

**THE CORPORATION OF THE VILLAGE
OF SAYWARD
Financial Statements
December 31, 2025**

THE CORPORATION OF THE VILLAGE OF SAYWARD

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Year Ended December 31, 2025

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MANAGEMENT REPORT

December 31, 2025

The Mayor and Council of The Corporation of the Village of Sayward (the "Village") has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Village. 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 Village's independent auditors, CNB, are engaged to express an opinion as to whether these financial statements present fairly the Village'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 Village as at December 31, 2025.

Andrew Young, M.Ce.P., R.P.P.

Andrew Young, CAO

May 7, 2026



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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, 2025, 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, 2025, and 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 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.

We 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

May 7, 2026

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Financial Position

December 31, 2025

2025

2024

FINANCIAL ASSETS

Cash	\$ 1,628,937	\$ 1,738,245
Accounts Receivable (Note 2)	<u>113,332</u>	<u>157,454</u>
	<u>1,742,269</u>	<u>1,895,699</u>

LIABILITIES

Accounts Payable (Note 3)	91,778	236,817
Deferred Revenue (Note 4)	402,222	275,230
Long Term Debt (Note 5)	-	12,745
Liability for Contaminated Site (Note 6)	20,377	20,377
Asset Retirement Obligations (Note 7)	<u>1,024,388</u>	<u>1,003,319</u>
	<u>1,538,765</u>	<u>1,548,488</u>

NET FINANCIAL ASSETS

203,504 347,211

NON-FINANCIAL ASSETS

Prepaid Expenses	41,141	32,552
Tangible Capital Assets (Note 8)	<u>11,705,002</u>	<u>11,670,458</u>
	<u>11,746,143</u>	<u>11,703,010</u>

ACCUMULATED SURPLUS (Note 9)

\$ 11,949,647 \$ 12,050,221

Contingencies (Note 10)

Approved by:

Mark Baker

Mayor

Andrew Young, MCLP, RPP

Chief Administrative Officer

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Operations

Year Ended December 31, 2025

	<u>2025</u>		<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	
	(Note 13)		
Revenues (Schedules 2 and 3)			
Taxation (Note 11)	\$ 647,851	\$ 641,428	\$ 471,898
User Fees	354,764	330,222	310,222
Government Grants and Transfers (Schedule 1)	1,896,817	748,330	746,447
Sales of Services	35,838	79,902	127,977
Investment and Other Income	<u>193,306</u>	<u>81,797</u>	<u>203,892</u>
	<u>3,128,576</u>	<u>1,881,679</u>	<u>1,860,436</u>
Expenditures (Schedules 2 and 3)			
General Government Services	1,041,387	1,011,820	823,844
Recreation and Parks Services	274,319	225,006	402,739
Protection Services	63,709	111,576	124,187
Transportation Services	47,621	37,221	48,289
Solid Waste Services	52,100	42,730	50,621
Public Works Services	121,672	107,649	125,153
Sewer Services	104,574	146,031	129,294
Water Services	<u>197,776</u>	<u>300,220</u>	<u>306,154</u>
	<u>1,903,158</u>	<u>1,982,253</u>	<u>2,010,281</u>
Annual Surplus (Deficit)	1,225,418	(100,574)	(149,845)
Accumulated Surplus - Beginning of Year	<u>12,050,221</u>	<u>12,050,221</u>	<u>12,200,066</u>
Accumulated Surplus - End of Year	<u>\$13,275,639</u>	<u>\$11,949,647</u>	<u>\$12,050,221</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Change in Net Financial Assets

Year Ended December 31, 2025

	<u>2025</u>		<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	
	(Note 13)		
Annual Surplus (Deficit)	\$ 1,225,418	\$ (100,574)	\$ (149,845)
Use of Prepaid Expenses	-	32,552	25,709
Acquisition of Prepaid Expenses	-	(41,141)	(32,552)
Net Acquisition of Tangible Capital Assets	(1,912,076)	(320,712)	(96,926)
Amortization of Tangible Capital Assets	290,497	307,237	290,497
Remeasurement of Asset Retirement Obligations	-	(21,069)	(23,516)
	<u>(396,161)</u>	<u>(143,707)</u>	<u>13,367</u>
Net Financial Assets - Beginning of Year	<u>347,211</u>	<u>347,211</u>	<u>333,844</u>
Net Financial Assets - End of Year	<u>\$ (48,950)</u>	<u>\$ 203,504</u>	<u>\$ 347,211</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Statement of Cash Flows

