

**THE CORPORATION OF THE  
VILLAGE OF SAYWARD  
Financial Statements  
December 31, 2019**

# THE CORPORATION OF THE VILLAGE OF SAYWARD

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Year Ended December 31, 2019

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# MANAGEMENT REPORT

December 31, 2019

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 Inc., 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 opinion, 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, 2019.



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Norm Kirschner  
Acting Mayor  
August 6, 2020



## **INDEPENDENT AUDITORS' REPORT**

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

### **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, 2019, 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, 2019, 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 Auditors' 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.

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.

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

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 auditors' 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 auditors' 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.

Handwritten signature of Chan Nowrsad Boates in black ink.

Chartered Professional Accountants  
Campbell River, BC

August 6, 2020

# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Statement of Financial Position

December 31, 2019

2019

2018

\$

\$

### FINANCIAL ASSETS

Cash	204,233	659,928
Portfolio Investments (Note 2)	241,698	781,320
Accounts Receivable (Note 3)	<u>931,552</u>	<u>369,648</u>
	<u>1,377,483</u>	<u>1,810,896</u>

### LIABILITIES

Accounts Payable (Note 4)	191,369	301,556
Deferred Revenue (Note 5)	140,733	276,710
Long Term Debt (Note 6)	<u>62,195</u>	<u>71,369</u>
	<u>394,297</u>	<u>649,635</u>

### NET FINANCIAL ASSETS

983,186                      1,161,261

### NON-FINANCIAL ASSETS

Prepaid Expenses	19,132	17,944
Tangible Capital Assets (Note 7)	<u>10,536,755</u>	<u>7,921,240</u>
	<u>10,555,887</u>	<u>7,939,184</u>

### ACCUMULATED SURPLUS (Note 11)

11,539,073                      9,100,445

### Contingencies (Note 9)

Approved by:



Mayor



Council Member

# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Statement of Operations

Year Ended December 31, 2019

	2019		2018
	Budget	Actual	
	\$	\$	\$
	(Note 12)		
<b>Revenues (Schedules 2 and 3)</b>			
Taxation (Note 8)	344,035	346,994	334,033
User Fees	207,236	209,894	194,867
Government Grants and Transfers (Schedule 1)	3,175,404	2,888,228	1,395,131
Sales of Services	102,935	81,488	112,586
Contribution from Others	-	1,625	2,706
Investment and Other Income	22,745	48,876	41,046
	<u>3,852,355</u>	<u>3,577,105</u>	<u>2,080,369</u>
<b>Expenditures (Schedules 2 and 3)</b>			
General Government Services	420,886	385,588	370,669
Recreation and Parks Services	342,483	284,910	283,969
Protection Services	122,398	108,181	84,810
Transportation Services	45,729	38,452	31,228
Solid Waste Services	44,000	37,801	44,251
Public Works Services	68,865	68,906	104,932
Sewer Services	100,384	100,518	99,668
Water Services	124,558	114,121	124,861
	<u>1,269,303</u>	<u>1,138,477</u>	<u>1,144,388</u>
<b>Annual Surplus</b>	2,583,052	2,438,628	935,981
<b>Accumulated Surplus - Beginning of Year</b>	<u>9,100,445</u>	<u>9,100,445</u>	<u>8,164,464</u>
<b>Accumulated Surplus - End of Year</b>	<u>11,683,497</u>	<u>11,539,073</u>	<u>9,100,445</u>

# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Statement of Change in Net Financial Assets

Year Ended December 31, 2019

	2019		2018
	Budget	Actual	
	\$	\$	\$
	(Note 12)		
<b>Annual Surplus</b>	2,583,052	2,438,628	935,981
Use of Prepaid Expenses	-	17,944	14,757
Acquisition of Prepaid Expenses	-	(19,132)	(17,944)
Net Acquisition of Tangible Capital Assets	(3,380,817)	(2,729,856)	(1,026,521)
Amortization of Tangible Capital Assets	<u>100,531</u>	<u>114,341</u>	<u>108,739</u>
	<u>(697,234)</u>	<u>(178,075)</u>	<u>15,012</u>
<b>Net Financial Assets - Beginning of Year</b>	<u>1,161,261</u>	<u>1,161,261</u>	<u>1,146,249</u>
<b>Net Financial Assets - End of Year</b>	<u>464,027</u>	<u>983,186</u>	<u>1,161,261</u>



# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
	\$	\$
<b>Cash Flows From Operating Activities:</b>		
Annual Surplus	2,438,628	935,981
Items Not Involving Cash		
Amortization of Tangible Capital Assets	114,341	108,739
Disposal of Tangible Capital Asset	-	10,000
Actuarial Adjustment to Long Term Debt	<u>(3,195)</u>	<u>(2,885)</u>
	2,549,774	1,051,835
Changes in Non-Cash Operating Balances		
Accounts and Taxes Receivable	(561,904)	162,884
Account Payable	(110,187)	94,710
Deferred Revenue	(135,977)	18,073
Prepaid Expenses	<u>(1,188)</u>	<u>(3,187)</u>
	<u>1,740,518</u>	<u>1,324,315</u>
<b>Cash Flows From Capital Activities:</b>		
Purchase of Tangible Capital Assets	<u>(2,729,856)</u>	<u>(1,036,521)</u>
<b>Cash Flows From Investing Activities:</b>		
Redemption of Portfolio Investments	539,622	43,665
Repayments of Long Term Debt	<u>(5,979)</u>	<u>(5,979)</u>
	<u>539,622</u>	<u>43,665</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(455,695)	325,480
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>659,928</u>	<u>334,448</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>204,233</u></u>	<u><u>659,928</u></u>

# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Notes to the Financial Statements

December 31, 2019

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 ("PSAS") 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
Equipment, Vehicles & Furniture	10 to 40 years
Water Infrastructure	100 years
Sewer and Drainage Infrastructure	100 years
Roads and Bridges	25 to 75 years

**d) Collection of Taxes on Behalf of Other Taxation Authorities:**

The Village collects taxation on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these other entities are not reflected in these financial statements. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.

**e) 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.

**f) 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.

# THE CORPORATION OF THE VILLAGE OF SAYWARD

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## Notes to the Financial Statements

December 31, 2019

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### 1. Significant Accounting Policies (Continued):

**f) Revenue Recognition and Deferred Grants (continued):**

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 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.

**g) Financial Instruments:**

Financial instruments consist of cash, 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.

**h) 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.

**i) 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 a 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 as at December 31, 2019 or December 31, 2018.

### 2. Portfolio Investments:

Portfolio investments includes \$241,698 (2018 - \$781,320) held with the Municipal Finance Authority (MFA) in money market, intermediate and bond funds. These investments are carried at market value.

# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Notes to the Financial Statements

December 31, 2019

### 3. Accounts Receivable:

	<u>2019</u>	<u>2018</u>
	\$	\$
Property Taxes	21,165	68,950
Other Governments	887,509	114,986
Island Coastal Economic Trust	13,489	178,864
Trade and Other	<u>9,389</u>	<u>6,848</u>
	<u>931,552</u>	<u>369,648</u>

### 4. Accounts Payable:

	<u>2019</u>	<u>2018</u>
	\$	\$
Other Governments	19,305	10,300
Trade and Other	150,542	266,023
Payroll Liabilities	<u>21,522</u>	<u>25,233</u>
	<u>191,369</u>	<u>301,556</u>

### 5. Deferred Revenue:

	<u>2019</u>	<u>2018</u>
	\$	\$
Newcastle Dam Grant	-	132,616
Working Waterfront Project	-	71,063
Internet Maintenance	50,029	43,893
Kelsey Centre	9,579	9,335
Fire Department	-	3,100
Emergency Program	40,713	4,927
Pond Revitalization	10,000	-
Community Wellness	18,289	1,155
Taxes and Other	<u>12,123</u>	<u>10,621</u>
	<u>140,733</u>	<u>276,710</u>

During the year ended December 31, 2019, the Village received funds with stipulations and requirements attached to them totaling \$116,376 (2018 - \$146,019). During the year, the Village spent \$252,354 (2018 - \$127,946) on projects.

# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Notes to the Financial Statements

December 31, 2019

### 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 balance of long-term debt is as follows:

	<u>2019</u>	<u>2018</u>
	\$	\$
Total Outstanding Debt - Beginning of Year	71,369	80,233
Reduction of Long-Term Debt	<u>(9,174)</u>	<u>(8,864)</u>
Total Outstanding Debt - End of Year	<u>62,195</u>	<u>71,369</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, 2019 is \$2,928 (2018 - \$2,928).

