

Village of Gold River
Financial Statements
For the year ended December 31, 2015

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Financial Statements
For the year ended December 31, 2015

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Village of Gold River
Management's Responsibility for Financial Reporting
2015 Financial Statements

May 12, 2016

The Council of the Village of Gold River 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 Gold River. 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 Gold River's independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether these financial statements present fairly the 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.

Larry Plourde
Chief Administrative Officer



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Independent Auditor's Report

To the Mayor and Council of the Village of Gold River

We have audited the accompanying financial statements of Village of Gold River, which comprise the Statement of Financial Position as at December 31, 2015, the Statement of Operations, Statement of 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 Gold River as at December 31, 2015 and its operations and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

Supplemental Information

The supplementary financial information presented in Exhibits A to I is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the main financial statements. The supplementary information has not been subject to audit.

BDO Canada LLP

Chartered Professional Accountants
Vancouver, British Columbia
May 12, 2016

Village of Gold River
Statement of Financial Position

December 31	2015	2014
Financial Assets		
Cash	\$ 3,876,286	\$ 2,877,965
Accounts receivable	86,056	84,158
Portfolio investments (Note 1)	7,330,659	8,285,124
Taxes and rates receivable	93,893	112,875
Nootka Sound Economic Development Corporation (Note 2)	100,046	106,073
	<u>11,486,940</u>	<u>11,466,195</u>
Liabilities		
Accounts payable and accrued liabilities	399,099	444,474
Unearned revenue (Note 3)	928,131	865,513
Deferred contributions (Note 4)	206,735	275,168
	<u>1,533,965</u>	<u>1,585,155</u>
Net Financial Assets	<u>9,952,975</u>	<u>9,881,040</u>
Non-Financial Assets		
Tangible capital assets (Note 6)	15,428,363	15,894,277
Prepaid expenses and inventory	12,481	21,484
	<u>15,440,844</u>	<u>15,915,761</u>
Accumulated Surplus (Note 5)	<u>\$25,393,819</u>	<u>\$ 25,796,801</u>

Contingencies - see Note 7

_____ Treasurer _____ Mayor

**Village of Gold River
Statement of Operations**

For the year ended December 31	Budget 2015	2015	2014
Revenue (Schedule 2 and 3)			
Taxation (Note 8)	\$ 885,800	\$ 885,732	\$ 869,840
Utility connection fees and user rates	377,200	375,718	361,090
Government grants and transfers			
- Federal (Schedule 1)	284,400	141,021	67,632
- Provincial (Schedule 1)	439,300	438,196	266,704
Sales of services	918,200	895,284	725,597
Other	186,700	224,644	222,950
	<u>3,091,600</u>	<u>2,960,595</u>	<u>2,513,813</u>
Expenses (Schedule 2 and 3)			
General departmental expenditures	3,130,700	2,820,273	2,688,602
Water system operations	246,600	171,075	203,171
Sewer system operations	467,600	361,299	301,797
Interest, exchange and bank charges	4,500	3,782	3,764
Loss on disposal of tangible capital asset	-	7,148	-
	<u>3,849,400</u>	<u>3,363,577</u>	<u>3,197,334</u>
Annual Deficit	(757,800)	(402,982)	(683,521)
Accumulated Surplus, beginning of year	25,796,801	25,796,801	26,480,322
Accumulated Surplus, end of year	\$ 25,039,001	\$ 25,393,819	\$ 25,796,801

Village of Gold River
Statement of Changes in Net Financial Assets

For the year ended December 31	Budget 2015	2015	2014
Annual deficit	\$ (757,800)	\$ (402,982)	\$ (683,521)
Acquisition of tangible capital assets	(788,500)	(32,787)	(457,573)
Amortization of tangible capital assets	479,500	491,554	487,551
Loss on disposal of tangible capital assets	-	7,148	-
	(309,000)	465,915	29,978
Prepaid expenses and inventory	-	9,002	(13,778)
Change in net financial assets for the year	(1,066,800)	71,935	(667,321)
Net financial assets, beginning of year	9,881,040	9,881,040	10,548,361
Net financial assets, end of year	\$ 8,814,240	\$ 9,952,975	\$ 9,881,040

Village of Gold River
Statement of Cash Flows

For the year ended December 31

2015

2014

Cash provided by (used in)