Year Ended December 31, 2025

2025

2024

Cash Flows From Operating Activities:

Annual Deficit	\$ (100,574)	\$ (149,845)
Items Not Involving Cash		
Amortization of Tangible Capital Assets	307,237	290,497
Actuarial Adjustment to Long Term Debt	<u>(4,544)</u>	<u>(4,219)</u>
	202,119	136,433
Changes in Non-Cash Operating Balances		
Accounts and Taxes Receivable	44,122	(46,272)
Accounts Payable	(145,039)	52,321
Deferred Revenue	126,992	41,513
Prepaid Expenses	<u>(8,589)</u>	<u>(6,843)</u>
	<u>219,605</u>	<u>177,152</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(320,712)</u>	<u>(96,926)</u>
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Cash Flows From Financing Activities:

Repayments of Long Term Debt	<u>(8,201)</u>	<u>(20,018)</u>
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Cash Flows From Investing Activities:

Disposition (Acquisition) of Portfolio Investments	<u>-</u>	<u>44,101</u>
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Increase in Cash and Cash Equivalents (109,308) 104,309

Cash and Cash Equivalents - Beginning of Year 1,738,245 1,633,936

Cash and Cash Equivalents - End of Year \$ 1,628,937 \$ 1,738,245

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2025

The Corporation of 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 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 ("PSAS") using guidelines developed by the Public Sector Accounting Board ("PSAB") for the Chartered Professional Accountants of Canada.

b) Cash:

Cash balances comprise of cash on hand and demand deposits.

c) Portfolio Investments:

Portfolio investments are recorded at cost. Portfolio investments in Municipal Finance Authority of British Columbia (MFA) Bond and Money Market Funds are recorded at cost plus earnings that are reinvested in the funds.

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 taxation 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.

g) 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, 2025

1. Significant Accounting Policies (Continued):

g) 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 effects 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.

h) Financial Instruments:

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

i) 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 relate 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.

j) 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 standard including sites that are no longer in productive use and sites which the Village accepts responsibility. There is one such site that had contamination in excess of an environmental standard which required remediation, and a liability has been recognized as at December 31, 2025 and December 31, 2024.

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued):

k) Asset Retirement Obligations:

The Village recognizes a liability for an asset retirement obligation when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date.

2. Accounts Receivable:

	<u>2025</u>	<u>2024</u>
Property Taxes	\$ 42,692	\$ 67,730
Other Governments	29,310	22,561
Trade and Other	<u>41,330</u>	<u>67,163</u>
	<u>\$ 113,332</u>	<u>\$ 157,454</u>

3. Accounts Payable:

	<u>2025</u>	<u>2024</u>
Other Governments	\$ 20,789	\$ 16,229
Trade and Other	43,543	195,076
Payroll Liabilities	<u>27,446</u>	<u>25,512</u>
	<u>\$ 91,778</u>	<u>\$ 236,817</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2025

4. Deferred Revenue:

	<u>2024</u>	<u>Collections</u>	<u>Transfers</u>	<u>2025</u>
Complete Communities	\$ 61,800	\$ -	\$ (61,800)	\$ -
CRI Firesmart	1,035	199,976	(57,078)	143,933
Kelsey Centre Van	-	5,000	-	5,000
Next Generation 911	22,500	-	(22,034)	466
Disaster Risk Reduction	36,000	-	(36,000)	-
Teens	1,548	1,000	-	2,548
Housing Capacity Study	141,216	-	(20,314)	120,902
CEPF Equipment and Training	-	19,935	-	19,935
REDIP	-	100,000	-	100,000
Taxes and Other	11,131	2,608	(4,301)	9,438
	<u>\$ 275,230</u>	<u>\$ 328,519</u>	<u>\$ (201,527)</u>	<u>\$ 402,222</u>

5. Long Term Debt:

The Village had debt instruments through the Municipal Finance Authority (MFA) obtained for the purposes of Water and Sewer and a Public Works Truck. During the year ended December 31, 2025 all outstanding long term debt was repaid in full.

