54,775)	\$ 195,306

**Village of Zeballos**  
**Schedule 3 - Combined Statement of Operations by Segment**

**For the year ended December 31, 2014**

	General Government					Recreation and Cultural Services	Water Utility	Sewer Utility	Total 2014 Actual	Total 2014 Budget
	Administration	Protective Services	Transportation Services	Environmental Health Services	Restated (Note 1)					
<b>Revenues</b>										
General taxes, net	\$ 160,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,766	\$ 160,273
Utility charges and user rates	-	-	-	-	-	-	-	9,962	31,692	27,300
Government grants - Federal	336,718	-	-	-	-	-	-	-	383,319	366,405
Government grants - Provincial	49,498	4,002	32,560	25,708	46,601	-	-	-	120,366	78,100
Sales of services	6,930	-	-	-	8,598	-	-	-	6,930	13,200
Other revenue	-	-	-	-	-	-	-	-	-	-
	553,912	4,002	32,560	25,708	55,199	21,730	9,962	703,073	645,278	
<b>Expenses</b>										
Operating										
Goods and services	167,288	28,843	57,870	3,858	47,464	14,914	45,891	366,128	187,013	
Labour	148,787	4,374	83,115	12,633	12,962	4,704	4,704	271,279	269,467	
Interest and bank charges	3,602	-	-	-	-	-	-	3,602	3,700	
Amortization	47,674	13,576	40,773	7,026	19,353	22,083	19,774	170,259	170,259	
	367,351	46,793	181,758	23,517	79,779	41,701	70,369	811,268	630,439	
<b>Excess (deficiency) in revenues over expenses</b>	\$ 186,561	\$ (42,791)	\$ (149,198)	\$ 2,191	\$ (24,580)	\$ (19,971)	\$ (60,407)	\$ (108,195)	\$ 14,839	