

Auditor's 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 Accountant
Campbell River, BC

April 28, 2021

VILLAGE OF PORT ALICE

Statement of Financial Position

December 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	2,557,401	595,197
Portfolio Investments (Note 2)	1,076,755	2,869,636
Accounts Receivable (Note 3)	323,791	144,960
Taxes and User Fees Receivable (Note 4)	141,021	146,228
Investment in NICFL and NICFLP (Note 5)	250,978	361,900
	<u>4,349,946</u>	<u>4,117,921</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	147,542	116,732
Deferred Grants and Unearned Revenue (Note 6)	104,730	30,968
Long Term Debt (Note 7)	447,291	467,008
	<u>699,563</u>	<u>614,708</u>
NET FINANCIAL ASSETS	<u>3,650,383</u>	<u>3,503,213</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 9)	9,009,114	9,470,374
Inventory	2,347	2,347
	<u>9,011,461</u>	<u>9,472,721</u>
ACCUMULATED SURPLUS (Note 10)	<u>12,661,844</u>	<u>12,975,934</u>

Approved by:

Finance Officer

Mayor

VILLAGE OF PORT ALICE

Statement of Operations

Year Ended December 31, 2020

	2020		2019
	Budget	Actual	
	\$	\$	\$
	(Note 16)		
Revenues (Schedules 2 and 3)			
Taxation	877,700	540,460	875,091
Utility Connection Fees and User Rates	203,000	212,224	208,077
Government Grants - Federal (Schedule 1)	4,500	5,664	74,459
Government Grants - Provincial (Schedule 1)	626,500	810,420	531,437
Sales of Services	60,000	86,687	106,262
Equity Income (Loss) NICFLP and NICFL (Note 5)	-	(20,922)	989,018
Other (Note 12)	113,200	178,064	253,357
	<u>1,884,900</u>	<u>1,812,597</u>	<u>3,037,701</u>
Expenditures (Schedules 2 and 3)			
General Departmental Expenditures	1,879,753	1,627,890	3,441,366
Water System Operations	74,718	64,694	66,831
Sewer System Operations	229,361	199,696	262,257
	<u>2,183,832</u>	<u>1,892,280</u>	<u>3,770,454</u>
Annual Deficit Prior to Other Items	(298,932)	(79,683)	(732,753)
Gain on Disposal of Inventory	-	-	4,710
Loss on Disposal of Tangible Capital Assets	-	(234,407)	-
Annual Deficit	<u>(298,932)</u>	<u>(314,090)</u>	<u>(728,043)</u>
Accumulated Surplus - Beginning of Year		<u>12,975,934</u>	<u>13,703,977</u>
Accumulated Surplus - End of Year		<u>12,661,844</u>	<u>12,975,934</u>

VILLAGE OF PORT ALICE

Statement of Change in Net Financial Assets

Year Ended December 31, 2020

	2020		2019
	Budget	Actual	
	\$	\$	\$
	(Note 16)		
Annual Deficit	(298,932)	(314,090)	(728,043)
Acquisition of Tangible Capital Assets	(245,500)	(353,800)	(723,005)
Amortization of Tangible Capital Assets	403,032	403,032	438,074
Disposal of Tangible Capital Assets	-	412,028	-
Sale of Inventory	-	-	19,100
	<u>(141,400)</u>	<u>461,260</u>	<u>(265,831)</u>
Change in Net Financial Assets for the Year		147,170	(993,874)
Net Financial Assets - Beginning of Year		<u>3,503,213</u>	<u>4,497,087</u>
Net Financial Assets - End of Year		<u>3,650,383</u>	<u>3,503,213</u>

VILLAGE OF PORT ALICE

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
	\$	\$
Cash Flows From Operating Activities:		
Annual Surplus (Deficit)	(314,090)	(728,043)
Items Not Involving Cash		
Equity Income (Loss) NICFLP and NICFL	20,922	(989,018)
Amortization of Tangible Capital Assets	403,032	438,074
Loss on Disposal of Tangible Capital Assets	234,407	-
	<u>344,271</u>	<u>(1,278,987)</u>
Changes in Non-Cash Operating Balances		
Accounts and Taxes Receivable	(173,624)	1,449,612
Accounts Payable and Accrued Liabilities	30,810	(96,157)
Deferred Grants and Unearned Revenue	73,762	(16,924)
Inventory	-	19,100
	<u>275,219</u>	<u>76,644</u>
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	(353,800)	(723,005)
Proceeds on Disposal of Tangible Assets	177,621	-
	<u>(176,179)</u>	<u>(723,005)</u>
Cash Flows From Investing Activities:		
Proceeds from Portfolio Investments	1,792,881	151,626
Transfers from North Island Community Forest	90,000	708,613
	<u>1,882,881</u>	<u>860,239</u>
Cash Flows From Financing Activities:		
Repayment of Long Term Debt	(19,717)	(18,959)
Increase in Cash and Cash Equivalents	1,962,204	194,919
Cash and Cash Equivalents - Beginning of Year	<u>595,197</u>	<u>400,278</u>
Cash and Cash Equivalents - End of Year	<u><u>2,557,401</u></u>	<u><u>595,197</u></u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2020

