

**THE CORPORATION OF THE
VILLAGE OF SAYWARD
Financial Statements
December 31, 2018**

THE CORPORATION OF THE VILLAGE OF SAYWARD

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Year Ended December 31, 2018

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MANAGEMENT REPORT

December 31, 2018

The Council of The Corporation of the Village of Sayward has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of The Corporation of the Village of Sayward. 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 properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

The Corporation of the Village of Sayward's independent auditors, Chan Nowosad Boates, Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly The Corporation of the Village of Sayward's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's position, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects the financial position of The Corporation of the Village of Sayward as at December 31, 2018.



Paul Carver
CAO
March 19, 2019



INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of The Corporation of the Village of Sayward

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Corporation of the Village of Sayward (the "Village"), which comprise the statement of financial position as at December 31, 2018, the statement of operations and changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the Village's financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018, and of its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends for the Village to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Village's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chan Nowosel Boate Inc.

Chartered Professional Accountants
Campbell River, BC

March 19, 2019

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Financial Position

December 31, 2018

2018

2017

(Note 15)

\$

\$

FINANCIAL ASSETS

Cash	659,928	334,448
Portfolio Investments (Note 2)	781,320	824,985
Accounts Receivable (Note 3)	<u>369,648</u>	<u>532,532</u>
	<u>1,810,896</u>	<u>1,691,965</u>

LIABILITIES

Accounts Payable (Note 4)	301,556	206,846
Deferred Revenue (Note 5)	276,710	258,637
Long Term Debt (Note 6)	<u>71,369</u>	<u>80,233</u>
	<u>649,635</u>	<u>545,716</u>

NET FINANCIAL ASSETS

1,161,261

1,146,249

NON-FINANCIAL ASSETS

Prepaid Expenses	17,944	14,757
Tangible Capital Assets (Note 7)	<u>7,921,240</u>	<u>7,003,458</u>
	<u>7,939,184</u>	<u>7,018,215</u>

ACCUMULATED SURPLUS (Note 11)

9,100,445

8,164,464

Contingencies (Note 9)

Approved by:



Chief Financial Officer



Mayor

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Operations

Year Ended December 31, 2018

	2018		2017 (Note 15)
	Budget	Actual	
	\$	\$	\$
	(Note 12)		
Revenues (Schedules 2 and 3)			
Taxation (Note 8)	339,587	334,033	338,390
User Fees	187,695	194,867	180,586
Government Grants and Transfers (Schedule 1)	541,607	1,395,131	1,236,945
Sales of Services	75,198	112,586	84,452
Contribution from Others	6,950	2,706	12,516
Investment and Other Income	21,100	41,046	40,623
Gain on Disposal of Assets	-	-	20,348
	<u>1,172,137</u>	<u>2,080,369</u>	<u>1,913,860</u>
Expenditures (Schedules 2 and 3)			
General Government Services	426,340	360,669	405,723
Recreation and Parks Services	306,843	283,969	300,387
Protection Services	152,422	84,810	94,617
Transportation Services	38,446	31,228	59,859
Solid Waste Services	38,500	44,251	39,411
Public Works Services	122,645	104,932	102,445
Sewer Services	104,884	99,668	103,199
Water Services	210,032	124,861	95,024
Loss on Disposal of Asset	-	10,000	-
	<u>1,400,112</u>	<u>1,144,388</u>	<u>1,200,665</u>
Annual Surplus (Deficit)	(227,975)	935,981	713,195
Accumulated Surplus - Beginning of Year	<u>8,164,464</u>	<u>8,164,464</u>	<u>7,451,269</u>
Accumulated Surplus - End of Year	<u>7,936,489</u>	<u>9,100,445</u>	<u>8,164,464</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Change in Net Financial Assets