Future payments on net outstanding debt over the next five years are:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
	\$	\$	\$
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>46,275</u>	<u>15,920</u>	<u>62,195</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, 2019, the Village debt reserve fund was \$7,066 (2018 - \$7,007), 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, 2019

### 7. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2019 \$	2018 \$
<b>General Capital Assets</b>										
Land	1,959,114	-	-	1,959,114	-	-	-	-	1,959,114	1,959,114
Buildings	1,318,453	6,282	-	1,324,735	1,040,401	12,202	-	1,052,603	272,132	278,052
Equipment, Vehicles and Furniture	851,682	-	-	851,682	516,129	32,566	-	548,695	302,987	335,553
<b>Engineered Structures</b>										
Water	3,408,969	2,569,622	-	5,978,591	734,402	20,601	-	755,003	5,223,588	2,674,567
Sewer	2,983,908	-	-	2,983,908	991,727	36,799	-	1,028,526	1,955,382	1,992,181
Roads	506,386	-	-	506,386	440,926	2,446	-	443,372	63,014	65,460
Park Infrastructure	<u>635,579</u>	<u>153,952</u>	<u>-</u>	<u>789,531</u>	<u>19,266</u>	<u>9,727</u>	<u>-</u>	<u>28,993</u>	<u>760,538</u>	<u>616,313</u>
	<u>11,664,091</u>	<u>2,729,856</u>	<u>-</u>	<u>14,393,947</u>	<u>3,742,851</u>	<u>114,341</u>	<u>-</u>	<u>3,857,192</u>	<u>10,536,755</u>	<u>7,921,240</u>

Included in Tangible Capital Assets at December 31, 2019 is \$3,367,188 (2018 - \$1,272,374) of capitalized costs for the Water Treatment Facility, included within Engineered Structures - Water, that are not presently being amortized as a result of the Facility being in the final stages of inspections, although work is considered complete. The asset is expected to be placed in use during the year ending December 31, 2020, at which time amortization will begin to be recorded on the asset.

Also included in Engineered Structures - Water as at December 31, 2019 is \$551,281 (2018 - \$76,472) of capitalized costs for the Newcastle Dam Upgrade that are not presently being amortized as the project is not complete as at the financial statement date. The asset is expected to be completed and placed into use during the year ending December 31, 2020, at which time amortization will begin to be recorded on the asset.

Included in Engineered Structures - Park Infrastructure as at December 31, 2019 is \$511,753 (2018 - \$357,801) of capitalized costs for the Working Waterfront Trail Project. As the project was only completed at the end of December 2019, no amortization was taken on the asset during the year. Amortization will be recorded on the asset for the year ending December 31, 2020.

# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Notes to the Financial Statements

December 31, 2019

### 8. Taxation - Net:

	Budget	Actual	Actual
	<u>2019</u>	<u>2019</u>	<u>2018</u>
	\$	\$	\$
General Municipal Purposes	344,035	346,994	334,033
Collections for Other Governments			
Province of British Columbia - School Tax	70,000	82,670	68,277
Comox Strathcona Waste Management	5,470	9,487	5,473
Comox Strathcona Regional Hospital District	24,000	27,102	23,679
Strathcona Regional District	14,000	14,552	10,348
Vancouver Island Regional Library	12,000	11,946	12,079
Municipal Finance Authority	7	10	7
British Columbia Assessment Authority	1,550	1,882	1,556
Province of BC - Police Tax	<u>13,518</u>	<u>15,355</u>	<u>13,998</u>
	<u>484,580</u>	<u>509,998</u>	<u>469,450</u>
Transfers			
Province of British Columbia - School Tax	70,000	82,670	68,277
Comox Strathcona Waste Management	5,470	9,487	5,473
Comox Strathcona Regional Hospital District	24,000	27,102	23,679
Strathcona Regional District	14,000	14,552	10,348
Vancouver Island Regional Library	12,000	11,946	12,079
Municipal Finance Authority	7	10	7
British Columbia Assessment Authority	1,550	1,882	1,556
Province of BC - Police Tax	<u>13,518</u>	<u>15,355</u>	<u>13,998</u>
	<u>140,545</u>	<u>163,004</u>	<u>135,417</u>
Available for General Municipal Purposes	<u>344,035</u>	<u>346,994</u>	<u>334,033</u>

### 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 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, 2018, the plan had about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Notes to the Financial Statements

December 31, 2019

### 10. Pension Plan (Continued):

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 actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Village paid \$ 25,016 (2018 - \$23,382) of employer contributions while employees contributed \$22,395 (2018 - \$18,437) to the plan in fiscal 2019.