The Village of Port Alice (the "Village") was incorporated as a municipality in 1965 under the provisions of the British Columbia Municipal Act. Its principal activities are the provision of local government services to the residents of the Village. These services include fire protection, public works, planning, parks and recreation, water distribution and sewer collection, and other general government services, as governed by the Community Charter and Local Government Act.

1. Significant Accounting Policies:

a) Basis of Presentation:

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

b) Investments:

Portfolio investments are recorded at fair value. The investments in Island Community Forest Ltd. and North Island Community Forest Limited Partnership are recorded using the modified equity method.

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:

Buildings	40 to 75 years
Equipment	15 to 25 years
Roads and Bridges	10 to 100 years
Other	15 to 50 years
Water and Other Utility Systems	10 to 100 years
Sewer	10 to 100 years
Drainage	10 to 100 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) Trust Funds:

Trust funds held in trust by the Village, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately (Note 14).

f) Retirement Benefits and Other Future Employee Benefit Plans:

The Village's contributions to its multi-employer defined benefit plan are expensed as incurred. The costs of other pensions and other retirement benefits that accumulate over the period of service provided by employees are determined using the projected benefit method prorated on services based on management's best estimate of retirement age, inflation rates, investment returns, wage and salary escalation, insurance and health care cost trends, employee turnover, and discount rates.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2020

1. Significant Accounting Policies (continued):

g) Revenue Recognition and Deferred Grants:

The Village recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by a legislature, council, or legislative convention, and the taxable event has occurred. Taxes are initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. 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. Levies imposed by regional district services and general administrative service and other taxing authorities are not included as taxes for municipal services.

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

Government transfers, including legislative grants, are recognized as revenue when received, provided the transfers are authorized and any eligibility criteria has been met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized on the Statement of Operations as the stipulation liabilities are settled.

Sales of services and other revenue are recognized when the service is provided or the amount is earned, when the amount can be estimated, and when collection is reasonably assured. Amounts received in advance of services being rendered are recorded as unearned revenue until the Village discharges the obligation that led to the collection of the funds.

h) Unearned Revenue:

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

i) Leases:

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital leases are amortized on a straight line basis over the term of the lease that is the estimated useful lives of the assets. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

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 responsibility for the remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities including sites that are no longer in productive use and sites which the Village accepts responsibility for. 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.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2020

1. Significant Accounting Policies (continued):

k) Financial Instruments:

Financial instruments consist of cash and portfolio investments, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Village is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

l) 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, and the provision for 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.

2. Portfolio Investments:

	<u>2020</u>	<u>2019</u>
	\$	\$
Bank of Nova Scotia Business Investment Account	-	1,801,979
Money Market Funds - Municipal Finance Authority (MFA)	<u>1,076,755</u>	<u>1,067,657</u>
	<u>1,076,755</u>	<u>2,869,636</u>

The current average annual yield of the money market funds held with MFA as at December 31, 2020 was 0.85% (2019 - 1.86%). The funds are redeemable on demand. The investment held with the Bank of Nova Scotia was redeemable on demand and yielded an annual average interest rate of 0.50% (2019 - 1.25%). These investments are carried at market value.

3. Accounts Receivable:

	<u>2020</u>	<u>2019</u>
	\$	\$
Tax Prepayment - RDMW	100,340	-
Trade and Insurance Receivable	188,881	5,966
GST Recoverable	33,760	63,518
Sundry	810	366
Government Transfers Receivable	<u>-</u>	<u>75,110</u>
	<u>323,791</u>	<u>144,960</u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2020

4. Taxes and User Fees Receivable:

	<u>2020</u>	<u>2019</u>
	\$	\$
Taxes Receivable	2,139,519	1,963,556
Allowance for Doubtful Accounts	<u>(1,998,498)</u>	<u>(1,817,328)</u>
	<u>141,021</u>	<u>146,228</u>

5. Investment in NICFL and NICFLP:

The Village has a 33% ownership interest in North Island Community Forest Ltd. (NICFL) and North Island Community Forest Limited Partnership (NICFLP). The investments in NICFLP and NICFL are reported as a government business enterprise and accounted for using the modified equity method. Under this method, the government businesses' accounting principles are not adjusted to conform with those of the Village and inter-corporate transactions are not eliminated.

