

**THE CORPORATION OF THE
VILLAGE OF SAYWARD
Financial Statements
December 31, 2020**

THE CORPORATION OF THE VILLAGE OF SAYWARD

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Year Ended December 31, 2020

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MANAGEMENT REPORT

December 31, 2020

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., 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 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, 2020.

Ann MacDonald
Chief Administrative Officer
April 6, 2021

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, 2020, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (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, 2020, 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.

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 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.

Chartered Professional Accountants
Campbell River, BC

April 6, 2021

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Financial Position

December 31, 2020

2020

2019

(Note 14)

\$

\$

FINANCIAL ASSETS

Cash	1,590,192	204,233
Portfolio Investments (Note 2)	42,519	241,698
Accounts Receivable (Note 3)	<u>160,031</u>	<u>864,746</u>
	<u>1,792,742</u>	<u>1,310,677</u>

LIABILITIES

Accounts Payable (Note 4)	129,852	191,369
Deferred Revenue (Note 5)	201,757	168,066
Long Term Debt (Note 6)	<u>106,927</u>	<u>62,195</u>
	<u>438,536</u>	<u>421,630</u>

NET FINANCIAL ASSETS

1,354,206

889,047

NON-FINANCIAL ASSETS

Prepaid Expenses	23,279	19,132
Tangible Capital Assets (Note 7)	<u>10,460,659</u>	<u>10,536,755</u>
	<u>10,483,938</u>	<u>10,555,887</u>

ACCUMULATED SURPLUS (Note 11)

11,838,144

11,444,934

Contingencies (Note 9)

Approved by:

Mayor

Chief Financial Officer

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Operations

Year Ended December 31, 2020

	2020		2019
	Budget	Actual	
	\$	\$	\$
	(Note 12)		(Note 14)
Revenues (Schedules 2 and 3)			
Taxation (Note 8)	353,271	356,545	346,994
User Fees	222,113	225,506	209,894
Government Grants and Transfers (Schedule 1)	1,084,906	829,289	2,807,511
Sales of Services	89,188	65,218	81,488
Contribution from Others	-	320	1,625
Investment and Other Income	18,652	20,027	48,876
	<u>1,768,130</u>	<u>1,496,905</u>	<u>3,496,388</u>
Expenditures (Schedules 2 and 3)			
General Government Services	419,482	312,618	385,588
Recreation and Parks Services	324,373	237,340	284,910
Protection Services	231,237	117,353	108,181
Transportation Services	49,482	34,221	38,452
Solid Waste Services	40,500	39,986	37,801
Public Works Services	71,318	67,361	68,906
Sewer Services	104,830	101,094	100,518
Water Services	139,423	193,722	114,121
	<u>1,380,645</u>	<u>1,103,695</u>	<u>1,138,477</u>
Annual Surplus	387,485	393,210	2,357,911
Accumulated Surplus - Beginning of Year Previously Stated	11,539,073	11,539,073	9,100,445
Prior Period Adjustment (Note 14)	(94,139)	(94,139)	(13,422)
Accumulated Surplus - Beginning of Year as Restated	<u>11,444,934</u>	<u>11,444,934</u>	<u>9,087,023</u>
Accumulated Surplus - End of Year	<u>11,832,419</u>	<u>11,838,144</u>	<u>11,444,934</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Change in Net Financial Assets