Operating transactions

Annual deficit	\$ (402,982)	\$ (683,521)
Items not involving cash		
Equity loss from		
Nootka Sound Economic Development Corporation	6,027	9,588
Amortization of tangible capital assets	491,554	487,551
Loss on disposal of tangible capital assets	7,148	-
	101,747	(186,382)
Changes in non-cash operating balances		
Accounts, taxes and rates receivable	17,084	(27,529)
Accounts payable and accrued liabilities	(45,375)	25,598
Unearned revenue	62,618	83,915
Deferred contributions	(68,433)	(32,899)
Prepays and inventory	9,002	(13,778)
	76,643	(151,075)

Capital transactions

Acquisition of tangible capital assets	(32,787)	(457,573)
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Investing transactions

Proceeds from portfolio investments	3,492,726	-
Acquisition of portfolio investments	(2,538,261)	(1,116,014)
	954,465	(1,116,014)

Increase (decrease) in cash during the year

	998,321	(1,724,662)
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Cash, beginning of year	2,877,965	4,602,627
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Cash, end of year	\$ 3,876,286	\$ 2,877,965
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Village of Gold River Summary of Significant Accounting Policies

December 31, 2015

The Village of Gold River (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. 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 Canadian Institute of Chartered Accountants.

Investments Portfolio investments are comprised of GICs and Municipal Finance Authority (MFA) pooled investments including money market funds. 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.

Estimate useful lives of tangible capital assets are as follows:

Land improvements	10 to 60 years
Buildings	50 to 80 years
Equipment and vehicles	5 to 35 years
Road and bridges	50 to 60 years
Water infrastructure	50 to 100 years
Sewer infrastructure	50 to 100 years
Other	20 to 80 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.

Trust Funds 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).

Village of Gold River Summary of Significant Accounting Policies

December 31, 2015

Revenue Recognition 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.

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. Levies imposed by other taxing authorities, including the Strathcona Regional District, are not included as taxes for municipal purposes.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

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 liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Government grant revenue is recognized in the statement of operations as the stipulation liabilities are settled.

The most significant government transfer relates to Community Works (Gas tax) grant (Note 3). These funds are deferred until such time that they are spent on eligible projects.

Sales of service and other revenue is recognized on an accrual basis.

Unearned Revenue Revenues from the sale of business licenses, dog tags, recreation time and rental revenues pertaining to the subsequent year have been deferred. These amounts will be recognized as revenue in the next fiscal year.

Financial Instruments Financial instruments consist of cash and portfolio investments, receivables, investment in Nootka Sound Development Corporation, accounts payable and accrued liabilities, and other liabilities. Unless otherwise noted, it is management's opinion that the Village is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

Village of Gold River
Summary of Significant Accounting Policies

December 31, 2015

Use of Estimates

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, collectibility of receivables, and estimation of contingencies.

**Liability for
Contaminated Sites**

Effective January 1, 2015, the Village adopted the new Public Sector Accounting Standard PS3260, Liability for Contaminated Sites. The new standard can be applied retroactively or prospectively and the Village has elected to apply it prospectively.

Under PS3260, 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 a 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 requiring remediation at this time, therefore no liability was recognized on the transition as at January 1, 2015 or at December 31, 2015.

Village of Gold River
Notes to Financial Statements

December 31, 2015

1. Portfolio Investments

	2015	2014
Money Market Funds - Municipal Finance Authority	\$ 734,316	\$ 3,215,353
Guaranteed Investment Certificates - RBC		
- Mature in October 2016 and April 2017 (1.72% - 1.83%)	2,025,774	3,037,463
Guaranteed Investment Certificates - CWB		
- Mature in June and August 2017 (1.90% - 2.55%)	2,051,922	2,032,308
Guaranteed Investment Certificates - Raymond James		
- Mature in July 2016 (1.50% - 1.75%)	2,518,647	-
	\$ 7,330,659	\$ 8,285,124

2. Nootka Sound Economic Development Corporation

	2015	2014
Cost of investment	\$ 63,136	\$ 63,136
Accumulated net equity,		
Beginning of year	42,937	52,525
Share of decrease in shareholders' equity during the year	(6,027)	(9,588)
Accumulated net equity, end of year	36,910	42,937
	\$ 100,046	\$ 106,073

Condensed Supplementary Financial Statement Information of Nootka Sound Economic Development Corporation:

	2015	2014
Statement of Financial Position		
Total Assets	\$ 251,454	\$ 269,795
Total Liabilities	419	679
Total Equity	251,035	269,116
	\$ 251,454	\$ 269,795
Statement of Comprehensive Income		
Revenues	\$ 2,159	\$ 2,828
Expenditures	(20,240)	(31,591)
Net Loss	\$ (18,081)	\$ (28,763)

Village of Gold River
Notes to Financial Statements

December 31, 2015

2. Nootka Sound Economic Development Corporation (Continued)

	2015	2014
Statement of Changes in Equity		
Retained Earnings - beginning of year	\$ 128,813	157,576
Comprehensive loss	(18,081)	(28,763)
	110,732	128,813
Retained Earnings - end of year	110,732	128,813
Share Capital	140,303	140,303
	\$ 251,035	\$ 269,116
Total Equity	\$ 251,035	\$ 269,116

On February 21, 1996, the Village received the approval of the Inspector of Municipalities to acquire shares in the Nootka Sound Economic Development Corporation ("NSED"). 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. NSED was granted a forest license that represents non-replaceable quota of 35,766 cubic metres per year.