	<u>2025</u>	<u>2024</u>
Total Outstanding Debt - Beginning of Year	\$ 12,745	\$ 36,982
Reduction of Long-Term Debt	(12,745)	(24,237)
Total Outstanding Debt - End of Year	<u>\$ -</u>	<u>\$ 12,745</u>

The interest expense on all debt held by the Village in the year ended December 31, 2025 is \$1,487 (2024 - \$1,960).

The MFA 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 district or municipality 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. During the year ended December 31, 2025, the outstanding debt was repaid in full and the associated debt reserve fund balance was discharged accordingly. As at December 31, 2025, the debt reserve fund was \$Nil (2024 - \$7,406).

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2025

6. Liability for Contaminated Site:

In June 2021, the Village water supply dam was deconstructed and replaced with a low head intake. During the construction, rain events flooded the worksite resulting in incomplete work including the removal of dam concrete particles. In August 2022, work began with removal of remaining dam concrete and reservoir sediment. During construction, the Department of Fisheries and Oceans (DFO) visited the site and issued the Village a Fisheries Act Direction to remove concrete that was or could wash into fish habitat. The Village undertook remediation by removing concrete, hand picking drifted pieces in the lower reaches and using an excavator in the dam site. In September 2022, instream cleanup was completed and the DFO was notified. In June 2024, DFO served a corrective measure to develop a plan to remove the remaining concrete and monitor the effectiveness for 3 years.

The plan to remediate the site involves handpicking of remaining concrete and post-remediation monitoring. A preliminary estimate of the total cost to remediate this site was made by the Village in 2023, and work to remediate the site began during the year ended December 31, 2024. No additional work was completed during the year ended December 31, 2025 and the remaining estimated cost is unchanged from the prior year. Because the timeline for remediation is expected to occur over the next fiscal year, the estimated liability has not been discounted as the difference is not material and has been recorded at its estimated remediation cost.

	<u>2025</u>	<u>2024</u>
Balance - Beginning of Year	\$ 20,377	\$ 30,000
Reduction of liability	<u>-</u>	<u>(9,623)</u>
Balance - End of Year	<u>\$ 20,377</u>	<u>\$ 20,377</u>

7. Asset Retirement Obligations:

The Village has a number of buildings and a weir that are still in use which have a legal remediation requirement associated with them. The Village estimated that removal and remediation costs for these assets will total \$1,024,388 (2024 - \$1,003,319). The assets had an estimated useful life of 50 to 70 years each when purchased. The timing of post-closure care cannot yet be reasonably estimated as the Village anticipates continued repairs and upkeep to extend the useful lives beyond those originally estimated, so no discounting has been applied to the liability. In the year ended December 31, 2025, the asset retirement obligations were remeasured to account for inflation at a rate of 2.10% (2024 - 2.40%).

	<u>2025</u>	<u>2024</u>
Balance - Beginning of Year	\$ 1,003,319	\$ 979,803
Additions	<u>-</u>	<u>-</u>
Remeasurement of AROs	<u>21,069</u>	<u>23,516</u>
Balance - End of Year	<u>\$ 1,024,388</u>	<u>\$ 1,003,319</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2025

8. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2025	2024
General Capital Assets										
Land	\$ 2,122,436	\$ -	\$ -	\$ 2,122,436	\$ -	\$ -	\$ -	\$ -	\$ 2,122,436	\$ 2,122,436
Buildings	3,698,804	31,394	-	3,730,198	1,364,579	89,647	-	1,454,226	2,275,972	2,334,225
Equipment, Vehicles and Furniture	1,048,850	199,474	-	1,248,324	753,190	51,746	-	804,936	443,388	295,660
Engineered Structures										
Water	5,098,153	6,451	-	5,104,604	846,619	84,505	-	931,124	4,173,480	4,251,534
Sewer and Drainage	3,233,190	104,462	-	3,337,652	1,265,306	56,372	-	1,321,678	2,015,974	1,967,884
Roads	506,386	-	-	506,386	455,600	2,446	-	458,046	48,340	50,786
Park Infrastructure	789,531	-	-	789,531	141,598	22,521	-	164,119	625,412	647,933
	<u>\$ 16,497,350</u>	<u>\$ 341,781</u>	<u>\$ -</u>	<u>\$ 16,839,131</u>	<u>\$ 4,826,892</u>	<u>\$ 307,237</u>	<u>\$ -</u>	<u>\$ 5,134,129</u>	<u>\$ 11,705,002</u>	<u>\$ 11,670,458</u>

Included in Buildings and Sewer and Drainage at December 31, 2025 is \$158,010 (2024 - \$70,324) of capitalized costs not yet being amortized. The prior year balance included costs for both the Fire Hall #1 Stair Replacement Project and the Drainage Project. In the current year, the Fire Hall #1 Stair Replacement Project was completed and amortization has been recorded. The Drainage Project remains in progress and is expected to be placed in use during the year ending December 31, 2026, at which time amortization will begin to be recorded on the asset.

