



# VILLAGE OF ZEBALLOS

## 2018 Annual Report

For The Fiscal Year Ending December 31, 2017



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## MAYOR'S MESSAGE

Greetings to all, hope you are doing well.

I thought I saw a little light at the end of the tunnel and then I realized that there has always been light, but it is now a lot brighter.

Council has had a busy and productive past year, witnessing the completion of some initiatives and projects and also setting the wheels in motion for other ones to bear fruit over the next several years.



**THE BIG NEW SHINY RED BRIDGE** – I hope that you are as pleased with it as I am. Eight long years ago Council recognized the need of a new river crossing and set out to make it happen. It took a lot of time, effort and pressure but now we have it in place and the best news is that it did not cost local taxpayers a dime!

There are many other initiatives moving ahead that are not quite as visible but just as important to the future of the community as well. I will speak to several but not all by any stretch.

There is a flood plain, rising tide, rock fall hazard study and mapping project underway with completion timeline of early fall of this year. This study is very important in so many aspects, safety, future development, and sustainability just to name a few. And it is 100% grant funded.

Another project underway is the update of our Official Community Plan. It might not sound that important to some but it is the document that speaks to all of the Village's strategic goals and land use policies.

Staff is waist deep into a major waste water discharge systems upgrade project in conjunction with our Ehattesaht/ Chinehkint neighbours. The intent of the project is not only for upgrades but also increased capacity.

Council has invested an incredible amount of time and effort into the Zeballos-to-Tahsis trail initiative. I can report that this project is well underway and look forward to completion within the next two building seasons. It is a very exciting project, very well thought out and it is most gratifying to work in such close partnership with our Ehattesaht/ Chinehkint neighbours on this project.

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I understand that Surespan Mining is coming back to the old privateer mine claim to conduct more exploration test hole drilling this summer. This in itself is good for the town, just think what it would mean if they find gold “in them thar hills.”

I have witnessed several families choose to make Zeballos their new home and am very thankful for that.

There are some very significant staff and administration personnel changes underway currently. I would like to thank those that are departing for all of their hard work and excellence they have expended for our Village. And I would like to welcome those coming forward to fill the vacant positions and have the utmost confidence in their abilities and passion for our village.

Oh, and let’s not forget our never-ending quest for Zeballos Forest Service Road improvements.

I have been on Council for ten years and have made it my #1 priority.

With the help of our three neighbouring First Nations, and many many meetings with different levels of government officials, I can finally report that some headway has been made. The Ministries of both Highways and Forestry have committed close to two million dollars for road upgrades over the next two years. They have also committed to a substantial increase in road grading in the interim.

I view this as a step in the right direction, but it is a quest that future Councils will also have to pursue.

Municipal elections are just around the corner, this is the time to select/ elect your leadership team. Please get involved at some level and be sure to vote.

As usual, it has been and is my pleasure to serve you.



Mayor Donnie Cox

## INTRODUCTION TO ZEBALLOS — A TINY PARADISE

Zeballos has an amazing history of gold mining, iron mining and logging operations. During the gold mining boom of the 1930s and 40s, the community boasted a population of 2,000. Zeballos has now become the smallest municipality in BC with a current population of 107.

Nestled in a deep valley at the head of the Zeballos Inlet, Zeballos is the jewel of the North West Coast of Vancouver Island. This tiny paradise is a wonderful place to unplug and reconnect with nature. Revel in the opportunity to breathe the clean air and taste the award winning drinking water. The proximity of wildlife, outdoor recreation, and world famous history make this quiet, restful village a great place to live and to visit.

Zeballos has historically had a resource-based economic driver. Times have changed and economic sustainability must be found elsewhere. Zeballos is increasingly becoming a destination for travellers who are looking for the excitement of wilderness recreation and for those wishing to delve into its astounding history.

Observe the abundance of wildlife spanning land, sea and air. Look to the water for seals, whales and spawning salmon or up to the sky for eagles, great blue heron and other remarkable birds. If you watch your surroundings closely you just might see a wolf, a cougar, or a bear! Sport fishing, diving, kayaking, and caving opportunities are plentiful. The adventures start with a left turn at signpost 320km on Highway 19, the longest driveway in BC.

Your Village Council and staff are mindful of both the opportunities and the challenges of living in a rural community. Many municipalities across BC are suffering as infrastructure fails. Council is committed to tackling our issues head on in the most fiscally responsible way possible.



Figure 1: Mayor and Council 2017  
Barb Lewis, Candace Faulkner, Jeff Coburn, Mayor Donnie Cox and Julie Colborne

## MUNICIPAL SERVICES & OPERATIONS SUMMARY FOR 2018

### 1. Executive

Once the funding for the Sugarloaf Bridge Replacement Project was secured, Mayor Donnie Cox and Council turned their attentions to other priorities.

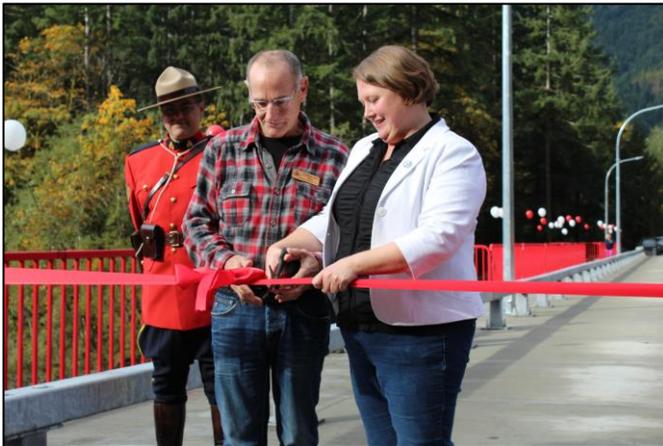


Figure 2: Official Ribbon Cutting by Mayor Cox and MP Blaney, with RCMP

Other goals and objectives they set for themselves focused on improving our emergency preparedness. Improving our community appearance and all facets of public safety demanded their available time.