As of December 31, 2013, the logging volume has been fulfilled. There remains no more volume under the original non-renewable forest licence. The Corporation is exploring other licence opportunities.

The Village holds one of the three common shares of NSED and 63,135 of 140,300 (45%) preferred shares. Each shareholder has the right to elect an equal number of Directors to the Board of NSED.

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

As outlined in Note 7(c) there are shareholder issues to be resolved which could impact the carrying value of this investment.

Village of Gold River
Notes to Financial Statements

December 31, 2015

3. Unearned Revenue

	2015	2014
Gas tax funds	\$ 824,791	\$ 784,555
Prepaid taxes	32,841	31,778
Other and municipal campground	70,499	49,180
	\$ 928,131	\$ 865,513

Below is the activity relating to gas tax agreement funds:

	2015	2014
Opening balance of unspent gas tax funds	\$ 784,555	\$ 702,309
Add:		
Amounts received in the year	102,497	102,497
Interest earned	5,680	7,976
Less:		
Project expense	(67,455)	(27,987)
Administration costs	(486)	(240)
Closing balance of unspent gas tax funds	\$ 824,791	\$ 784,555

Gas tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Village and the Union of British Columbia Municipalities. Gas tax funding may be used towards designated disaster mitigation, energy, water, wastewater, solid waste, sustainability, transportation and infrastructure building projects as specified in the funding agreements.

The Village has renewed these agreements and then assessed stipulations. As they have not spent the funds on eligible projects, the amount continues to be recorded as deferred revenue.

4. Deferred Contributions

	2015	2014
Wharf maintenance	\$ 66,250	\$ 134,683
Dredging activity	140,485	140,485
	\$ 206,735	\$ 275,168

Village of Gold River
Notes to Financial Statements

December 31, 2015

4. Deferred Contributions (Continued)

During 2004, the Village entered into an agreement with the Government of Canada to take over operations of the wharf. The Government of Canada contributed \$550,000 to the Village to be applied only to expenditures directly related to the operation of the wharf. Any unused portion of the contribution that remains as of March 31, 2017 must be repaid. During 2015, \$68,433 (2014-\$12,549) of reasonable expenditures were incurred. As of December 31, 2015, expenditures incurred to date are \$483,750 (2014 - \$415,317).

The Village also received \$529,925 in funds from the Government of Canada for costs relating to dredging to be done at a later date. Any unused portion of the contribution that remains as of March 30, 2017 must be repaid. During 2015, \$nil (2014 - \$20,350) of expenditures were incurred. As of December 31, 2015, expenditures incurred to date are \$389,440 (2014- \$389,440).

5. Accumulated Surplus

The Village segregates its accumulated surplus in the following categories:

	2015	2014
Unrestricted Funds	\$ 2,369,416	\$ 2,432,046
Internally Restricted Funds	3,613,462	3,603,897
Reserve Funds	3,970,097	3,845,097
Investment in non-financial assets	15,440,844	15,915,761
	\$25,393,819	\$ 25,796,801

The investment in non-financial assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by bylaw for specific purposes. Details of reserve funds are shown below:

	2015	2014
Capital works (a)	\$ 1,647,399	\$ 1,619,196
Water capital (b)	731,793	720,367
Sewer capital (b)	608,995	599,486
Municipal dock maintenance (c)	868,368	794,279
Fish processing plant (d)	113,542	111,769
	\$ 3,970,097	\$ 3,845,097

December 31, 2015

5. Accumulated Surplus (Continued)

(a) Capital Works Reserve

The Capital Works Reserve was established by Bylaw 109 to provide for new capital works, extensions or renewals of existing works and to provide for machinery and equipment necessary for capital projects, for the maintenance of municipal property or for the protection of persons and property. Money from the sale of land, current revenue or from General Operating Fund surpluses may be transferred into the Capital Works Reserve Fund. Bylaw 109 was repealed in 2005 and re-established within consolidated reserve Bylaw 644.