9. Accumulated Surplus:

The Village segregates its accumulated surplus in the following categories:

	2025	2024
Unappropriated Surplus (Deficit)		
General	\$ 32,108	\$ (58,745)
Sewer	56,676	132,207
Water	<u>98,925</u>	<u>102,863</u>
	<u>187,709</u>	<u>176,325</u>
Reserves (Schedule 4)	<u>1,081,324</u>	<u>1,219,502</u>
Equity in Tangible Capital Assets		
General	3,342,802	3,253,679
Sewer	1,999,417	1,943,015
Water	<u>5,338,395</u>	<u>5,457,700</u>
	<u>10,680,614</u>	<u>10,654,394</u>
Accumulated Surplus	<u>\$ 11,949,647</u>	<u>\$ 12,050,221</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2025

10. Contingencies:

- (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 has 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.
- (c) The Village initiated a legal proceeding seeking a court order related to the quorum requirements of the Village Council. The proceeding has been contested, and certain evidentiary matters remain before the court. The financial outcome of this matter is uncertain and depends on how the court characterizes the proceeding. Depending on the court's determination, each party may be required to bear its own legal costs, or the Village may be subject to a costs award. If costs are awarded, the amount cannot be reasonably estimated as of the date of these financial statements. Accordingly, no amount has been accrued in these financial statements.
- (d) The Village is named as a respondent in a complaint before the BC Human Rights Tribunal. The Village disputes the complaint, and the matter is subject to ongoing case management with no hearing dates scheduled. The likelihood and amount of any loss cannot be determined at this time.

11. Taxation:

	Budget <u>2025</u>	Actual <u>2025</u>	Actual <u>2024</u>
General Municipal Purposes	\$ 647,851	\$ 641,428	\$ 471,898
Collections for Other Governments			
Province of British Columbia - School Tax	106,000	111,275	105,431
Comox Strathcona Waste Management	8,000	8,864	7,809
Comox Strathcona Regional Hospital District	20,000	20,400	19,711
Strathcona Regional District	85,000	81,001	17,147
Vancouver Island Regional Library	16,768	16,768	16,844
Municipal Finance Authority	15	16	15
British Columbia Assessment Authority	2,700	2,915	2,697
Province of BC - Police Tax	<u>22,000</u>	<u>22,160</u>	<u>21,727</u>
	<u>908,334</u>	<u>904,827</u>	<u>663,279</u>
Transfers			
Province of British Columbia - School Tax	106,000	111,275	105,431
Comox Strathcona Waste Management	8,000	8,864	7,809
Comox Strathcona Regional Hospital District	20,000	20,400	19,711
Strathcona Regional District	85,000	81,001	17,147
Vancouver Island Regional Library	16,768	16,768	16,844
Municipal Finance Authority	15	16	15
British Columbia Assessment Authority	2,700	2,915	2,697
Province of BC - Police Tax	<u>22,000</u>	<u>22,160</u>	<u>21,727</u>
	<u>260,483</u>	<u>263,399</u>	<u>191,381</u>
Available for General Municipal Purposes	<u>\$ 647,851</u>	<u>\$ 641,428</u>	<u>\$ 471,898</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2025

12. 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, 2024, the plan had about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 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, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

The Village paid \$32,898 (2024 - \$16,466) of employer contributions while employees contributed \$30,425 (2024 - \$14,880) to the plan in fiscal 2025.

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.

13. Fiscal Plan:

The Fiscal Plan amounts represent the Financial Plan Bylaw adopted by Council on April 17, 2025.

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>2025</u>
Financial Plan (Budget) Bylaw	\$ -
Add:	
Debt Principal Repayments	8,202
Capital Expenditures	1,912,076
Budgeted Transfers to Reserves	309,516
Less:	
Amortization Adjustment	(290,497)
Budgeted Transfers from Reserves	<u>(713,879)</u>
Annual Surplus Presented in Financial Statements	\$ <u>1,225,418</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Notes to the Financial Statements

December 31, 2025

14. 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.