Year Ended December 31, 2018

	2018		2017 (Note 15)
	Budget	Actual	
	\$	\$	\$
	(Note 12)		
Annual Surplus (Deficit)	(227,975)	935,981	713,195
Use of Prepaid Expenses	-	14,757	15,148
Acquisition of Prepaid Expenses	-	(17,944)	(14,757)
Net Acquisition of Tangible Capital Assets	(3,675,500)	(1,026,521)	(758,667)
Amortization of Tangible Capital Assets	<u>100,531</u>	<u>108,739</u>	<u>102,707</u>
	<u>(3,802,944)</u>	<u>15,012</u>	<u>(655,569)</u>
Net Financial Assets - Beginning of Year	<u>1,146,249</u>	<u>1,146,249</u>	<u>1,088,623</u>
Net Financial Assets (Liabilities) - End of Year	<u>(2,656,695)</u>	<u>1,161,261</u>	<u>1,146,249</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
	\$	\$
Cash Flows From Operating Activities:		
Annual Surplus	935,981	697,982
Items Not Involving Cash		
Amortization of Tangible Capital Assets	108,739	102,707
Disposal of Tangible Capital Asset	10,000	-
Actuarial Adjustment to Long Term Debt	<u>(2,885)</u>	<u>(2,585)</u>
	1,051,835	798,104
Changes in Non-Cash Operating Balances		
Accounts and Taxes Receivable	162,884	(343,144)
Property Held for Resale	-	17,121
Account Payable	94,710	85,396
Deferred Revenue	18,073	87,042
Prepaid Expenses	<u>(3,187)</u>	<u>391</u>
	<u>1,324,315</u>	<u>644,910</u>
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	<u>(1,036,521)</u>	<u>(758,667)</u>
Cash Flows From Investing Activities:		
Redemption of (Investment in) Portfolio Investments	43,665	(214,656)
Repayments of Long Term Debt	<u>(5,979)</u>	<u>(5,979)</u>
	<u>43,665</u>	<u>(214,656)</u>
Increase in Cash and Cash Equivalents	325,480	(334,392)
Cash and Cash Equivalents - Beginning of Year	<u>334,448</u>	<u>668,840</u>
Cash and Cash Equivalents - End of Year	<u>659,928</u>	<u>334,448</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2018

The Village of Sayward (the "Village") was incorporated as a municipality in 1968 under the provisions of the British Columbia Municipal Act. Its principal activities are the provision of local government services to the residents of the Village. These services include fire protection, public works, planning, parks and recreation, water distribution and sewer collection, and other general government services, as governed by the Community Charter and Local Government Act.

1. Significant Accounting Policies:

a) Basis of Presentation:

The Village prepares its financial statements in accordance with Canadian public sector accounting standards using guidelines developed by the Public Sector Accounting Board ("PSAB") for the Chartered Professional Accountants of Canada.

b) Portfolio Investments:

Investments are comprised entirely of Municipal Finance Authority (MFA) pooled investments including money market, intermediate and short-term bond funds. Portfolio investments are carried at market value.

c) Tangible Capital Assets:

Tangible Capital Assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is recorded on a straight-line basis over the estimated useful life of the Tangible Capital Asset commencing once the asset is in 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:

Land Improvements	10 to 40 years
Buildings	20 to 70 years
Furniture, Vehicles, Equipment	10 to 40 years
Roads and Bridges	25 to 75 years
Water Infrastructure	100 years
Sewer and Drainage Infrastructure	100 years

d) Deferred Revenue:

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as Deferred Revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specific purpose.

e) Revenue Recognition and Deferred Grants:

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.

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

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2018

1. Significant Accounting Policies (continued):

e) Revenue Recognition and Deferred Grants (continued):

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.

Sale of service and other revenue is recognized on an accrual basis as earned.

Grant revenues are recognized when funding becomes receivable.

f) Financial Instruments:

Financial instruments consist of cash and portfolio investments, accounts receivable and accounts payable. 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.

g) Use of Estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring the use of management estimates relates to the collectability of accounts receivable, valuation of investments, estimates of contingent liabilities, the provision of amortization and the estimation of potential environmental liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

h) 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 standards, the government has responsibility for the 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 which the Village accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation, therefore no liability was recognized on transition as at December 31, 2018 or December 31, 2017.

2. Portfolio Investments

Portfolio investments includes \$781,320 (2017 - \$824,985) held with the Municipal Finance Authority (MFA) in money market, intermediate and bond funds. These investments are carried at market value which approximates cost.