The next valuation will be as at December 31, 2021, with results available in 2022.

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.

### 11. Accumulated Surplus:

The Village segregates its accumulated surplus in the following categories:

	<u>2019</u>	<u>2018</u>
	\$	\$
Unappropriated Surplus		
General	151,983	59,175
Sewer	292,625	288,135
Water	<u>214,504</u>	<u>155,532</u>
	<u>659,112</u>	<u>502,842</u>
Reserves (Schedule 4)	<u>405,401</u>	<u>747,732</u>
Equity in Tangible Capital Assets		
General	3,357,785	3,222,526
Sewer	1,909,108	1,939,967
Water	<u>5,207,667</u>	<u>2,687,378</u>
	<u>10,474,560</u>	<u>7,849,871</u>
Accumulated Surplus	<u>11,539,073</u>	<u>9,100,445</u>



# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Notes to the Financial Statements

December 31, 2019

### 12. Fiscal Plan:

The Fiscal Plan amounts represent the Financial Plan Bylaw adopted by Council on April 3, 2019.

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>2019</u>
	\$
Financial Plan (Budget) Bylaw	-
Add:	
Debt Principal Repayments	5,980
Capital Expenditures	3,380,817
Budgeted Transfers to Reserves	198,344
Less:	
Amortization Adjustment	(112,532)
Budgeted Transfers from Reserves	<u>(889,557)</u>
Annual Surplus Presented in Financial Statements	<u><u>2,583,052</u></u>

### 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.

# THE CORPORATION OF THE VILLAGE OF SAYWARD

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## Notes to the Financial Statements

December 31, 2019

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### 13. Segmented Information (Continued):

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. Subsequent Events:

#### Truck Purchase

The Village purchased a truck for the purposes of performing snow plowing, sanding and salting in the Village on February 14, 2020. The Truck was purchased for \$53,000, and other parts, including the plow, salter and sander are expected to cost approximately \$12,000.

The Village financed this purchase through a promissory note totaling \$65,000 from the Municipal Finance Authority of BC. The promissory note bears interest at the lender's variable rate and carries a term of five years. This new truck was purchased to replace the Village's aged International 4200 dump truck which requires repairs to the engine. It is not yet known whether the truck will be repaired or sold for parts.

#### Newcastle Dam

The Village requested additional funding from the Ministry of Municipal Affairs and Housing to complete the Newcastle Dam capital project due to unforeseen complexities and challenges associated with the project. This request was denied on April 20, 2020 and as of the date of the financial statements additional funding has not yet been identified to complete the project.

#### COVID-19 Pandemic

Subsequent to the year ending December 31, 2019, the global outbreak of the coronavirus disease (COVID-19) has caused economic uncertainties that are likely to have a material impact on the annual surplus of the Village. The extent of the impact of COVID-19 on the Village and its operations for the year ending December 31, 2020 cannot be determined at this time.

# THE CORPORATION OF THE VILLAGE OF SAYWARD

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

Year Ended December 31, 2019

	2019		2018
	Budget	Actual	
	\$	\$	\$
	(Note 12)		
<b>Federal Government</b>			
Grants in Lieu of Taxes	5,952	5,684	5,836
Other	5,000	-	6,500
Gas Tax Community Works Fund	<u>70,515</u>	<u>137,348</u>	<u>69,132</u>
	<u>81,467</u>	<u>143,032</u>	<u>81,468</u>
<b>Province of BC and Federal/Provincial Programs</b>			
General Fund			
Small Communities Grant	392,000	392,397	375,333
Other	<u>157,048</u>	<u>147,850</u>	<u>387,000</u>
	<u>549,048</u>	<u>540,247</u>	<u>762,333</u>
General Capital			
Infrastructure (Provincial)	2,501,260	2,168,188	518,595
Other	<u>43,629</u>	<u>36,761</u>	<u>32,735</u>
	<u>2,544,889</u>	<u>2,204,949</u>	<u>551,330</u>
	<u>3,175,404</u>	<u>2,888,228</u>	<u>1,395,131</u>

# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Schedule 2 - Combined Statement of Operations by Segment