THE CORPORATION OF THE VILLAGE OF SAYWARD

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

Year Ended December 31, 2025

	<u>2025</u>		<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	
	(Note 13)		
Federal Government			
Grants in Lieu of Taxes	\$ 8,714	\$ 8,633	\$ 7,922
Gas Tax Community Works Fund	<u>78,620</u>	<u>78,620</u>	<u>78,620</u>
	<u>87,334</u>	<u>87,253</u>	<u>86,542</u>
Province of BC and Federal/Provincial Programs			
General Fund			
Small Communities Grant	368,500	335,000	368,200
Other	<u>171,500</u>	<u>101,965</u>	<u>253,877</u>
	<u>540,000</u>	<u>436,965</u>	<u>622,077</u>
General Capital			
Other	<u>1,269,483</u>	<u>224,112</u>	<u>37,828</u>
	<u>\$ 1,896,817</u>	<u>\$ 748,330</u>	<u>\$ 746,447</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Schedule 2 - Combined Statement of Operations by Segment

Year Ended December 31, 2025

	General Government	Recreation and Parks	Protective	Transportation	Solid Waste	Public Works	Sewer	Water	2025 Actual	2025 Budget (Note 13)
Revenues										
Taxation	\$ 633,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,032	\$ 2,075	\$ 641,428	\$ 647,851
User Fees	-	-	-	-	53,094	-	102,470	174,658	330,222	354,764
Government Grants and Transfers	484,884	59,180	100,881	-	-	-	103,385	-	748,330	1,896,817
Sales of Services	49,836	21,492	6,000	1,574	-	-	500	500	79,902	35,838
Investment and Other Income	66,508	2,015	-	-	25	427	9,538	3,284	81,797	193,306
	<u>1,234,549</u>	<u>82,687</u>	<u>106,881</u>	<u>1,574</u>	<u>53,119</u>	<u>427</u>	<u>221,925</u>	<u>180,517</u>	<u>1,881,679</u>	<u>3,128,576</u>
Expenses										
Amortization	14,605	59,571	32,098	2,446	-	19,980	56,372	122,165	307,237	290,497
Debt Charges	-	-	-	-	-	-	1,101	379	1,480	1,487
Minor Capital	-	2,899	-	-	-	-	-	-	2,899	-
Operating	710,328	81,158	72,514	29,087	42,730	30,202	37,663	94,215	1,097,897	936,864
Wages and Benefits	286,887	81,378	6,964	5,688	-	57,467	50,895	83,461	572,740	674,310
	<u>1,011,820</u>	<u>225,006</u>	<u>111,576</u>	<u>37,221</u>	<u>42,730</u>	<u>107,649</u>	<u>146,031</u>	<u>300,220</u>	<u>1,982,253</u>	<u>1,903,158</u>
Excess (Deficiency) of Revenues over Expenses	\$ <u>222,729</u>	\$ <u>(142,319)</u>	\$ <u>(4,695)</u>	\$ <u>(35,647)</u>	\$ <u>10,389</u>	\$ <u>(107,222)</u>	\$ <u>75,894</u>	\$ <u>(119,703)</u>	\$ <u>(100,574)</u>	\$ <u>1,225,418</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Schedule 3 - Combined Statement of Operations by Segment