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2018

3. Accounts Receivable:

	<u>2018</u>	<u>2017</u>
	\$	\$
Property Taxes	68,950	64,523
Other Governments	114,986	442,568
Island Coastal Economic Trust	178,864	10,000
Trade and Other	<u>6,848</u>	<u>15,441</u>
	<u>369,648</u>	<u>532,532</u>

4. Accounts Payable:

	<u>2018</u>	<u>2017</u>
	\$	\$
Other Governments	10,300	13,206
Trade and Other	266,023	172,794
Payroll Liabilities	<u>25,233</u>	<u>20,846</u>
	<u>301,556</u>	<u>206,846</u>

5. Deferred Revenue

	<u>2018</u>	<u>2017</u>
	\$	\$
Newcastle Dam Grant	132,616	209,088
Working Waterfront Project	71,063	-
Internet Maintenance	43,893	37,156
Kelsey Centre	9,335	9,818
Fire Department	3,100	-
Emergency Program	4,927	-
Taxes and Other	<u>11,776</u>	<u>2,575</u>
	<u>276,710</u>	<u>258,637</u>

During the year ending December 31, 2018, the Village received funds with stipulations and requirements attached to them totaling \$146,019 (2017 - \$262,299). During the year, the Village spent \$127,946 (2017 - \$138,101) on projects.

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2018

6. Long Term Debt

The Village has debt instruments through the Municipal Finance Authority (MFA) obtained for the purposes of Water and Sewer. The gross amount borrowed for Sewer and Water in 2005 was \$121,015 and \$41,635, respectively. The current balances of long-term debt are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Total Outstanding Debt - Beginning of Year	80,233	88,797
Reduction of Long-Term Debt	<u>(8,864)</u>	<u>(8,564)</u>
Total Outstanding Debt - End of Year	<u>71,369</u>	<u>80,233</u>

The interest rate on Long Term Debt is 1.80% per annum. The interest expense on the debt in the year ended December 31, 2018 is \$2,928 (2017 - \$2,928).

Future payments on net out-standing debt over the next five years are:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
	\$	\$	\$
2019	6,826	2,348	9,174
2020	7,065	2,431	9,496
2021	7,312	2,516	9,828
2022	7,568	2,604	10,172
2023	7,833	2,695	10,528
Thereafter	<u>16,497</u>	<u>5,674</u>	<u>22,171</u>
	<u>36,604</u>	<u>89,637</u>	<u>71,369</u>

The MFA of British Columbia provides capital financing for regional districts and their member municipalities. The MFA is required to establish a debt reserve fund. Each regional district, through its member municipalities who are in the proceeds of the debt issue, is required to pay into the debt reserve fund certain amounts set out in the debt agreements. The MFA pays into the debt reserve fund these monies from which interest earned thereon less administrative expenses becomes an obligation to the regional districts. It must then use this fund if at any time there are insufficient funds to meet payments on its obligations. When this occurs, the regional districts may be called upon to restore the fund.

Upon maturity of a debt issue, the unused portion of the debt reserve fund established for the issue will be discharged to the Village. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, 2018, the Village debt reserve fund was \$7,007 (2017 - \$6,954), which was not recorded as the Village does not consider it to be material.

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2018

7. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2018 \$	2017 \$
General Capital Assets										
Land	1,925,414	33,700	-	1,959,114	-	-	-	-	1,959,114	1,925,414
Buildings	1,278,035	40,418	-	1,318,453	1,028,784	11,617	-	1,040,401	278,052	249,251
Equipment, Vehicles and Furniture	816,670	56,282	21,270	851,682	499,303	28,096	11,270	516,129	335,553	317,367
Engineered Structures										
Water	2,889,790	519,179	-	3,408,969	713,801	20,601	-	734,402	2,674,567	2,175,989
Sewer	2,983,908	-	-	2,983,908	954,928	36,799	-	991,727	1,992,181	2,028,980
Roads	506,386	-	-	506,386	438,480	2,446	-	440,926	65,460	67,906
Park Infrastructure	248,637	386,942	-	635,579	10,086	9,180	-	19,266	616,313	238,551
	<u>10,648,840</u>	<u>1,036,521</u>	<u>21,270</u>	<u>11,664,091</u>	<u>3,645,382</u>	<u>108,739</u>	<u>11,270</u>	<u>3,742,851</u>	<u>7,921,240</u>	<u>7,003,458</u>