(b) Water and Sewer Capital Reserves

The Water and Sewer Capital Reserves were established by Bylaws 296 and 297, respectively. As utility reserves, they may receive transfers from current revenues, surplus from the general fund as available, and surpluses from operation of the utilities. Expenditures are restricted to utility capital expenditures or redemption of debentures issued for the utility. Bylaws 296 and 297 were repealed in 2005 and re-established within consolidated reserve Bylaw 644.

(c) Municipal Dock Maintenance Reserve

The Municipal Dock Maintenance Reserve was established by Bylaw 644 for the purpose of providing for costs related to the ongoing maintenance, capital expenditures, improvements and machinery and equipment for the Municipal Port Facility.

(d) Fish Processing Plant Reserve

The Fish Processing Plant Reserve was established by Bylaw 644 for the purpose of providing costs related to the purchase or investment in a fish processing plant in the Village of Gold River, and the ongoing maintenance, capital expenditures, improvements and machinery and equipment for the Fish Processing Plant.

Village of Gold River
Notes to Financial Statements

December 31, 2015

6. Tangible Capital Assets

	Land	Buildings	Equipment and Vehicles	Roads and Bridges	Other	Water Engineering Structure	Sewer Engineering Structure	2015 Total	2014 Total
Cost, beginning of year	\$ 2,072,062	\$ 8,902,321	\$ 3,943,286	\$ 4,903,100	\$ 882,023	\$ 1,528,615	\$ 3,257,526	\$ 25,488,933	\$ 25,073,040
Additions	-	-	-	-	-	32,787	-	32,787	457,573
Disposals	-	-	-	(1,357)	-	(6,877)	-	(8,234)	(41,680)
Cost, end of year	2,072,062	8,902,321	3,943,286	4,901,743	882,023	1,554,525	3,257,526	25,513,486	25,488,933
Accumulated amortization, beginning of year	-	3,037,215	1,851,496	2,602,620	240,066	657,089	1,206,170	9,594,656	9,148,785
Amortization	-	125,464	169,559	79,347	30,823	26,204	60,156	491,553	487,551
Disposals	-	-	-	(1,086)	-	-	-	(1,086)	(41,680)
Accumulated amortization, end of year	-	3,162,679	2,021,055	2,680,881	270,889	683,293	1,266,326	10,085,123	9,594,656
Net book value, end of year	\$ 2,072,062	\$ 5,739,642	\$ 1,922,231	\$ 2,220,862	\$ 611,134	\$ 871,232	\$ 1,991,200	\$ 15,428,363	\$ 15,894,277

Village of Gold River
Notes to Financial Statements

December 31, 2015

7. Contingencies

- (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 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.
- (c) In prior year, the Village was named in a civil claim brought forth by the other shareholders in NSEDC (the Village of Tahsis and the Corporation of the Village of Zeballos). The claim stated that NSEDC had breached the terms of the contract between NSEDC and the shareholders by not issuing preferred shares in accordance with the statutory requirements and as a result not paying dividends in accordance with the articles of incorporation of NSEDC and the shareholders' agreement. The claim states that the Village received dividends of \$89,534 in excess of their entitled amount. The Village continues to dispute the claim and the amount of any payment, if any, is undeterminable at this time. Any amounts will be recorded if and when a repayment is considered likely.

8. Taxation - Net

	Budget 2015	Actual 2015	Actual 2014
Municipal Property Taxes	\$ 860,800	\$ 860,800	\$ 843,934
Utilities 1% in Lieu Tax	25,000	24,932	25,902
Collections for other governments			
Province of British Columbia - school tax	516,200	516,120	503,531
Strathcona Regional District	18,900	18,818	19,547
Comox Strathcona Regional Hospital District	98,500	98,131	96,106
Municipal Finance Authority	100	23	22
British Columbia Assessment Authority	7,300	7,301	7,427
Police Tax	53,500	53,472	52,144
Comox Valley Regional District	4,100	4,063	3,436
Total taxes collected	1,584,400	1,583,660	1,552,049
Transfers			
Province of British Columbia - school tax	516,200	516,120	503,531
Strathcona Regional District	18,900	18,818	19,547
Comox Strathcona Regional Hospital District	98,500	98,131	96,106
Municipal Finance Authority	100	23	22
British Columbia Assessment Authority	7,300	7,301	7,427
Police Tax	53,500	53,472	52,144
Comox Valley Regional District	4,100	4,063	3,432
	698,600	697,928	682,209
Available for general municipal purposes	\$ 885,800	\$ 885,732	\$ 869,840

Village of Gold River
Notes to Financial Statements

December 31, 2015

9. Pension Plan

The employer and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Plan's Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from local government.