Lobbying for change is a slow process. The condition of the driving surface of the FSR Zeballos and FSR Fair Harbour has always been a challenge. The lack of consistent maintenance funding was a focus of Council in 2017.



Figure 3: Demolition of the old Sugarloaf Bridge.

### 2. Administration

Sugarloaf Bridge was closed on June 5<sup>th</sup> and reopened to traffic on September 23<sup>rd</sup>. During that time, Management Staff found many hours consumed by the bridge project.

Over that three and a half month period the old bridge was removed and the new one constructed. Residents celebrated with a 'soft opening' in September before Council



Figure 4: Parade of vehicles over the new Sugarloaf Bridge in September.

attended the UBCM. It was great to send pictures of our new ‘baby’ with Mayor and Council to their annual Union of BC Municipalities conference.

Figure 5: The new Sugarloaf Bridge on the morning of the Official Opening Celebration in October.



Taking on an inhouse Official Community Plan review on top of coordinating all the moving parts of the bridge project kept all staff hopping.

### 3. Recreation Department *Zeballos Community Hall*

The Community Hall provided a great site for celebrations in 2017, including a Canada Day BBQ and the opening of the Sugarloaf Bridge.

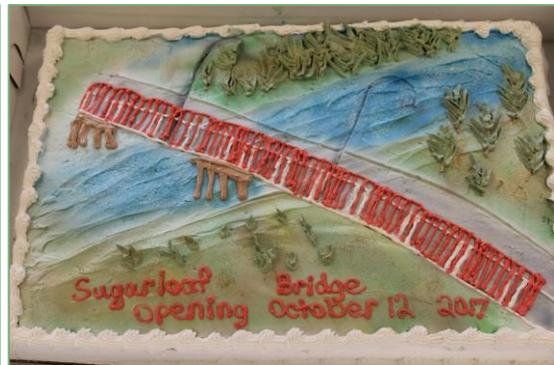


Figure 6: Lunch, and of course, CAKE after the Official Ribbon Cutting ceremony in October.



Figure 7: Canada Day celebration at the Community Hall.

The Community Hall was also used for information gathering and open houses for both the Official Community Plan and the Sugarloaf Bridge.

Figure 8: Official Community Plan consultation with residents April 2017.



## Zeballos Museum



Figure 9: The Zeballos Museum

The Zeballos Museum, bursting with artifacts donated by current and past residents, is a favourite 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. The Museum host was kept busy explaining to the visitors why the bridge was closed, how to get to the other side and what they could see there.

In 2017 the museum roof was replaced as well as the roof on the miner shack outdoor exhibit. The next project will be finishing the exterior of the rear addition.

### 4. Protective Services

The Zeballos Volunteer Fire Department was happy to have two fire trucks in service during the bridge closure. As it happened, there were no call outs during the three and a half month closure and everyone breathed a sigh of relief.

The Emergency Program Coordinator was happy to learn of the new funding opportunities in the fall of the year. Together with the deputy coordinator, she laid out a plan to make the best use of the opportunities.

### 5. Public Works Department

The public works department was the most disrupted by the bridge project. The fact that the waterline is hung on the bridge provided an interesting wrinkle that took our water system operator to smooth out.

Despite the interruptions in our water service, the Village of Zeballos untreated tap water was entered into a competition against other water in BC and the Yukon. We are very proud to say we won first place and bragging rights to the best tap water in BC.

#### BCWWA "BEST OF THE BEST" TAP WATER TASTE TEST WINNER: VILLAGE OF ZEBALLOS

The tiny village of Zeballos, located on the northwest coast of Vancouver Island, has a population of roughly 120 people, bountiful natural wildlife and, as of May 30th, the best tap water in all of British Columbia. That is, according to this year's judges (dubbed "sommeliers") at the BCWWA Tap Water Taste Test at the 45th Annual Conference & Trade Show in Victoria. The water was judged based on the five criteria, including: aroma, taste, mouth-feel, aftertaste and overall impression. Given the seriousness of the event, judges cleansed their palettes with crackers and distilled water in true sommelier form so as not to distract from each water's unique qualities. Other participating municipalities include last year's defendants, Hope, as well as Big White, CRD, Penticton, Port Alberni, Clearbrook Waterworks, Squamish and SunDorn Estates. Judges included: Robert Haller, executive director, Canadian Water and Wastewater Association; Jon Eaton, vice-president, American Water Works Association and Rick Warner, president, Water Environment Federation.



Figure 10: Public Works Foreman Mike Atchison represents Zeballos at the BC Water and Waste Association Annual Conference and accepts the award for Best Tap Water in BC.

The Village is required to report our Asset Management Inventory to the province. In order to prepare for the eventual replacement of all village infrastructure we first must have an inventory of what we have and where it is. From that we must assign an estimated replacement date and cost.

The inventory must cover water systems, sewer systems, roads and bridges, equipment, vehicles and fixtures, buildings and other improvements. In 2017 we started an inventory with the help of a consultant. It is also a project with high demands on the public works staff time.

Improvements to the sewer lift station were completed in 2017. This is an example of maintaining our assets. It's not always something you can look at every day but is still a necessary part of Village infrastructure.

Meanwhile, the grass continued to grow and our staff continued to cut. As we didn't get lost in a sea of green, it appears our staff won the war.