As a government business enterprise, the NICFLP is required to report under International Financial Reporting Standards (IFRS). In the prior and current year, the NICFLP financial statements were prepared under Canadian Accounting Standards for Private Enterprises (ASPE). Any differences between ASPE and IFRS would likely be insignificant in nature.

	<u>2020</u>	<u>2019</u>
	\$	\$
Investment in NICFL	1	1
Investment in NICFLP	5,000	5,000
Accumulated Net Equity Surplus - Beginning of Year	356,899	76,494
Share of Increase (Decrease) in Shareholders' Equity	(20,922)	989,018
Withdrawals During the Year	<u>(90,000)</u>	<u>(708,613)</u>
Accumulated Net Equity Surplus - End of Year	<u>250,978</u>	<u>361,900</u>

The condensed supplementary financial statement information of the partnership is as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Statement of Financial Position:		
Assets		
Cash and Receivables	792,331	1,132,061
Prepaid Expenses	<u>2,895</u>	<u>-</u>
Total Assets	795,226	1,132,061
Liabilities and Partners' Capital		
Trade and Other Payables	42,289	46,357
Total Partners' Capital	<u>752,937</u>	<u>1,085,704</u>
	<u>795,226</u>	<u>1,132,061</u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2020

5. Investment in NICFL and NICFLP (continued):

The condensed supplementary financial statement information of the partnership is as follows (continued):

	<u>2020</u>	<u>2019</u>
	\$	\$
Statement of Comprehensive Income:		
Revenue	6,480	3,029,866
Expenditures	<u>69,746</u>	<u>62,813</u>
Net Income (Loss)	<u>(63,266)</u>	<u>2,967,053</u>
Partners' Capital:		
Partnership Units	65,358	65,491
Cumulative Withdrawals	(5,947,529)	(5,678,029)
Retained Earnings - End of Year	<u>6,635,108</u>	<u>6,698,241</u>
	<u>752,937</u>	<u>1,085,704</u>

6. Deferred Grants and Unearned Revenue:

	<u>2020</u>	<u>2019</u>
	\$	\$
Prepaid Property Taxes	13,479	19,897
Provincial Government	86,500	6,500
Community Centre Deposits	<u>4,751</u>	<u>4,571</u>
	<u>104,730</u>	<u>30,968</u>

7. Long Term Debt:

	<u>2020</u>	<u>2019</u>
	\$	\$
Community Centre Upgrade: Repayable at \$33,907 per year including interest at 2.0% per annum to the Municipal Financial Authority of British Columbia; Matures in October 2036	<u>447,291</u>	<u>467,008</u>

Future principal payments required on long-term debt are as follows:

	\$
2021	20,506
2022	21,326
2023	22,179
2024	23,066
2025	23,989
2026 and onwards	<u>336,225</u>
	<u>447,291</u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2020

8. Contingent Liabilities:

- (a) The Village is responsible as a member of the Regional District of Mount Waddington for its share of any operating deficits or long-term debt related to functions in which it participates. Management has assessed the risks as unlikely at this time therefore no provision has been recorded in the financial statements.
- (b) The Village is partially 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.

9. Tangible Capital Assets:

	Cost					Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Transfers \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2020 \$	2019 \$
Land	841,186	-	-	-	841,186	-	-	-	-	841,186	841,186
Buildings	3,859,093	142,396	-	-	4,001,489	2,312,650	130,984	-	2,443,634	1,557,855	1,546,443
Equipment	1,402,962	8,653	-	-	1,411,615	882,657	59,317	-	941,974	469,641	520,305
Roads and Bridges	3,929,815	7,831	-	8,311	3,945,957	2,473,939	74,338	-	2,548,277	1,397,680	1,455,876
Other	1,096,535	193,224	(588,612)	696,325	1,397,472	441,572	16,714	(176,583)	281,703	1,115,769	654,963
Water Infrastructure	1,451,936	-	-	-	1,451,936	382,581	20,218	-	402,799	1,049,137	1,069,355
Sewer Infrastructure	3,310,856	-	-	-	3,310,856	813,878	96,842	-	910,720	2,400,136	2,496,978
Drainage	330,869	-	-	-	330,869	223,993	4,619	-	228,612	102,257	106,876
Work in Progress	778,393	1,696	-	(704,636)	75,453	-	-	-	-	75,453	778,393
	<u>17,001,645</u>	<u>353,800</u>	<u>(588,612)</u>	<u>-</u>	<u>16,766,833</u>	<u>7,531,270</u>	<u>403,032</u>	<u>(176,583)</u>	<u>7,757,719</u>	<u>9,009,114</u>	<u>9,470,374</u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2020