The most recent actuarial valuation as at December 31, 2012, indicates a liability of \$1,370 million for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, as a result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The Village of Gold River paid \$115,189 (2014 - \$114,444) for employer contributions to the plan in fiscal 2015.

10. Funds Held in Trust

At the year end, the Village held certain funds in trust which are not included in these financial statements. Certain assets have been conveyed or assigned to the Village to be administered as directed by agreement or statute.

The Cemetery Reserve is established pursuant to the provisions of the Community Charter. Monies in the reserve can be used for cemetery purposes only. The Village holds the assets for the benefit of the beneficiaries and acts in a fiduciary relationship for the beneficiaries.

The Village administrates Ray Watkins Memorial Trust Scholarship Fund. During the year, \$250 scholarships were awarded (2014 - \$250, which were paid in 2015). The following trust funds and assets are excluded from the Village's financial statements:

	<u>2015</u>	<u>2014</u>
Ray Watkins Memorial Trust Scholarship Fund	\$ 2,496	\$ 2,950
Cemetery Trust	6,935	6,783
	<u>\$ 9,431</u>	<u>\$ 9,733</u>

December 31, 2015

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

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 shown separately as Schedule 2.

General 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.

Public Works and Transportation

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 and yard.

Solid Waste and Recycling

Environmental services consists of providing solid waste and recycling services to citizens.

Parks, Recreation and Culture

This service area provides services meant to improve the health and development of the Village's citizens. Recreational programs like swimming and skating are provided at the arena, aquatic centre, outdoor activities in the parks and events at the community centre and also include the cost of the local library services.

Community Development Services

This department provides a number of services including Village planning, economic development, tourist information centre, wharf, Jack Christensen Centre and campground services.

Village of Gold River
Notes to Financial Statements

December 31, 2015

12. Expenditures and Expenses by Function

	<u>Operations</u>	<u>Capital Acquisitions</u>	<u>2015 Total</u>
Goods and services	\$ 1,298,099	\$ 32,787	\$ 1,330,886
Labour	1,566,776	-	1,566,776
Loss on disposal of tangible capital assets	7,148	-	7,148
Amortization Expense	<u>491,554</u>	-	<u>491,554</u>
 Total Expenditures and Expenses	 <u>\$ 3,363,577</u>	 <u>\$ 32,787</u>	 <u>\$ 3,396,364</u>

	<u>Operations</u>	<u>Capital Acquisitions</u>	<u>2014 Total</u>
Goods and services	\$ 1,184,752	\$ 457,573	\$ 1,642,325
Labour	1,525,031	-	1,525,031
Amortization Expense	<u>487,551</u>	-	<u>487,551</u>
 Total Expenditures and Expenses	 <u>\$ 3,197,334</u>	 <u>\$ 457,573</u>	 <u>\$ 3,654,907</u>

Village of Gold River
Schedule 1 - Government Grants and Transfers

For the year ended December 31	Budget 2015	2015	2014
Federal Government			
<i>Operating Grants</i>			
Grants in lieu of taxes	\$ 5,000	\$ 4,888	\$ 4,873
Gas Tax - LED Lighting	61,900	39,579	27,987
Transport Canada Dock	117,500	68,433	32,899
Other - Summer Fun	-	-	1,873
	184,400	112,900	67,632
<i>Capital Grants</i>			
Gas Tax - Water Meters	-	28,121	-
Sewer Capital	100,000	-	-
	\$ 284,400	\$ 141,021	\$ 67,632
Province of British Columbia			
<i>Operating Grants</i>			
Small Communities Protection	\$ 413,600	\$ 413,661	\$ 250,923
Miscellaneous Provincial	15,700	14,571	15,781
Infrastructure Planning	10,000	9,964	-
	\$ 439,300	\$ 438,196	\$ 266,704