Year Ended December 31, 2020

	2020		2019
	Budget	Actual	
	\$	\$	\$
	(Note 12)		(Note 14)
Annual Surplus	387,485	393,210	2,357,911
Use of Prepaid Expenses	-	19,132	17,944
Acquisition of Prepaid Expenses	-	(23,279)	(19,132)
Net Acquisition of Tangible Capital Assets	(828,616)	(119,701)	(2,729,856)
Amortization of Tangible Capital Assets	112,532	195,797	114,341
	<u>(328,599)</u>	<u>465,159</u>	<u>(258,792)</u>
Net Financial Assets - Beginning of Year	<u>889,047</u>	<u>889,047</u>	<u>1,147,839</u>
Net Financial Assets - End of Year	<u>560,448</u>	<u>1,354,206</u>	<u>889,047</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
	\$	\$
Cash Flows From Operating Activities:		
Annual Surplus	393,210	2,357,911
Items Not Involving Cash		
Amortization of Tangible Capital Assets	195,797	114,341
Actuarial Adjustment to Long Term Debt	(3,516)	(3,195)
	585,491	2,469,057
Changes in Non-Cash Operating Balances		
Accounts and Taxes Receivable	704,715	(457,116)
Account Payable	(61,517)	(110,187)
Deferred Revenue	33,691	(160,048)
Prepaid Expenses	(4,147)	(1,188)
	1,258,233	1,740,518
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	(119,701)	(2,729,856)
Cash Flows From Investing Activities:		
Redemption of Portfolio Investments	199,179	539,622
Proceeds from (Repayments of) Long Term Debt	48,248	(5,979)
	247,427	539,622
Increase (Decrease) in Cash and Cash Equivalents	1,385,959	(455,695)
Cash and Cash Equivalents - Beginning of Year	204,233	659,928
Cash and Cash Equivalents - End of Year	1,590,192	204,233

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2020

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) Cash:

Cash balances comprise cash on hand and demand deposits.

c) 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.

d) 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

e) 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.

f) 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:

Revenues are recorded on the accrual basis of accounting and include revenue in the period in which the transaction or events occurred.

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2020

1. Significant Accounting Policies (Continued):

f) Revenue Recognition (continued):

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.

Government grants and transfers, which include legislative grants, are recognized in the financial statements when received or when the funding becomes receivable 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 when performance of services is complete, amounts are measurable and collectibility is reasonably assured.

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 collectibility 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, 2020 or December 31, 2019.

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2020

2. Portfolio Investments:

Portfolio investments includes \$42,519 (2019 - \$241,698) held with the Municipal Finance Authority (MFA) in money market, intermediate and bond funds. These investments are carried at market value.

3. Accounts Receivable:

	<u>2020</u>	<u>2019</u>
	\$	\$
Property Taxes	59,311	21,165
Other Governments	84,909	820,703
Island Coastal Economic Trust	13,489	13,489
Trade and Other	<u>2,322</u>	<u>9,389</u>
	<u>160,031</u>	<u>864,746</u>

4. Accounts Payable:

	<u>2020</u>	<u>2019</u>
	\$	\$
Other Governments	14,703	19,305
Trade and Other	87,472	150,542
Payroll Liabilities	<u>27,677</u>	<u>21,522</u>
	<u>129,852</u>	<u>191,369</u>

5. Deferred Revenue:

	<u>2019</u>	<u>Collections</u>	<u>Transfers</u>	<u>2020</u>
	\$	\$	\$	\$
Newcastle Dam Grant	27,333	-	(1,931)	25,402
Internet Maintenance	50,029	-	-	50,029
Kelsey Centre	9,579	-	(2,014)	7,565
Emergency Program	40,713	75,000	(40,713)	75,000
BC Rural Dividends	10,000	-	-	10,000
Community Wellness	18,289	-	(13,311)	4,978
Taxes and Other	<u>12,123</u>	<u>18,160</u>	<u>(1,500)</u>	<u>28,783</u>
	<u>168,066</u>	<u>93,160</u>	<u>(59,469)</u>	<u>201,757</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2020

6. Long Term Debt:

The Village has debt instruments through the Municipal Finance Authority (MFA) obtained for the purposes of Water and Sewer. In the current year, the Village also obtained financing from MFA for the purposes of purchasing a Public Works Truck. The gross amount borrowed for Sewer and Water in 2005 was \$121,015 and \$41,635, respectively. The gross amount borrowed for the Public Works Truck in the current year was \$65,000. The current balance of water, sewer and public works long-term debt is as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Total Outstanding Debt - Beginning of Year	62,195	71,369
Additions to Long-Term Debt	65,000	-
Reduction of Long-Term Debt	<u>(20,268)</u>	<u>(9,174)</u>
Total Outstanding Debt - End of Year	<u>106,927</u>	<u>62,195</u>

The interest rate on water and sewer long-term debt is 1.80% per annum. The interest rate on the public works truck long-term debt is at the variable MFA rate, which was at 0.91% at December 31, 2020.