Figure 12: Sugarloaf Bridge - Before



Figure 11: Sugarloaf Bridge - After

## APPENDIX I: ANNUAL PROGRESS REPORT AND STATEMENT OF MAJOR PROJECTS

2016	STATEMENT OF OBJECTIVES Prepared 2016	STRATEGIES/ACTIONS Implemented 2016	MEASURES & OUTCOMES Collect Data 2017	REPORT Submit 2018
<b>COUNCIL / ADMINISTRATION</b>	<b>OCP Review</b>	Conduct an inventory of environmentally sensitive areas	Investigate what term "environmentally sensitive" means re: authority and regulations; surveys, goals and amendment drafts	Ongoing
	<b>Policy And Bylaws</b>	Adopt contaminated site policy	Policy adopted and reviewed annually	Complete Yearly Review delegated to Staff
		Adopt Fire Play Book policy	Policy adopted; Seek expertise on implementation; comparative case study analysis of other local governments	Ongoing
		Prepare asset management plan	Secure funds; Engage consultant; monitor progress	Ongoing
	<b>Increase Economic Stability</b>	Research requirements for industrial site/ transfer station	CSWM report delayed timing of transfer station; apply OCP research on "environmentally sensitive" areas	Ongoing
		Foster relationships with First Nations communities, continued communications	Ehatis protocol renewal; Sewer expansion cooperation	Ongoing
			Nuchatlaht protocol renewal	Ongoing
<b>POLICING</b>	<b>Maintain RCMP Presence</b>	Scheduled annual meetings	Invite Staff Sergeant to address Council	Ongoing
		Continue to lobby for regular police presence	Monitor stats provided on Quarterly reports	Ongoing

2016	STATEMENT OF OBJECTIVES	STRATEGIES/ACTIONS	MEASURES & OUTCOMES	REPORT
	Prepared 2016	Implemented 2016	Collect Data 2017	Submit 2018
RECREATION / CULTURE	<b>Beautification Of Village Owned Properties</b>	Spring cleanup and free dump days	Monitor tipping loads, general appearance of tidiness and comments from public	Ongoing
		Contractual gardener position	Monitor available budget and garden attractiveness	Ongoing

PUBLIC SAFETY	<b>Dock Repair</b>	Inspect and repair anchors at seaplane dock	Monitor inspection dates and repair work completed	Complete
		Repair access ramps at seaplane dock and municipal dock	Welder hired; supplies ordered	Complete
	<b>Bridge Project</b>	Secure project manager, complete pre-design phase	Monitor contracts and funding; current status- construction underway	Construction complete Final Reporting Ongoing
	<b>Fire Safety</b>	Annual inspections and follow thru of results	Monitor annual inspection dates and resulting reports	Complete Annual Review Delegated to Staff
		Continue training of ZVFD members	Training modules complete	
		Continue recruitment of ZVFD members	Advertising in Village Voice; OCP review	One new member appointed by Council Delegated to Staff to continue advertising
	<b>Road Safety And Maintenance</b>	Road naming for 9-1-1	Request name suggestions from Ehatís	Ongoing
		Increased signing	Stop sign at FSR Zeb at old town bridge	Complete

		Lot 501	Grading, pooled water marked with a pylon	Complete
	<b>Attract Emergency Program Coordinator</b>	Advertising and education	Secured volunteer candidate	Complete
		Secure budget line item	Include in 2017 Budget	Complete
	<b>Tsunami Siren</b>	UBCM lobbying	Monitor UBCM meetings	Ongoing

2016	STATEMENT OF OBJECTIVES	STRATEGIES/ACTIONS	MEASURES & OUTCOMES	REPORT
	Prepared 2016	Implemented 2016	Collect Data 2017	Submit 2018
<b>PUBLIC WORKS</b>	<b>Maintain A Secure Water System</b>	Reservoir inspection and clean out	Completed in 2016; no clean out required	Complete
	<b>Maintain A Secure Sewer System</b>	Research, fund and complete upgrades to lift stations	Quotes secured; monitor budget for funding	Complete
	<b>Preserve the Integrity Of All Public Buildings</b>	Repair Museum Porch and Complete Addition	Monitor work schedule and available budget	Ongoing
		Continue maintenance program of one side per year of village buildings	Monitor work schedule and available budget; west Village Office and waterfront washrooms completed	Complete
		Adherence to Public Works manual	Monitor monthly and annual asset checks	Ongoing Management delegated to staff

2017	STATEMENT OF OBJECTIVES	STRATEGIES/ACTIONS	MEASURES & OUTCOMES	REPORT
	Prepared 2017	Implemented 2017	Collect Data 2018	Submit 2019
<b>ALL DEPARTMENTS</b>	<b>Improve Community Appearance</b>	Village properties are well maintained to a consistent standard and usage tracked	West Side VO - completed North Side VO - ongoing	
		Museum Expansion	Budget item approved	

2017	STATEMENT OF OBJECTIVES Prepared 2017	STRATEGIES/ACTIONS Implemented 2017	MEASURES & OUTCOMES Collect Data 2018	REPORT Submit 2019
COUNCIL / ADMINISTRATION	OCP Review	Hire Village Office help to free up Meredith for OCP work	part time admin assistant identify local casual help availability	Complete
		Community Engagement	Ehattesaht/ Chinehkint and Nuchatlaht C2C meetings	
		Public Engagement (including feedback on bylaw enforcement)	two partner town halls and survey	Complete
POLICING	Increased Presence in Visibility As Well As Availability	Scheduled annual meetings	request invitation sent to Staff Sargent	
		Continued communications with all levels of RCMP	ATV routes identified and permits being issued monitor stats	
PUBLIC ENGAGEMENT	Encourage Recycling	Engage CVRD educators	request invitation sent to Staff Sargent	
		Schedule a hazard waste pickup and PR opportunity	ATV routes identified and permits being issued monitor stats	
PUBLIC SAFETY	Road Safety & Maintenance	Signage at east side evacuation site	signs mounted	Complete
		Pursue Pot Hole and Sink Hole Repair along all roadways working with the various jurisdictions: Forestry, Highways, Emcon, Village PW	monitor effectiveness of communications ie # of trouble spots increasing? Or decreasing?	
	Improve Airplane Dock Use, Safety and Atmosphere	Investigate replacement of dock or other options	gather budget info investigate bulkhead to identify extent of required repair	