8. Taxation - Net:

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
General Municipal Purposes	339,587	334,033	338,390
Collections for Other Governments			
Province of British Columbia - School Tax	75,285	68,277	72,448
Comox Strathcona Waste Management	1,058	5,473	6,066
Comox Strathcona Regional Hospital District	25,696	23,679	26,234
Strathcona Regional District	7,050	10,348	10,070
Vancouver Island Regional Library	11,863	12,079	-
Municipal Finance Authority	5	7	6
British Columbia Assessment Authority	1,945	1,556	1,628
Province of BC - Police Tax	13,518	13,998	13,544
	<u>476,007</u>	<u>469,450</u>	<u>468,386</u>
Transfers			
Province of British Columbia - School Tax	75,285	68,277	72,448
Comox Strathcona Waste Management	1,058	5,473	6,066
Comox Strathcona Regional Hospital District	25,696	23,679	26,234
Strathcona Regional District	7,050	10,348	10,070
Vancouver Island Regional Library	11,863	12,079	-
Municipal Finance Authority	5	7	6
British Columbia Assessment Authority	1,945	1,556	1,628
Province of BC - Police Tax	13,518	13,998	13,544
	<u>136,420</u>	<u>135,417</u>	<u>129,996</u>
Available for General Municipal Purposes	<u>339,587</u>	<u>334,033</u>	<u>338,390</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2018

9. Contingent Liabilities:

- (a) The Village is responsible as a member of the Strathcona Regional District and a member of the Comox Strathcona Waste Management Function for its share of any operating deficits or long-term debt related to functions in which it participates. Management of the Village have assessed the risks of any contingent liabilities 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.

10. Pension Plan:

The Village and its employees contribute to the Municipal Pension Plan (a jointly trusted pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 41,000 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. This 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 valuation for the Municipal Pension Plan as of December 31, 2015, indicated 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 was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remain unchanged.

The Village paid \$23,382 (2017 - \$18,213) of employer contributions while employees contributed \$18,437 (2017 - \$13,281) to the plan in fiscal 2018.

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

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

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2018

11. Accumulated Surplus:

The Village segregates its accumulated surplus in the following categories:

	<u>2018</u>	<u>2017</u>
	\$	\$
Unappropriated Surplus		
General	59,175	93,712
Sewer	288,135	307,067
Water	<u>155,532</u>	<u>170,615</u>
	<u>502,842</u>	<u>571,394</u>
Reserves (Schedule 4)	<u>747,732</u>	<u>669,845</u>
Equity in Tangible Capital Assets		
General	3,222,526	2,764,745
Sewer	1,939,967	1,970,171
Water	<u>2,687,378</u>	<u>2,188,309</u>
	<u>7,849,871</u>	<u>6,923,225</u>
Accumulated Surplus	<u>9,100,445</u>	<u>8,164,464</u>

12. Fiscal Plan:

The Fiscal Plan amounts represent the Financial Plan Bylaw adopted by Council on April 10, 2018.

The budget anticipated use of surpluses accumulated in previous years to balance against current expenditures in excess of current year revenues. In addition, the budget anticipated capital expenditures rather than amortization expense. The following schedule reconciles the approved bylaw to the amounts presented in the financial statements.

	<u>2018</u>
	\$
Financial Plan (Budget) Bylaw	-
Add:	
Debt Principal Repayments	5,462
Capital Expenditures	3,675,500
Less:	
Budgeted Transfers from Reserves	(190,740)
Capital Grant Revenues	<u>(3,718,197)</u>
Annual Deficit Presented in Financial Statements	<u>(227,975)</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2018

13. Segmented Information

The Village provides various services within various departments. The segmented information as disclosed in Schedules 2 and 3 reflects those functions offered by the Village as summarized below:

General government – activities related to the administration of the Village as a whole including central administration, finance, human resources, information systems and legislative and election operations.

Recreation and parks – activities related to all recreational and parks services including the maintenance of parks and facilities for recreational activities.

Protective – activities related to providing for the security of the property and citizens of the Village including policing, fire protection, health and emergency planning.

Transportation – activities related to transportation including maintenance of roads, sidewalks, street lighting and drainage.

Solid waste – activities related to solid waste management.

Public works – activities related to overall maintenance of the Village including green initiatives, building maintenance and insurance, animal control and recycling.

Sewer – activities related to gathering, treating, transporting, storing and discharging sewage or reclaimed water.