Village of Gold River
Schedule 2 - Combined Statement of Operations by Segment

For the year ended December 31, 2015

	Government Services	General Protective Services	Public Works & Transportation	Solid Waste and Recycling	Parks, Recreation and Culture	Community Development Services	Fiscal Services	Water Utility	Sewer Utility	Unallocated	Total 2015 Actual	Total 2015 Budget
Revenues												
General taxes, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 885,732	\$ 885,732	\$ 885,800
Utility charges	-	-	-	-	-	-	-	148,191	227,527	-	375,718	377,200
Government transfers and grants												
- Federal	-	-	39,579	-	-	68,433	-	28,121	-	4,888	141,021	284,400
- Provincial	-	-	-	-	-	5,704	-	-	9,964	422,528	438,196	439,300
Sales of services	56,001	11,550	4,483	362,693	124,126	336,431	-	-	-	-	895,284	918,200
Other revenue	22,963	6,734	23,629	-	6,391	1,956	-	13,426	7,451	142,094	224,644	186,700
	<u>78,964</u>	<u>18,284</u>	<u>67,691</u>	<u>362,693</u>	<u>130,517</u>	<u>412,524</u>	<u>-</u>	<u>189,738</u>	<u>244,942</u>	<u>1,455,242</u>	<u>2,960,595</u>	<u>3,091,600</u>
Expenses												
Operating												
Goods and services	161,177	61,043	202,184	101,014	417,760	133,496	3,782	58,313	159,330	-	1,298,099	1,738,900
Labour	426,149	8,178	163,013	158,782	560,905	28,254	-	79,681	141,813	-	1,566,776	1,631,000
Loss on disposal of asset	-	-	-	-	-	-	-	6,877	-	271	7,148	-
	<u>587,326</u>	<u>69,221</u>	<u>365,197</u>	<u>259,796</u>	<u>978,665</u>	<u>161,750</u>	<u>3,782</u>	<u>144,871</u>	<u>301,143</u>	<u>271</u>	<u>2,872,023</u>	<u>3,369,900</u>
Amortization	12,371	33,489	130,780	26,378	157,978	44,198	-	26,204	60,156	-	491,554	479,500
	<u>599,697</u>	<u>102,710</u>	<u>495,977</u>	<u>286,174</u>	<u>1,136,643</u>	<u>205,948</u>	<u>3,782</u>	<u>171,075</u>	<u>361,299</u>	<u>271</u>	<u>3,363,577</u>	<u>3,849,400</u>
Excess (deficiency) in revenues over expenses	\$ (520,733)	\$ (84,426)	\$ (428,286)	\$ 76,519	\$ (1,006,126)	\$ 206,576	\$ (3,782)	\$ 18,663	\$ (116,357)	\$ 1,454,971	\$ (402,982)	\$ (757,800)

Village of Gold River
Schedule 3 - Combined Statement of Operations by Segment

For the year ended December 31, 2014

	Government Services	General Protective Services	Public Works & Transportation	Solid Waste and Recycling	Parks, Recreation and Culture	Community Development Services	Fiscal Services	Water Utility	Sewer Utility	Unallocated	Total 2014 Actual	Total 2014 Budget
Revenues												
General tax, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	869,840	\$ 869,840	\$ 866,200
Utility charges	-	-	-	-	-	-	-	145,285	215,805	-	361,090	360,000
Government transfers and grants												
- Federal	9,915	-	-	-	19,945	32,899	-	-	-	4,873	67,632	774,900
- Provincial	-	-	-	-	-	5,704	-	-	-	261,000	266,704	274,600
Sales and services	55,674	11,550	8,009	349,539	120,639	180,186	-	-	-	-	725,597	697,300
Other revenue	21,177	11,321	19,776	-	6,035	1,400	-	12,764	7,625	142,852	222,950	200,500
	<u>86,766</u>	<u>22,871</u>	<u>27,785</u>	<u>349,539</u>	<u>146,619</u>	<u>220,189</u>	<u>-</u>	<u>158,049</u>	<u>223,430</u>	<u>1,278,565</u>	<u>2,513,813</u>	<u>3,173,500</u>
Expenses												
Operating												
Goods and services	127,344	74,548	145,051	94,764	437,548	96,297	3,764	100,105	105,331	-	1,184,752	1,338,900
Labour	412,428	7,369	160,132	161,568	548,248	22,114	-	76,862	136,310	-	1,525,031	1,573,200
	<u>539,772</u>	<u>81,917</u>	<u>305,183</u>	<u>256,332</u>	<u>985,796</u>	<u>118,411</u>	<u>3,764</u>	<u>176,967</u>	<u>241,641</u>	<u>-</u>	<u>2,709,783</u>	<u>2,912,100</u>
Amortization	12,370	28,902	130,776	26,967	157,978	44,198	-	26,204	60,156	-	487,551	479,500
	<u>552,142</u>	<u>110,819</u>	<u>435,959</u>	<u>283,299</u>	<u>1,143,774</u>	<u>162,609</u>	<u>3,764</u>	<u>203,171</u>	<u>301,797</u>	<u>-</u>	<u>3,197,334</u>	<u>3,391,600</u>
Excess (deficiency) in revenues over expenses	<u>\$ (465,376)</u>	<u>\$ (87,948)</u>	<u>\$ (408,174)</u>	<u>\$ 66,240</u>	<u>\$ (997,155)</u>	<u>\$ 57,580</u>	<u>\$ (3,764)</u>	<u>\$ (45,122)</u>	<u>\$ (78,367)</u>	<u>\$ 1,278,565</u>	<u>\$ (683,521)</u>	<u>\$ (218,100)</u>