		Negotiate MOU with all users	Invite all users for negotiation meeting in 2018 Agreements in place	
<b>Emergency Program</b>		Improve strategy to inform residents of emergencies underway	ESS attaining ham radio certification Evacuation Time (real and mock) Joint Emergency Committee meetings (VoZ, SRD, ECFN & NFN)	
		Connect Rocket training and implementation		Complete
<b>Improve Emergency Preparedness</b>		Research funding sources for east Zeballos siren replacement	request UBCM meeting	
		Lobby at UBCM for funding	request UBCM meeting	
		Provide labour and financial support for a pole to install the Ehattesaht/ Chinehkint First Nation's new siren	Village property used for installation Siren functioning to full capacity	
<b>Continue to Advocate for Public Safety</b>		Arrange UBCM Minister Meetings	request UBCM meeting re Siren Funding	
		Encourage Road User Group - new format, more meetings and cooperation	# of meetings Representation of all users in attendance Road User Agreement updated in 2018	

2017	STATEMENT OF OBJECTIVES	STRATEGIES/ACTIONS	MEASURES & OUTCOMES	REPORT
	Prepared 2017	Implemented 2017	Collect Data 2018	Submit 2019
<b>PUBLIC WORKS</b>	<b>Infrastructure Improvements</b>	Research cost of lift station 2 improvements and funding opportunities	Budget Item Approval completed in 2018	
		Monitor Sewer Expansion Process	continue meeting with ECFN and staff	
		Continue to work towards a step sewer system for East Zeballos	Secure Funding Community draft plan approved Taxpayer Consultation	
	Reduce Flooding In Residential Areas	Complete Zeb Creek Flooding Mitigation		

<b>RECREATION / CULTURE</b>	<b>Trail</b>	Cost of construction, complete engineer and design, take to UBCM	request UBCM meeting identify trailhead and access identify ATV Permitting requirements	
	<b>Revitalize Walking Trails</b>	Pw continue to maintain existing trails	budget line item approved	
		Pursue grants for engineering and design of improvements to existing trails	risk assessment needed secure funding from Infrastructure planning grant	
		Accept Canadian Rangers commitment to assist with trail maintenance	Invite to Council meeting monitor exercises in Zeballos	

**Council and staff are in the process of changing the visual of our reporting on goals and objectives. Over the next three years we will transition to the new format.**

## PUBLIC RELATIONS

### STRATEGIES

1. Renew Protocol Agreement with Nuchatlaht Tribe in 2018

### PROGRESS MEASURES

- Signed Protocol Agreements in place with Nuchatlaht and Ehattesaht/Chinehkint First Nations

## LOCAL MAINTENANCE AND BEAUTIFICATION *within Village limits*

### STRATEGIES

1. Signage and Parking are ongoing issues
2. Address streetside debris piles and encourage removal as necessary
3. Maximize revenue collection from parking fees
4. Village cleanup month of May, including work parties, free tipping at landfill. Investigate community partners ie garden club. Council to encourage participation.
5. Continue with parking attendant and patrols
6. Continue to fund gardener position
7. Monitor road allowances which fall under Village of Zeballos responsibility
8. Monitor bridge accessories and final reporting

### PROGRESS MEASURES

- Streets clear of stored materials, derelict vehicles and sundry debris

## POLICIES AND BYLAWS

### STRATEGIES

1. Research recommendations from experts regarding adoption of Fire Play Book
2. Gather additional data for input into the Asset Management Plan
3. Complete housekeeping bylaw review

### PROGRESS MEASURES

- Fire Play Book policy decision made and adopted by council
- Funding in place to account for capacity shortfall regarding asset management plan development
- Fewer bylaws in need of housekeeping amendments

# COUNCIL PRIORITIES FOR 2018

**Strategies** are this year's priorities.

**Progress Measures** will be tracked next year, and all will be reported in the Annual Report completed in the following year.

## ECONOMIC STABILITY

### STRATEGIES

1. Research Transfer Station and / or Industrial Site requirements and demand

### PROGRESS MEASURES

- If necessary, land identified for industrial site.
- Action plan in place with specific steps toward development of industrial site

## EMERGENCY PREPAREDNESS

### *Planning, Warning Siren, and Evacuation Site Development*

### STRATEGIES

1. Develop Evacuation Site for the west side of Zeballos Area
2. Research and secure Tsunami Warning Siren for the east side of Zeballos River
3. Improve signage and plan familiarity
4. Contact Lands Department for Crown Grant for west evacuation site
5. Include budget funds for survey work and land clearing

### PROGRESS MEASURES

- Crown Lease in place with surveyed site
- Evacuation Site being used in drills and practice

## UNSIGHTLY PREMISES

### *Bylaw Enforcement and Encouragement Of Property Owners*

### STRATEGIES

1. Continue with notification of infractions
2. Fewer letters needing to be sent to unsightly premise owners

### PROGRESS MEASURES

- Neat and tidy yards
- Fewer vacant properties

## FORESHORE

### *Protection And Improvement*

### STRATEGIES

1. Develop mitigation of risks plan (after results of floodplain modernization and landslide risk assessment are known)
2. Obtain report from Floodplain Mapping Modernization and Landslide Risk Assessment
3. Develop Council priority from the result
4. Obtain funding for mitigation plans

### PROGRESS MEASURES

- Funding received for mitigation plan development and construction

## TRAIL NETWORK

### *Local and Greater Area*

### STRATEGIES

1. Community Unity Trail is ongoing. Overall Management is being transferred to Uniting 4 Communities (U4C) Society
2. Identify trailhead within Village of Zeballos
3. Local trails need improvements to reduce risk to public use. Identify rules and regulations surrounding estuary development, safety and signage.