Water – activities related to supplying, storing, treating and transporting water.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment, in addition to amounts that are allocated to each segment on a reasonable basis. Refer to Schedule 3 for segment revenues and expense detail on a comparative basis.

14. Comparative Figures

Certain 2017 comparative figures have been reclassified, where necessary, to conform with the financial statement presentation adopted in the current year.

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2018

15. Prior Period Adjustment

During the year ending December 31, 2018, it was identified that the accumulation of the funds from the Internet Maintenance Reserve were required under PSAS 3100 Restricted Assets and Revenues to be deferred as it is externally restricted funding with stipulations around any surplus funding attached to the funds. In prior periods, due to the immaterial value of the additions of this fund to the statement of financial position and operations the full amount collected had previously been recorded as a Revenue from the Sale of Services and any surplus as a specific Reserve within Accumulated Surplus.

As a result of the above and the requirement to record the funds as a deferred revenue in both the prior and current year, the comparative financial information for the year-ending December 31, 2017 has been adjusted and restated as detailed below:

	2017 as Previously Stated	Adjustment	2017 Restated
	\$	\$	\$
Deferred Revenue - December 31, 2017	221,481	37,156	258,637
Accumulated Surplus, End of Year	8,201,620	(37,156)	8,164,464
Deferred Revenue - January 1, 2017	134,439	52,369	186,808
Accumulated Surplus, Opening	7,503,638	(52,369)	7,451,269
Revenues - Sales of Services	69,239	15,213	84,452

THE CORPORATION OF THE VILLAGE OF SAYWARD

Schedule 1 - Government Grants and Transfers to the Village and Ratepayers

Year Ended December 31, 2018

	2018		2017
	Budget	Actual	
	\$	\$	\$
	(Note 12)		
Federal Government			
Grants in Lieu of Taxes	6,100	5,836	6,006
Other	9,000	6,500	24,934
Gas Tax Community Works Fund	65,872	69,132	66,058
	<u>80,972</u>	<u>81,468</u>	<u>96,998</u>
Province of BC and Federal/Provincial Programs			
General Fund			
Small Communities Grant	360,622	375,333	360,622
Other	60,350	387,000	168,584
	<u>420,972</u>	<u>762,333</u>	<u>529,206</u>
General Capital			
Infrastructure (Provincial)	-	518,595	577,272
Other	39,663	32,735	33,469
	<u>39,663</u>	<u>551,330</u>	<u>610,741</u>
	<u>541,607</u>	<u>1,395,131</u>	<u>1,236,945</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Schedule 2 - Combined Statement of Operations by Segment

Year Ended December 31, 2018

	General Government	Recreation and Parks	Protective	Transportation	Solid Waste	Public Works	Sewer	Water	2018 Actual	2018 Budget (Note 12)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	326,786	-	-	-	-	-	794	6,453	334,033	339,587
User Fees	-	-	-	-	32,390	-	60,780	101,697	194,867	187,695
Government Grants and Transfers	455,022	364,301	53,037	-	-	-	4,176	518,595	1,395,131	541,607
Sales of Services	42,670	35,238	31,878	-	920	-	300	1,580	112,586	75,198
Contribution from Others	-	845	1,861	-	-	-	-	-	2,706	6,950
Investment and Other Income	33,062	4,975	-	-	-	125	2,146	738	41,046	21,100
	<u>857,540</u>	<u>405,359</u>	<u>86,776</u>	<u>-</u>	<u>33,310</u>	<u>125</u>	<u>68,196</u>	<u>405,359</u>	<u>2,080,369</u>	<u>1,172,137</u>
Expenses										
Amortization	529	20,828	16,565	2,446	-	9,194	36,799	22,379	108,740	101,120
Debt Charges	-	-	-	-	-	-	2,178	749	2,927	6,783
Minor Capital	18,578	3,458	-	-	-	-	-	11,696	33,732	100,000
Operating	131,853	124,073	48,873	28,782	44,251	28,103	21,059	38,769	465,763	782,972
Wages and Benefits	219,709	135,610	19,372	-	-	67,635	39,632	51,268	533,226	516,020
	<u>370,669</u>	<u>283,969</u>	<u>84,810</u>	<u>31,228</u>	<u>44,251</u>	<u>104,932</u>	<u>99,668</u>	<u>124,861</u>	<u>1,144,388</u>	<u>1,400,112</u>
Excess (Deficiency) of Revenues over Expenses	<u>486,871</u>	<u>121,390</u>	<u>1,966</u>	<u>(31,228)</u>	<u>(10,941)</u>	<u>(104,807)</u>	<u>(31,472)</u>	<u>280,498</u>	<u>935,981</u>	<u>(227,975)</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Schedule 3 - Combined Statement of Operations by Segment