Village of Gold River
Schedule 4 - Schedule of Reserve Fund Transactions

For the year ended December 31, 2015

	Capital Works	Water Capital	Sewer Capital	Municipal Dock Maintenance	Fish Processing Plant	2015	2014
Balance, beginning of year	\$ 1,619,196	\$ 720,367	\$ 599,486	\$ 794,279	\$ 111,769	\$3,845,097	\$ 4,203,505
Interest received	25,703	11,426	9,509	13,083	1,773	61,495	60,065
Transfers from current funds Operating Fund	2,500	-	-	61,006	-	63,506	29,806
Transfers to Investment in non-financial assets (expenditures)	-	-	-	-	-	-	(448,279)
Balance, end of year	\$ 1,647,399	\$ 731,793	\$ 608,995	\$ 868,368	\$ 113,542	\$3,970,097	\$ 3,845,097

Village of Gold River
Supplementary Financial Information - Exhibit A
General Fund - Statement of Financial Position
(Unaudited)

December 31	2015	2014
Assets		
Current		
Cash and portfolio investments	\$ 7,236,848	\$ 7,317,992
Accounts receivable		
Taxes receivable	22,612	42,760
Trade receivable	28,607	52,628
Garbage, sewer and water rates receivable	71,281	70,115
Federal receivable	10,470	10,466
Provincial receivable	9,964	-
Sundry	37,016	21,064
Prepays and Inventory	12,481	21,484
Nootka Sound Economic Development Corporation	100,046	106,073
	7,529,325	7,642,582
Capital Fund		
Tangible capital asset	12,565,930	12,971,394
	\$20,095,255	\$ 20,613,976
Liabilities		
Operating Fund		
Accounts payable and accrued liabilities	\$ 399,099	\$ 444,474
Due to other funds	1,308,167	1,345,411
Unearned revenue	928,131	865,513
Deferred contributions	206,735	275,168
	2,842,132	2,930,566
Capital Fund		
Investment in tangible capital assets	12,565,930	12,971,394
Accumulated Surplus		
Provision for future expenditures	20,000	20,000
Provision for working capital	3,000,000	3,000,000
Provision for Carbon Tax Offsets	28,278	21,674
Provision for forest economic initiatives	405,768	405,767
Provision for wharf services	159,416	156,456
Operating fund	1,073,731	1,108,119
	4,687,193	4,712,016
	\$20,095,255	\$ 20,613,976

Village of Gold River
Supplementary Financial Information - Exhibit B
General Fund - Operating Fund Balance
and Investment in Tangible Capital Assets
(Unaudited)

<u>For the year ended December 31</u>	<u>2015</u>	<u>2014</u>
Operating Fund Accumulated Surplus		
Balance, beginning of year	\$ 1,108,119	\$ 1,377,008
Deficit for the year	<u>(34,388)</u>	<u>(268,889)</u>
Balance, end of year	\$ 1,073,731	\$ 1,108,119
Investment in Tangible Capital Assets		
Balance, beginning of year	\$12,971,394	\$ 12,915,012
Acquisition of tangible capital assets using funds from:		
- Transfer from reserve funds	-	448,278
-Other	-	9,295
Loss on disposal of tangible capital assets	(271)	-
Amortization	<u>(405,193)</u>	<u>(401,191)</u>
Balance, end of year	\$12,565,930	\$ 12,971,394

Village of Gold River
Supplementary Financial Information - Exhibit C
General Fund - Operating Fund Financial Activities
(Unaudited)