The interest expense on all debt held by the Village in the year ended December 31, 2020 is \$3,471 (2019 - \$2,928).

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

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Public Works Truck</u>	<u>Total</u>
	\$	\$	\$	\$
2021	7,385	2,541	13,413	23,339
2021	7,607	2,617	13,541	23,765
2022	7,835	2,695	13,671	24,201
2023	8,070	2,777	13,603	24,450
Thereafter	<u>8,312</u>	<u>2,860</u>	<u>-</u>	<u>11,172</u>
	<u>39,209</u>	<u>13,490</u>	<u>54,228</u>	<u>106,927</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, 2020, the Village debt reserve fund was \$7,119 (2019 - \$7,066), 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, 2020

7. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2020 \$	2019 \$
General Capital Assets										
Land	1,959,114	-	-	1,959,114	-	-	-	-	1,959,114	1,959,114
Buildings	1,324,735	-	-	1,324,735	1,052,603	12,237	-	1,064,840	259,895	272,132
Equipment, Vehicles and Furniture	851,682	69,804	-	921,486	548,695	33,482	-	582,177	339,309	302,987
Engineered Structures										
Water	5,978,591	49,897	-	6,028,488	755,003	88,312	-	843,315	5,185,173	5,223,588
Sewer	2,983,908	-	-	2,983,908	1,028,526	36,799	-	1,065,325	1,918,583	1,955,382
Roads	506,386	-	-	506,386	443,372	2,446	-	445,818	60,568	63,014
Park Infrastructure	789,531	-	-	789,531	28,993	22,521	-	51,514	738,017	760,538
	<u>14,393,947</u>	<u>119,701</u>	<u>-</u>	<u>14,513,648</u>	<u>3,857,192</u>	<u>195,797</u>	<u>-</u>	<u>4,052,989</u>	<u>10,460,659</u>	<u>10,536,755</u>

Included in Engineered Structures - Water as at December 31, 2020 is \$557,133 (2019 - \$551,281) 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, or a revised form of it, is expected to be completed and placed into use during the year ending December 31, 2021, at which time amortization will begin to be recorded on the asset.

Included in Equipment, Vehicles and Furniture as at December 31, 2020 is \$9,802 (2019 - \$-) of capitalized costs for the Computer Hardware Upgrade Project that is 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, 2021, at which time amortization will begin to be recorded on the asset.

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2020

8. Taxation - Net:

	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$
General Municipal Purposes	353,271	356,545	346,994
Collections for Other Governments			
Province of British Columbia - School Tax	83,000	79,045	82,670
Comox Strathcona Waste Management	9,500	9,839	9,487
Comox Strathcona Regional Hospital District	27,000	28,091	27,102
Strathcona Regional District	14,500	13,634	14,552
Vancouver Island Regional Library	12,813	13,038	11,946
Municipal Finance Authority	7	11	10
British Columbia Assessment Authority	1,800	2,225	1,882
Province of BC - Police Tax	<u>15,000</u>	<u>17,019</u>	<u>15,355</u>
	<u>516,891</u>	<u>519,447</u>	<u>509,998</u>
Transfers			
Province of British Columbia - School Tax	83,000	79,045	82,670
Comox Strathcona Waste Management	9,500	9,839	9,487
Comox Strathcona Regional Hospital District	27,000	28,091	27,102
Strathcona Regional District	14,500	13,634	14,552
Vancouver Island Regional Library	12,813	13,038	11,946
Municipal Finance Authority	7	11	10
British Columbia Assessment Authority	1,800	2,225	1,882
Province of BC - Police Tax	<u>15,000</u>	<u>17,019</u>	<u>15,355</u>
	<u>163,620</u>	<u>162,902</u>	<u>163,004</u>
Available for General Municipal Purposes	<u>353,271</u>	<u>356,545</u>	<u>346,994</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.