### PROGRESS MEASURES

- U4C Society holding regular meetings and designated representatives reporting to Council.
- Trailhead identified and development needs to appear on work schedule
- Estuary and River trails have a reduced risk and are widely used.

## OFFICIAL COMMUNITY PLAN

### STRATEGIES

1. Continue to meet with partners
2. Draft final bylaw accepting updated Official Community Plan

### PROGRESS MEASURES

- Bylaw reconsidered and adopted in 2019

# 2018 COUNCIL PRIORITIES



**Public Relations**



**Beautification**



**Policies & Bylaws**



**Economic Stability**



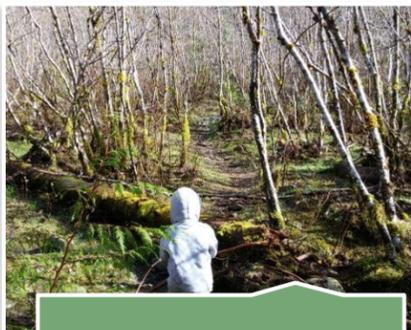
**Emergency Preparedness**



**Unightly Premises**



**Foreshore**



**Trail Network**



**Official Community Plan**

## APPENDIX II: SCHEDULES OF PAYMENTS AND PERMISSIVE EXEMPTIONS

### 2017 Schedule of Board Remuneration

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	Remuneration	Expenses	Total
Mayor Cox	\$4,680.00	\$5,016.83	\$9,696.83
Councillor Jeff Coburn	\$3,120.00	0	\$3,120.00
Councillor Julie Colborne	\$3,120.00	\$3,194.20	\$6,314.20
Councillor Candace Faulkner	\$3,120.00	\$2,518.20	\$5,638.20
Councillor Barb Lewis	\$3,120.00	\$1,290.41	\$4,410.41
<b>Totals</b>	<b>\$ 17,160.00</b>	<b>\$ 12,019.64</b>	<b>\$ 29,179.64</b>

### 2017 Schedule of Payments to Suppliers

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<b>Annual Payment Greater than \$25,000</b>	
BC Hydro	37,080
BDO Canada LLP	30,695
CIBC Visa	26,671
Duncan Electric Motor Ltd	50,951
ISL Engineering and Land Services	162,124
RPB Constructors Ltd.	234,471
Surespan Construction Ltd.	2,275,716
Village of Tahsis	66,770
All Other Consolidated	328,008
<b>Total Payments to Suppliers</b>	<b>\$ 3,212,490</b>

### 2017 Permissive Exemptions

The Village of Zeballos did not have any permissive exemptions in 2017.

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## **APPENDIX III: AUDITED MUNICIPAL FINANCIAL STATEMENTS**

### **Village of Zeballos**

Financial Statements

For the year ended December 31, 2017

**Village of Zeballos**  
**Financial Statements**  
For the year ended December 31, 2017

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## Village of Zeballos

### Management's Responsibility for Financial Reporting

#### 2017 Financial Statements

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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 in all material respects, the Village of Zeballos' financial position, operating 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.



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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, 2017, 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, 2017 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.

*BDO Canada LLP*

Chartered Professional Accountants

Vancouver, British Columbia

May 7, 2018

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

December 31	2017	2016
<b>Financial Assets</b>		
Cash	\$ 141,636	\$ 57,860
Accounts receivable (Note 1)	141,697	83,493
Portfolio investments (Note 2)	678,312	597,092
Taxes and user fees receivable	28,977	54,531
Investment in Nootka Sound Economic Development Corporation (Note 3)	-	73,727
	<b>990,622</b>	866,703
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<b>62,705</b>	66,063
Unearned revenue (Note 4)	<b>347,562</b>	215,000
	<b>410,267</b>	281,063
<b>Net Financial Assets</b>		
	<b>580,355</b>	585,640

**Accumulated Surplus (Note 6)**

  
\_\_\_\_\_  
Treasurer

  
\_\_\_\_\_  
Mayor

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

<b>For the year ended December 31</b>	<b>Budget 2017</b>	<b>2017</b>	<b>2016</b>
	(Note 13)		
<b>Revenue</b> (Schedule 2 and 3)			
3) Taxation - net (Note 8)	\$ 187,638	\$ 175,188	\$ 170,160
Government grants - Provincial (Schedule 1)	2,747,800	2,876,380	465,327
Sales of services	95,540	100,423	115,465
Amortized contribution of tangible capital asset	-	26,789	26,789
Other revenue	9,450	6,620	5,632
Water utility	27,500	28,254	27,309
Sewer utility	13,000	11,977	12,230
Loss on wind up of investment (Note 3)	-	(10,847)	-
	<b>3,080,928</b>	<b>3,214,784</b>	822,912
<b>Expenses</b> (Schedule 2 and 3)			
General government services	793,446	772,931	699,468
Interest and bank charges	3,000	2,803	2,863
Water system operations	25,256	42,680	40,233
Sewer system operations	28,633	34,547	31,247
	<b>850,335</b>	<b>852,961</b>	773,811
<b>Annual Surplus</b>	<b>2,230,593</b>	<b>2,361,823</b>	49,101
<b>Accumulated Surplus</b> , beginning of year	4,479,429	4,479,429	4,430,328
<b>Accumulated Surplus</b> , end of year	<b>\$ 6,710,022</b>	<b>\$ 6,841,252</b>	\$ 4,479,429