Year Ended December 31, 2017

	General Government	Recreation and Parks	Protective	Transportation	Solid Waste	Public Works	Sewer	Water	2017 Actual	2017 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	329,280	-	-	-	-	-	9,110	-	338,390	343,318
User Fees	-	-	-	-	28,632	-	58,824	93,130	180,586	178,045
Government Grants and Transfers	497,770	124,934	31,978	-	-	-	4,991	577,272	1,236,945	537,222
Sales of Services	26,649	25,994	31,297	-	512	-	-	-	84,452	71,948
Contribution from Others	-	12,491	25	-	-	-	-	-	12,516	21,400
Investment and Other Income	50,032	6,426	-	-	-	1,294	2,506	713	60,971	19,500
	<u>903,731</u>	<u>169,845</u>	<u>63,300</u>	<u>-</u>	<u>29,144</u>	<u>1,294</u>	<u>75,431</u>	<u>671,115</u>	<u>1,913,860</u>	<u>1,171,433</u>
Expenses										
Amortization	529	14,447	16,125	2,446	-	9,982	36,799	22,379	102,707	99,136
Debt Charges	-	-	-	-	-	-	2,178	749	2,927	6,782
Minor Capital	-	3,430	-	-	-	-	-	7,211	10,641	3,000
Operating	200,380	146,352	60,474	57,413	39,411	25,118	30,027	19,146	578,321	639,380
Wages and benefits	204,814	136,158	18,018	-	-	67,345	34,195	45,539	506,069	506,319
	<u>405,723</u>	<u>300,387</u>	<u>94,617</u>	<u>59,859</u>	<u>39,411</u>	<u>102,445</u>	<u>103,199</u>	<u>95,024</u>	<u>1,200,665</u>	<u>1,254,617</u>
Excess (Deficiency) of Revenues over Expenses	<u>498,008</u>	<u>(130,542)</u>	<u>(31,317)</u>	<u>(59,859)</u>	<u>(10,267)</u>	<u>(101,151)</u>	<u>(27,768)</u>	<u>576,091</u>	<u>713,195</u>	<u>(83,184)</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Schedule 4 - Reserve Fund Transactions

Year Ended December 31, 2018

	Roads	Fire Protection	Rec. Centre Equipment	Rec Comm. Fundraising	Sewer	Land Sale	Federal Works Fund	Climate Action	2018 Total	2017 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Government Grants	-	28,559	-	-	-	-	-	2,641	31,200	94,450
Other Income	-	<u>20,077</u>	-	-	-	-	<u>16,256</u>	-	<u>36,333</u>	<u>42,299</u>
		48,636					16,256	2,641	67,533	136,749
Expenses										
Other	-	<u>48,636</u>	-	-	-	-	-	-	<u>48,636</u>	<u>68,400</u>
Net Surplus	-	-	-	-	-	-	16,256	2,641	18,897	68,349
Transfers										
From (to) Operating Fund	-	(85)	-	-	-	-	69,132	6,254	75,301	(13,281)
Acquisition of Capital Assets	-	-	-	-	-	-	<u>(16,310)</u>	-	<u>(16,310)</u>	-
Change in Reserve Fund Balances	-	(85)	-	-	-	-	69,078	8,895	77,888	55,068
Opening Fund Surplus Balance	<u>29,000</u>	<u>85</u>	<u>1,593</u>	<u>308</u>	<u>5,320</u>	<u>42,382</u>	<u>578,405</u>	<u>12,751</u>	<u>669,844</u>	<u>614,777</u>
Ending Fund Surplus Balance	<u>29,000</u>	<u>-</u>	<u>1,593</u>	<u>308</u>	<u>5,320</u>	<u>42,382</u>	<u>647,483</u>	<u>21,646</u>	<u>747,732</u>	<u>669,845</u>