For the year ended December 31	2015	2014
Revenue		
Taxation	\$ 885,732	\$ 869,840
Grants		
Federal government	112,900	67,632
Provincial government	428,232	266,704
Sale of services		
Arena and civic centre	51,975	51,426
Aquatic centre	72,151	69,212
Garbage collection	234,245	233,395
Drop off depot recovery	128,448	116,144
Building rentals	87,998	86,831
Wharf services	304,434	149,029
Other	16,035	19,559
Other revenue		
Interest income	75,242	70,316
Loss on investment	(4,564)	(7,499)
Licences, permits and fines	8,651	8,103
Penalties and interest on taxes	9,917	10,675
Sundry	51,066	50,206
Campground	1,956	1,400
	<u>2,464,418</u>	<u>2,062,973</u>
Expenditures		
General departmental expenditures (Schedule 2)		
General government	587,326	539,772
Protective services	69,221	81,918
Public works and transportation	365,197	305,183
Solid waste and recycling	259,796	256,334
Parks, recreation and culture	978,664	985,796
Community development services	161,750	118,411
Fiscal services	3,782	3,764
	<u>2,425,736</u>	<u>2,291,178</u>
Surplus (deficit) for the year	38,682	(228,205)
Transfers		
Provision for wharf services	2,960	3,728
Reserve funds	61,006	29,804
Capital fund	2,500	-
Provision for carbon tax offsets	6,604	7,152
	<u>6,604</u>	<u>7,152</u>
Deficit for the year	\$ (34,388)	\$ (268,889)

Village of Gold River
Supplementary Financial Information - Exhibit D
Water Fund - Statement of Financial Position
(Unaudited)

December 31	2015	2014
Assets		
Operating Fund		
Due from other funds	\$ 862,591	\$ 843,634
Capital Fund		
Tangible capital assets	871,232	871,526
	\$ 1,733,823	\$ 1,715,160
Accumulated Surplus		
Investment in tangible capital assets	\$ 871,232	\$ 871,526
Surplus	862,591	843,634
	\$ 1,733,823	\$ 1,715,160

Village of Gold River
Supplementary Financial Information - Exhibit E
Water Fund - Operating Fund Balance
and Investment in Tangible Capital Assets
(Unaudited)

For the year ended December 31	2015	2014
Operating Fund Accumulated Surplus		
Balance, beginning of year	\$ 843,634	\$ 862,553
Surplus (deficit) for the year	<u>18,957</u>	<u>(18,919)</u>
Balance, end of year	\$ 862,591	\$ 843,634
Investment in Tangible Capital Asset		
Balance, beginning of year	\$ 871,526	\$ 897,730
Contribution from operating fund	4,666	-
Grant - Gas tax	28,121	-
Loss on disposal of tangible capital asset	(6,877)	-
Amortization	<u>(26,204)</u>	<u>(26,204)</u>
Balance, end of year	\$ 871,232	\$ 871,526

Village of Gold River
Supplementary Financial Information - Exhibit F
Water Fund - Operating Fund Financial Activities
(Unaudited)

For the year ended December 31	2015	2014
Revenue		
User rates	\$ 147,450	\$ 144,212
Connection fees	741	1,073
Investment income	13,426	12,764
	161,617	158,049
Expenditures		
Administration	43,167	45,752
System maintenance	94,827	131,216
Contribution to Water Capital	4,666	-
	142,660	176,968
Surplus (deficit) for the year	\$ 18,957	\$ (18,919)

Village of Gold River
Supplementary Financial Information - Exhibit G
Sewer Fund - Statement of Financial Position
(Unaudited)

December 31	2015	2014
Assets		
Operating Fund		
Due from other funds	\$ 445,568	\$ 501,768
Capital Fund		
Tangible capital asset	1,991,201	2,051,357
	\$ 2,436,769	\$ 2,553,125
Accumulated Surplus		
Investment in non-financial assets	\$ 1,991,201	\$ 2,051,357
Surplus	445,568	501,768
	\$ 2,436,769	\$ 2,553,125

Village of Gold River
Supplementary Financial Information - Exhibit H
Sewer Fund - Operating Fund Balance
and Investment in Tangible Capital Assets
(Unaudited)

For the year ended December 31	2015	2014
Operating Fund Accumulated Surplus		
Balance, beginning of year	\$ 501,768	\$ 519,980
Deficit for the year	<u>(56,200)</u>	<u>(18,212)</u>
Balance, end of year	\$ 445,568	\$ 501,768
Investment in Tangible Capital Asset		
Balance, beginning of year	\$ 2,051,357	\$ 2,111,513
Amortization	<u>(60,156)</u>	<u>(60,156)</u>
Balance, end of year	\$ 1,991,201	\$ 2,051,357

Village of Gold River
Supplementary Financial Information Exhibit I
Sewer Fund - Operating Fund Financial Activities
(Unaudited)

For the year ended December 31	2015	2014
Revenue		
User rates	\$ 227,527	\$ 215,805
Investment income	7,451	7,625
Provincial Government grant	9,964	-
	244,942	223,430
Expenditures		
Administration	76,330	56,481
Plant and system maintenance	224,812	185,161
	301,142	241,642
Deficit for the year	\$ (56,200)	\$ (18,212)