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

<b>For the year ended December 31</b>	<b>Budget 2017</b>	<b>2017</b>	<b>2016</b>
	(Note 13)		
<b>Annual surplus</b>	<b>\$ 2,230,593</b>	<b>\$ 2,361,823</b>	<b>\$ 49,101</b>
Acquisition of tangible capital assets	(2,438,000)	(2,581,693)	(192,046)
Amortization of tangible capital assets	-	191,246	187,296
	<b>(2,438,000)</b>	<b>(2,390,447)</b>	<b>(4,750)</b>
Acquisition of prepaid expenses	-	(4,064)	(27,403)
Use of prepaid expenses	-	27,403	20,574
	<b>-</b>	<b>23,339</b>	<b>(6,829)</b>
<b>Change in net financial assets for the year</b>	<b>(207,407)</b>	<b>(5,285)</b>	<b>37,522</b>
<b>Net financial assets, beginning of year</b>	<b>585,640</b>	<b>585,640</b>	<b>548,118</b>
<b>Net financial assets, end of year</b>	<b>\$ 378,233</b>	<b>\$ 580,355</b>	<b>\$ 585,640</b>

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

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>	<b>\$ 2,361,823</b>	<b>\$ 49,101</b>
Annual surplus		
Items not involving cash		
Equity loss from Nootka Sound Economic Development Corporation	<b>5,064</b>	5,175
Amortization of tangible capital assets	<b>191,246</b>	187,296
Loss on wind up of investment	<b>10,847</b>	-
	<b>2,568,980</b>	241,572
Changes in non-cash operating balances		
Accounts and taxes receivable	<b>(32,650)</b>	(49,368)
Prepaid expenses	<b>23,339</b>	(6,829)
Accounts payable and accrued liabilities	<b>(3,358)</b>	4,949
Unearned revenue	<b>132,562</b>	(30,733)
	<b>2,688,873</b>	159,591
<b>Investing activities</b>		
Purchase of tangible capital assets	<b>(2,581,693)</b>	(192,046)
Purchase of investments	<b>(81,220)</b>	35,461
Dividends and share redemption received	<b>57,816</b>	-
	<b>(2,605,097)</b>	(156,585)
<b>Increase in cash during the year</b>	<b>83,776</b>	3,006
<b>Cash, beginning of year</b>	<b>57,860</b>	54,854
<b>Cash, end of year</b>	<b>\$ 141,636</b>	<b>\$ 57,860</b>

*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.

During the fiscal year ended December 31, 2017, Nootka Sound Development Corporation was wound up and all invested funds and residual retained earnings were distributed to the three shareholders.

**Tangible Capital Assets** Tangible capital assets are recorded at cost less accumulated amortization. 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 useful 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
Water infrastructure	10 to 100 years
Sewer infrastructure	10 to 100 years
Other	10 to 100 years

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

<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 effects 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 as earned.</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 10)</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>

**December 31, 2017**

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**Contaminated Sites**

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 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 as at December 31, 2017 or December 31, 2016.

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## Village of Zeballos

December 31, 2017

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### 1. Accounts Receivable

	<u>2017</u>		<u>2016</u>
Government remittances receivable	\$ 116,822	\$	8,802
Sugarloaf bridge project grant	-		67,970
Trade receivable	7,886		6,721
Asset management grant	8,300		-
Other receivable	8,689		-
	<u>\$ 141,697</u>	\$	<u>83,493</u>

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### 2. Portfolio Investments

	<u>2017</u>		<u>2016</u>
Money Market Funds - Municipal Finance Authority	\$ 678,312	\$	597,092

Money market funds currently yield interest at 0.97% (2016 - 0.81%) and are redeemable at any time.

## Village of Zeballos

December 31, 2017

### 3. Nootka Sound Economic Development Corporation

	2017	2016
Total investment	\$ 73,727	\$ 78,902
Share redemption	(35,075)	-
Dividends received	(22,741)	-
Loss on wind up of investment	(10,847)	-
Share of investment's loss during the year	(5,064)	(5,175)
Accumulated net equity, end of year	\$ -	\$ 73,727

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 license. NSEDC has been granted a forest license that represents non-replaceable quota of 35,766 cubic metres per year.

As of December 31, 2014, the logging volume has been fulfilled. There remains no more volume under the original non-renewable forest license.

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.

During 2017, the Village received \$22,741 (2016 - \$nil) in dividends from NSEDC as a result of owning the aforementioned preferred shares and common shares.

NSEDC dissolved on April 4, 2017 and resulted in a net loss of \$10,847 to the Village.

## Village of Zeballos

**December 31, 2017**

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

Condensed supplementary financial statement information of NSEDC:

	2017		2016
<b>Statement of Financial Position</b>			
Total Assets	\$ 45,407	\$	235,511
Total Liabilities	45,404		-
Total Equity	3		235,511
	\$ 45,407	\$	235,511
<b>Statement of Comprehensive Income</b>			
Revenues	8		1,544
Expenditures	(15,200)		(17,068)
Net Loss	\$ (15,192)	\$	(15,524)
<b>Statement of Changes in Equity</b>			
Retained Earnings, beginning of year	95,208		110,732
Comprehensive loss	(15,192)		(15,524)
Dividends Paid	(80,016)		-
Retained Earnings, end of year	-		95,208
Share Capital	3		140,303
Total Equity	\$ 3	\$	235,511

## Village of Zeballos

December 31, 2017

### 4. Unearned Revenue

Included in unearned revenue are amounts related to:

	2017	2016
Province of BC - Sugarloaf bridge replacement	\$ 125,000	\$ -
UBCM - Unity trail	28,343	-
Fire protection agreement (a)	187,520	214,309
Other	6,699	691
	\$ 347,562	\$ 215,000
	2017	2016
<b>Opening balance of unspent funds</b>	<b>\$ 215,000</b>	<b>\$ 245,733</b>
Add: Amount received during the year	216,720	476
Less:		
Amount spent on eligible projects	(63,377)	(1,920)
Amortization of deferred fire protection agreement	(26,789)	(26,789)
Change from other deferred revenue	6,008	(2,500)
	\$ 347,562	\$ 215,000

- (a) The Village received a contribution of a fire truck with an estimated fair value of \$267,886 from Ehatis 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 Ehatis Reserve for each of the next 10 years (2016 - 2024) as the consideration of the capital contribution. The fair value is being amortized to revenue over the term of the service agreement.