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2020

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 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, 2019, the plan had about 213,000 active members and approximately 106,000 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 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 \$15,812 (2019 - \$25,016) of employer contributions while employees contributed \$13,764 (2019 - \$22,395) to the plan in fiscal 2020.

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>2020</u>	<u>2019</u>
	\$	\$
Unappropriated Surplus		
General	273,736	151,983
Sewer	306,309	292,625
Water	<u>269,016</u>	<u>214,504</u>
	<u>849,061</u>	<u>659,112</u>
Reserves (Schedule 4)	<u>635,351</u>	<u>311,262</u>
Equity in Tangible Capital Assets		
General	3,302,676	3,357,785
Sewer	1,879,374	1,909,108
Water	<u>5,171,682</u>	<u>5,207,667</u>
	<u>10,353,732</u>	<u>10,474,560</u>
Accumulated Surplus	<u>11,838,144</u>	<u>11,444,934</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2020

12. Fiscal Plan:

The Fiscal Plan amounts represent the Financial Plan Bylaw adopted by Council on April 21, 2020.

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.

	2020 \$
Financial Plan (Budget) Bylaw	-
Add:	
Debt Principal Repayments	5,980
Capital Expenditures	828,616
Budgeted Transfers to Reserves	115,524
Less:	
Amortization Adjustment	(112,532)
Budgeted Transfers from Reserves	(450,103)
Annual Surplus Presented in Financial Statements	<u>387,485</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

Notes to the Financial Statements

December 31, 2020

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. Prior Period Adjustment

During the year ending December 31, 2020, it was identified that funding for the Newcastle Dam Upgrade capital project from the Provincial and Federal governments only covered a portion of the costs associated with the project. The Provincial government is to fund 33% of the costs associated with the project and the Federal government will fund 50% of the costs, with the Village funding the remaining 17% of costs.

The Village had incorrectly recognized revenue that was previously recognized as deferred revenue equal to 100% of the project costs, with the Village's 17% contribution being incorrectly recognized as Accounts Receivable.

The Villages comparative financial information for the years-ending December 31, 2018 and December 31, 2019 have been adjusted and restated to reflect that the project is not fully funded and that the Village is responsible for 17% of the project costs.

	2019 as <u>Previously Stated</u> \$	<u>Adjustment</u> \$	2019 as <u>Restated</u> \$
Accounts Receivable	931,552	(66,806)	864,746
Deferred Revenue	140,733	27,333	168,066
Accumulated Surplus - Beginning of Year	9,100,445	(13,422)	9,087,023
Accumulated Surplus - End of Year	11,539,073	(94,139)	11,444,934
Revenue - Government Grants and Transfers	2,888,228	(80,717)	2,807,511

15. Significant Event:

COVID-19 Pandemic

The global outbreak of the coronavirus disease (COVID-19) continues to cause economic uncertainties that are likely to have a material impact on the annual surplus of the Village. The extent, if any, of the continued impact of COVID-19 on the Village and its operations for the year ending December 31, 2021 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, 2020

	2020		2019
	Budget \$	Actual \$	
	(Note 12)		(Note 14)
Federal Government			
Grants in Lieu of Taxes	5,798	5,918	5,684
Other	5,000	-	-
Gas Tax Community Works Fund	68,216	69,758	137,348
	<u>79,014</u>	<u>75,676</u>	<u>143,032</u>
Province of BC and Federal/Provincial Programs			
General Fund			
Small Communities Grant	399,840	391,413	392,397
Other	212,889	323,753	147,850
	<u>612,729</u>	<u>715,166</u>	<u>540,247</u>
General Capital			
Infrastructure (Provincial)	337,570	4,858	2,087,471
Other	55,593	33,589	36,761
	<u>393,163</u>	<u>38,447</u>	<u>2,124,232</u>
	<u>1,084,906</u>	<u>829,289</u>	<u>2,807,511</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Schedule 2 - Combined Statement of Operations by Segment