Year Ended December 31, 2024

	General Government	Recreation and Parks	Protective	Transportation	Solid Waste	Public Works	Sewer	Water	2024 Actual	2024 Budget
Revenues										
Taxation	\$ 463,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,032	\$ 2,075	\$ 471,898	\$ 510,673
User Fees	-	-	-	-	50,258	-	95,002	164,962	310,222	302,762
Government Grants and Transfers	668,836	-	77,611	-	-	-	-	-	746,447	2,699,578
Sales of Services	44,774	54,501	17,884	10,818	-	-	-	-	127,977	45,106
Investment and Other Income	<u>187,080</u>	<u>7,107</u>	<u>330</u>	<u>-</u>	<u>4,540</u>	<u>330</u>	<u>3,425</u>	<u>1,080</u>	<u>203,892</u>	<u>204,210</u>
	<u>1,364,481</u>	<u>61,608</u>	<u>95,825</u>	<u>10,818</u>	<u>54,798</u>	<u>330</u>	<u>104,459</u>	<u>168,117</u>	<u>1,860,436</u>	<u>3,762,329</u>
Expenses										
Amortization	14,605	57,424	21,659	2,446	-	18,111	54,703	121,549	290,497	260,038
Debt Charges	-	-	-	-	-	-	1,581	379	1,960	1,480
Minor Capital	-	4,518	-	-	-	-	-	-	4,518	37,625
Operating	546,176	154,259	82,197	36,705	50,621	37,629	26,255	110,854	1,044,696	979,823
Wages and benefits	<u>263,063</u>	<u>186,538</u>	<u>20,331</u>	<u>9,138</u>	<u>-</u>	<u>69,413</u>	<u>46,755</u>	<u>73,372</u>	<u>668,610</u>	<u>745,394</u>
	<u>823,844</u>	<u>402,739</u>	<u>124,187</u>	<u>48,289</u>	<u>50,621</u>	<u>125,153</u>	<u>129,294</u>	<u>306,154</u>	<u>2,010,281</u>	<u>2,024,360</u>
Excess (Deficiency) of Revenues over Expenses	\$ <u>540,637</u>	\$ <u>(341,131)</u>	\$ <u>(28,362)</u>	\$ <u>(37,471)</u>	\$ <u>4,177</u>	\$ <u>(124,823)</u>	\$ <u>(24,835)</u>	\$ <u>(138,037)</u>	\$ <u>(149,845)</u>	\$ <u>1,737,969</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Schedule 4 - Reserve Fund Transactions

Year Ended December 31, 2025

	Transportation Infrastructure	Growing Community Fund	Capital	Sewer Capital	Community Works Gas Tax	Climate Action	Election	2025 Total	2024 Total
Revenue									
Government Grants	\$ -	\$ -	\$ -	\$ -	\$ 78,620	\$ -	\$ -	\$ 78,620	\$ 198,993
Other Income	<u>27</u>	<u>23,826</u>	<u>80</u>	<u>210</u>	<u>12,498</u>	<u>7,478</u>	<u>327</u>	<u>44,446</u>	<u>61,007</u>
	<u>27</u>	<u>23,826</u>	<u>80</u>	<u>210</u>	<u>91,118</u>	<u>7,478</u>	<u>327</u>	<u>123,066</u>	<u>260,000</u>
Expenses									
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Surplus	27	23,826	80	210	91,118	7,478	327	123,066	260,000
Transfers									
From (to) Operating Fund	-	-	-	-	-	-	3,363	3,363	3,363
Acquisition of Capital Assets	<u>-</u>	<u>(225,005)</u>	<u>-</u>	<u>-</u>	<u>(39,602)</u>	<u>-</u>	<u>-</u>	<u>(264,607)</u>	<u>-</u>
Change in Reserve Fund Balances	27	(201,179)	80	210	51,516	7,478	3,690	(138,178)	263,363
Opening Fund Surplus Balance	<u>758</u>	<u>654,638</u>	<u>2,186</u>	<u>5,767</u>	<u>343,385</u>	<u>205,466</u>	<u>7,302</u>	<u>1,219,502</u>	<u>956,139</u>
Ending Fund Surplus Balance	<u>\$ 785</u>	<u>\$ 453,459</u>	<u>\$ 2,266</u>	<u>\$ 5,977</u>	<u>\$ 394,901</u>	<u>\$ 212,944</u>	<u>\$ 10,992</u>	<u>\$ 1,081,324</u>	<u>\$ 1,219,502</u>

THE CORPORATION OF THE VILLAGE OF SAYWARD

Schedule 5 - Growing Communities Fund Unaudited

Year Ended December 31, 2025

The Province of British Columbia distributed conditional Growing Communities Fund ("GCF") grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia. The Village of Sayward received \$622,000 in funding in March 2023.

	<u>2025</u>
Growing Communities Funds Carried Forward	\$ 654,638
Interest Allocated	23,826
Eligible Costs	
Drainage Project	104,462
Firefighting Equipment	34,109
Firehall Stairs	16,776
Kelsey Centre Boiler Replacement	39,602
Lawnmower Purchase	<u>30,056</u>
	<u>225,005</u>
Balance, December 31, 2025	\$ <u>453,459</u>