#### *Government Partnership - Unity Trail*

The Village has been collaborating with the Village of Tahsis, Mowachaht/Muchalaht First Nation, and Ehattesaht/Chinehkint First Nation to build a an ATV/Multi-use trail for 25 kilometres throughout the shared region to boot tourism in the area. The parties are in the process of creating a non-profit society and applying for provincial approval to have this become a designated trail. During fiscal 2016 and 2017 the Village of Tahsis and Zeballos applied for some government grants to begin the project.

It is expected that the project will be considered a government partnership, but the agreements have not been finalized and the method of sharing costs and benefits have not been determined.

As at December 31, 2017 the Village had received a government grant in the amount of \$91,720, of which \$63,377 was spent on activities during the year and recognized as revenue.

The Village has not recorded any additional amounts in the financial statements at this time.

7. Notes to Financial Statements

December 31, 2017

5. Tangible Capital Assets

	Land	Buildings	Fixture, Furniture and Vehicles	Roads and Bridges	Parks and Land Improvements	Water Infrastructure	Sewer Infrastructure	2017 Total	2016 Total
Cost, beginning of year	\$ 342,442	\$ 1,428,644	\$ 762,908	\$ 1,350,819	\$ 612,227	\$ 985,975	\$ 988,724	\$ 6,471,739	\$ 6,279,693
Additions		17,093	-	2,516,254	-	-	48,346	2,581,693	192,046
Cost, end of year	342,442	1,445,737	762,908	3,867,073	612,227	985,975	1,037,070	9,053,432	6,471,739
Accumulated amortization, beginning of year	-	502,921	271,208	773,152	300,023	317,489	440,560	2,605,353	2,418,057
Amortization	-	44,984	37,669	46,513	20,222	22,083	19,775	191,246	187,296
Accumulated amortization, end of year	-	547,905	308,877	819,665	320,245	339,572	460,335	2,796,599	2,605,353
Net carrying amount, end of year	\$ 342,442	\$ 897,832	\$ 454,031	\$ 3,047,408	\$ 291,982	\$ 646,403	\$ 576,735	\$ 6,256,833	\$ 3,866,386

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## Village of Zeballos

**December 31, 2017**

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### 6. Accumulated Surplus

The Village segregates its accumulated surplus in the following categories:

<b>2017</b>	<u>2016</u>	
Statutory Reserve - Capital Works, Machinery and Equipment Depreciation Reserve (a)	<b>\$ 40,363</b>	\$ 32,139
Economic Development Reserve	<b>54,189</b>	53,815
Future Expenditures Reserves	<b>122,195</b>	77,655
Gas Tax Agreement - Community Works (b)	<b>230,433</b>	219,005
Investment in Non-Financial Assets (c)	<b>6,260,897</b>	3,893,789
Unrestricted	<b>133,175</b>	203,026
	<b><u>\$ 6,841,252</u></b>	<u>\$ 4,479,429</u>

- (a) The Capital Works, Machinery and Equipment Depreciation Reserve was established by Bylaw #114, in 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 \$170,660 that remained unspent at December 31, 2016 plus additional funds of \$57,846 which were received in 2017 and \$1,927 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

**December 31, 2017**

### 7. 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.

### 8. Taxation - Net

<b>Budget 2017</b>		<b>Actual 2017</b>	Actual 2016
General municipal purposes	\$ 187,638	\$ 175,411	\$ 170,589
Collections for other governments			
Province of BC - school tax	54,000	53,538	56,051
Comox Strathcona Regional Hospital District	11,800	11,219	13,156
Police taxes levied	5,524	5,344	6,011
Strathcona Regional District	4,300	4,013	4,190
Municipal Finance Authority	800	708	826
Vancouver Island Regional Library	4,400	4,289	4,400
Comox Valley Regional District Solid Waste	2,600	2,627	-
<b>271,062</b>		<b>257,149</b>	255,223
Transfers			
Province of BC - school tax	54,000	53,538	56,051
Comox Strathcona Regional Hospital District	11,800	11,280	13,585
Police taxes levied	5,524	5,344	6,011
Strathcona Regional District	4,300	4,148	4,190
Municipal Finance Authority	800	716	826
Vancouver Island Regional Library	4,400	4,300	4,400
Comox Valley Regional District Solid Waste	2,600	2,635	-
<b>83,424</b>		<b>81,961</b>	85,063
Available for general municipal purposes	\$ 187,638	\$ 175,188	\$ 170,160

December 31, 2017

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9. *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, 2016, plan membership is broken down into about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and 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. The rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2015, indicates a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Village paid \$24,753 (2016 - \$21,473) for employer contributions while employees contributed \$18,259 (2016 - \$14,665) to the plan in fiscal 2017 .

The next valuation will be as at December 31, 2018 with results available later in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension 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.

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10. *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>2017</u>	<u>2016</u>
Cemetery Care Fund	<u>\$ 480</u>	<u>\$ 480</u>

**December 31, 2017**

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### *11. 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.