Year Ended December 31, 2020

	General Government	Recreation and Parks	Protective	Transportation	Solid Waste	Public Works	Sewer	Water	2020 Actual	2020 Budget (Note 12)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	347,638	-	-	-	-	-	6,627	2,280	356,545	353,271
User Fees	-	-	-	-	36,613	-	68,136	120,757	225,506	222,113
Government Grants and Transfers	752,588	-	68,439	-	-	-	3,404	4,858	829,289	1,084,906
Sales of Services	46,878	15,640	700	-	-	-	600	1,400	65,218	89,188
Contribution from Others	-	55	265	-	-	-	-	-	320	-
Investment and Other Income	13,067	3,222	-	-	-	222	2,616	900	20,027	18,652
	<u>1,160,171</u>	<u>18,917</u>	<u>69,404</u>	<u>-</u>	<u>36,613</u>	<u>222</u>	<u>81,383</u>	<u>130,195</u>	<u>1,496,905</u>	<u>1,768,130</u>
Expenses										
Amortization	529	34,921	16,879	2,446	-	15,054	36,799	89,170	195,798	112,532
Debt Charges	-	-	-	-	-	-	1,945	670	2,615	2,930
Minor Capital	-	1,740	5,423	-	-	-	-	-	7,163	19,500
Operating	121,363	98,464	81,428	24,781	39,986	27,712	23,449	51,716	468,899	708,274
Wages and Benefits	190,726	102,215	13,623	6,994	-	24,595	38,901	52,166	429,220	537,409
	<u>312,618</u>	<u>237,340</u>	<u>117,353</u>	<u>34,221</u>	<u>39,986</u>	<u>67,361</u>	<u>101,094</u>	<u>193,722</u>	<u>1,103,695</u>	<u>1,380,645</u>
Excess (Deficiency) of Revenues over Expenses	<u>847,553</u>	<u>(218,423)</u>	<u>(47,949)</u>	<u>(34,221)</u>	<u>(3,373)</u>	<u>(67,139)</u>	<u>(19,711)</u>	<u>(63,527)</u>	<u>393,210</u>	<u>387,485</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Schedule 3 - 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
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	2,087,471	2,807,511	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	39,818	5,195	-	-	-	668	2,377	818	48,876	22,745
	<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>2,200,027</u>	<u>3,496,388</u>	<u>3,852,355</u>
Expenses										
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	255,271	134,781	14,239	8,474	-	27,517	42,377	58,953	541,612	564,164
	<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>2,085,906</u>	<u>2,357,911</u>	<u>2,583,052</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Schedule 4 - Reserve Fund Transactions

Year Ended December 31, 2020

	Roads	Fire Protection	Rec. Centre Equipment	Rec Comm. Fundraising	Sewer	Land Sale	Federal Works Fund	Climate Action	Election	COVID-19	2020 Total (Note 11 & 14)	2019 Total (Note 11 & 14)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue												
Government Grants	-	30,185	-	-	-	-	-	-	-	268,000	298,185	33,340
Other Income	-	20,387	-	-	-	-	-	-	-	-	20,387	23,096
	-	50,572	-	-	-	-	-	-	-	268,000	318,572	56,436
Expenses												
Other	-	50,572	-	-	-	-	-	-	-	5,660	56,232	56,436
Net Surplus	-	-	-	-	-	-	-	-	-	262,340	262,340	-
Transfers												
From (to) Operating Fund	(11,630)	-	-	-	-	-	69,755	2,094	2,525	-	62,744	59,156
Acquisition of Capital Assets	-	-	-	-	-	-	(995)	-	-	-	(995)	(482,204)
Change in Reserve Fund Balances	(11,630)	-	-	-	-	-	68,760	-	2,525	262,340	324,089	(423,048)
Opening Fund Surplus Balance	29,000	-	1,593	308	5,320	42,382	208,488	21,646	2,525	-	311,262	734,310
Ending Fund Surplus Balance	17,370	-	1,593	308	5,320	42,382	277,248	21,646	5,050	262,340	635,351	311,262