Year Ended December 31, 2019

	General Government	Recreation and Parks	Protective	Transportation	Solid Waste	Public Works	Sewer	Water	2019 Actual	2019 Budget (Note 12)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxation	338,087	-	-	-	-	-	6,627	2,280	346,994	344,035
User Fees	-	-	-	-	34,870	-	65,566	109,458	209,894	207,236
Government Grants and Transfers	594,392	71,063	51,164	-	-	-	3,421	2,168,188	2,888,228	3,175,404
Sales of Services	50,179	31,309	-	-	-	-	-	-	81,488	102,935
Contribution from Others	-	1,155	470	-	-	-	-	-	1,625	-
Investment and Other Income	<u>39,818</u>	<u>5,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>668</u>	<u>2,377</u>	<u>818</u>	<u>48,876</u>	<u>22,745</u>
	<u>1,022,476</u>	<u>108,722</u>	<u>51,634</u>	<u>-</u>	<u>34,870</u>	<u>668</u>	<u>77,991</u>	<u>2,280,744</u>	<u>3,577,105</u>	<u>3,852,355</u>
<b>Expenses</b>										
Amortization	529	22,127	16,879	2,446	-	13,183	36,799	22,378	114,341	112,532
Debt Charges	-	-	-	-	-	-	2,178	749	2,927	2,930
Minor Capital	-	3,015	4,309	-	-	-	-	-	7,324	12,500
Operating	129,788	124,987	72,754	27,532	37,801	28,206	19,164	32,041	472,273	577,177
Wages and Benefits	<u>255,271</u>	<u>134,781</u>	<u>14,239</u>	<u>8,474</u>	<u>-</u>	<u>27,517</u>	<u>42,377</u>	<u>58,953</u>	<u>541,612</u>	<u>564,164</u>
	<u>385,588</u>	<u>284,910</u>	<u>108,181</u>	<u>38,452</u>	<u>37,801</u>	<u>68,906</u>	<u>100,518</u>	<u>114,121</u>	<u>1,138,477</u>	<u>1,269,303</u>
Excess (Deficiency) of Revenues over Expenses	<u>636,888</u>	<u>(176,188)</u>	<u>(56,547)</u>	<u>(38,452)</u>	<u>(2,931)</u>	<u>(68,238)</u>	<u>(22,527)</u>	<u>2,166,623</u>	<u>2,438,628</u>	<u>2,583,052</u>

# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Schedule 3 - 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
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	<u>33,062</u>	<u>4,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>2,146</u>	<u>738</u>	<u>41,046</u>	<u>21,100</u>
	<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>629,063</u>	<u>2,080,369</u>	<u>1,172,137</u>
<b>Expenses</b>										
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	676,189
Wages and benefits	<u>219,709</u>	<u>135,610</u>	<u>19,372</u>	<u>-</u>	<u>-</u>	<u>67,635</u>	<u>39,632</u>	<u>51,268</u>	<u>533,226</u>	<u>516,020</u>
	<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>504,202</u>	<u>935,981</u>	<u>(227,975)</u>

# THE CORPORATION OF THE VILLAGE OF SAYWARD

## Schedule 4 - Reserve Fund Transactions

Year Ended December 31, 2019

	Roads	Fire Protection	Rec. Centre Equipment	Rec Comm. Fundraising	Sewer	Land Sale	Federal Works Fund	Climate Action	Election	2019 Total (Note 11)	2018 Total (Note 11)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>											
Government Grants	-	33,340	-	-	-	-	-	-	-	33,340	31,200
Other Income	-	23,096	-	-	-	-	-	-	-	23,096	36,333
	-	56,436	-	-	-	-	-	-	-	56,436	67,533
<b>Expenses</b>											
Other	-	56,436	-	-	-	-	-	-	-	56,436	48,636
<b>Net Surplus</b>	-	-	-	-	-	-	-	-	-	-	18,897
<b>Transfers</b>											
From (to) Operating Fund	-	-	-	-	-	-	137,348	-	2,525	139,873	75,301
Acquisition of Capital Assets	-	-	-	-	-	-	(482,204)	-	-	(482,204)	(16,310)
<b>Change in Reserve Fund Balances</b>	-	-	-	-	-	-	(344,856)	-	2,525	(342,331)	77,888
<b>Opening Fund Surplus Balance</b>	29,000	-	1,593	308	5,320	42,382	647,483	21,646	-	747,732	669,844
<b>Ending Fund Surplus Balance</b>	29,000	-	1,593	308	5,320	42,382	302,627	21,646	2,525	405,401	747,732