#### *Water Services*

This service provides distribution of water to residents.

#### *Sewer Services*

Provision of sanitary sewer collection by providing and maintaining pipes, manholes, and culverts and sewage treatment.

**Village of Zeballos**

**December 31, 2017**

**12. Expenses by Object**

	<u>Operations</u>	<u>Capital Acquisitions</u>	<u>2017 Total</u>
Goods and services	\$ 374,680	\$2,581,693	\$2,956,373
Labour	284,232	-	284,232
Debt charges - interest	2,803	-	2,803
Amortization expense	191,246	-	191,246
Total Expenses	<u>\$ 852,961</u>	<u>\$2,581,693</u>	<u>\$3,434,654</u>

	<u>Operations</u>	<u>Capital Acquisitions</u>	<u>2016 Total</u>
Goods and services	\$ 324,875	\$ 192,046	\$ 516,921
Labour	258,777	-	258,777
Debt charges - interest	2,863	-	2,863
Amortization expense	187,296	-	187,296
Total Expenses	<u>\$ 773,811</u>	<u>\$ 192,046</u>	<u>\$ 965,857</u>

**13. Budget**

Budget amounts represent the financial Plan By-Law adopted by Council on May 4, 2017. 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>2017</u>
Financial Plan (Budget) Bylaw surplus for the year	\$ <del>          </del>
Add:	
Capital expenditures	2,438,000
Contribution to Reserves	71,839
Less:	
Budgeted transfers to accumulated surplus	(88,000)
Amortization	(191,246)
Surplus for the year presented in PSAB financial statements	<u>\$ 2,230,593</u>

**Village of Zeballos**

**8. Schedule 1 - Government Grants to the Village and Ratepayers**

<b>For the year ended December 31</b>	<i>Budget</i>		
	<b>2017</b>	<b>2017</b>	2016
<hr/>			
<b>Province of British Columbia</b>			
General operating fund			
Small Communities Protection	\$ 305,000	\$ 305,849	\$ 298,813
Grants - Bridge Replacement	2,350,000	2,425,748	88,509
Gas Tax Agreement - Community Works	57,000	57,846	57,773
Grant - Unity Trail	-	63,377	-
Grants in lieu of taxes	5,500	4,070	4,544
Asset Management Plan	19,500	9,800	1,919
Other	10,800	9,690	13,769
	<b>\$ 2,747,800</b>	<b>\$ 2,876,380</b>	\$ 465,327

Village of Zeballos

For the year ended December 31, 2017

Schedule 2 – Combined Statement of Operations by Segment - 2017

General Government Administration	Protective Services	Transportation Services	Environmental Health Services	Recreation and Cultural Services	Water Utility	Sewer Utility	Total 2017 Actual	2017 Budget
<b>Revenues</b>								
General taxes, net	\$ 175,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,188	\$ 187,638
Utility charges	-	-	-	-	28,254	11,977	40,231	40,500
	440,942	-	2,425,748	-	9,690	-	2,876,380	2,747,800
Government grants - Provincial	-	26,789	-	-	-	-	26,789	-
Contribution of tangible asset	52,634	1,065	8,607	24,619	13,498	-	100,423	95,540
Sales of services	(10,847)	-	-	-	-	-	(10,847)	-
Investment (loss)	6,620	-	-	-	-	-	6,620	9,450
Other								
<b>Expenses</b>								
Operating	664,537	27,854	2,434,355	24,619	23,188	28,254	3,214,784	3,080,928
Goods and services								
Labour								
Interest and bank charges	213,947	22,341	62,567	8,327	41,604	15,859	374,680	393,719
Amortization	161,267	443	80,726	20,000	12,320	4,738	284,232	262,370
	2,803	-	-	-	-	-	2,803	3,000
	62,051	13,576	46,513	7,026	20,223	22,083	191,246	191,246
<b>Excess (deficiency) in revenues over expenses</b>	440,068	36,360	189,806	35,353	74,147	42,680	852,961	850,335

Schedule 3 – Combined Statement of Operations by Segment - 2016

	General Government Administration	Protective Services	Transportation Services	Environmental Health Services	Recreation and Cultural Services	Water Utility	Sewer Utility	Total 2016 Actual	Total 2016 Budget
<b>Revenues</b>									
General taxes, net	\$ 170,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,160	\$ 174,653
Utility charges and user rates	-	-	-	-	-	27,309	12,230	39,539	41,080
Government grants - Federal	-	-	-	-	-	-	-	-	-
Government grants - Provincial	451,558	-	-	-	13,769	-	-	465,327	363,000
Contribution of tangible asset	-	26,789	-	-	-	-	-	26,789	-
Sales of services	46,740	13,272	18,371	29,769	7,313	-	-	115,465	113,575
Other revenue	5,632	-	-	-	-	-	-	5,632	7,700
	674,090	40,061	18,371	29,769	21,082	27,309	12,230	822,912	700,008
<b>Expenses</b>									
Operating									
Goods and services	153,505	36,189	70,340	7,333	37,609	13,288	6,611	324,875	79,438
Labour	133,096	4,297	79,787	19,231	12,642	4,862	4,862	258,777	243,670
Interest and bank charges	2,863	-	-	-	-	-	-	2,863	3,000
Amortization	59,231	13,576	46,253	7,026	19,353	22,083	19,774	187,296	187,296
	348,695	54,062	196,380	33,590	69,604	40,233	31,247	773,811	513,404
<b>Excess (deficiency) in</b>									
<b>revenues over expenses</b>	\$ 325,395	\$ (14,001)	\$ (178,009)	\$ (3,821)	\$ (48,522)	\$ (12,924)	\$ (19,017)	\$ 49,101	\$ 186,604