10. Accumulated Surplus:

The Village segregates its accumulated surplus into the following categories:

	<u>2020</u>	<u>2019</u>
	\$	\$
Current Fund	2,280,010	2,254,966
Reserve Funds (a)	1,370,373	1,248,247
Investment in Non-Financial Assets (b)	<u>9,011,461</u>	<u>9,472,721</u>
	<u>12,661,844</u>	<u>12,975,934</u>

(a) **Reserve Funds**

Reserve Funds represent funds set aside by Bylaw or Council resolution for specific purposes. Details of reserve funds are shown below.

(b) **Investment in Non-Financial Assets**

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

Details of Reserve Funds are as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Capital Works Reserve (a)	239,851	243,791
Statutory Reserve (b)	116,817	115,603
Fire Protection Capital Reserve (c)	157,637	116,071
Gas Tax Treatment - Community Works (d)	<u>856,068</u>	<u>772,782</u>
	<u>1,370,373</u>	<u>1,248,247</u>

(a) **Capital Works Reserve**

The Capital Works Reserve was established by Bylaw 487 to provide for new works, extensions or renewals of existing works, and to provide for machinery and equipment necessary for capital projects, for the maintenance of municipal property, or for the protection of persons and property. Money from the sale of land, current revenue, or from the General Operating fund surpluses may be paid into the Capital Works Reserve.

(b) **Statutory Reserve**

The Statutory Reserve was established by Bylaw 528 for the purpose of setting aside funds on an annual basis to purchase machinery and equipment.

(c) **Fire Protection Capital Reserve**

The Fire Protection Capital Reserve was established by Bylaw 607 for the purpose of setting aside funds on an annual basis to purchase fire protection equipment.

(d) **Gas Tax Agreement - Community Works**

The Gas Tax Agreement - Community Works consists of \$856,068 that remained unspent as at December 31, 2020 that included additional receipts of \$83,087 (2019 - \$173,769) and interest earnings of \$8,511 (2019 - \$10,449) in 2020. During 2020 eligible expenditures of \$8,322 were made (2019 - \$30,868). The unspent amount will remain in the reserve until spent on eligible projects.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2020

11. Collections for Other Governments:

	<u>2020</u>	<u>2019</u>
	\$	\$
Regional District of Mt. Waddington	53,793	127,841
Province of British Columbia - School Tax	203,832	307,859
Regional Hospital District	21,281	51,050
Municipal Finance Authority	34	33
British Columbia Assessment Authority	17,526	17,058
Province of BC - Police Tax	<u>22,258</u>	<u>49,806</u>
	<u>318,724</u>	<u>553,647</u>

12. Other Revenue:

	<u>2020</u>	<u>2019</u>
	\$	\$
Investment Income	24,789	57,907
Tax Penalties - Interest and Fees	122,304	147,867
Parking and Moorage	9,748	20,824
Recreation	2,516	4,187
Business Licenses	4,460	4,630
Other	<u>14,247</u>	<u>17,942</u>
	<u>178,064</u>	<u>253,357</u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2020

13. Pension Plan:

The Village and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly-trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of the benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020 the Plan had about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local government.

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 is then adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

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

The Village paid \$42,931 (2019 - \$39,083) for employer contributions, while employees contributed \$37,370 (2019 - \$34,889) 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 the employer contributions made during the fiscal year (defined contributions pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

14. Trust Funds:

(a) **Ford Memorial Trust Fund**

As at December 31, 2020, the Village held \$6,530 (2019 - \$6,450) in trust for the Ford Memorial Trust Fund. The transactions and balances of this fund are not reported elsewhere in these financial statements.

(b) **Cemetery Trust Fund**

The Cemetery Reserve is established pursuant to the provision of the Community Charter. Monies in the reserve can be used for cemetery purposes only. A balance of \$1,770 (2019 - \$1,770) was held as at December 31, 2020 and is not reported elsewhere in these financial statements.

15. Commitments:

The Village has entered into an agreement for services with North Island Waste Management Limited for residential garbage pick up and disposal services at an approximate average annual cost of \$84,110. The five year contract expires July 15, 2025 and has no option to renew.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2020

16. Fiscal Plan:

The Fiscal Plan amounts represent the Financial Plan Bylaw adopted by Council on April 8, 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.

	<u>2020</u>
	\$
Financial Plan (Budget) By-Law Approved for the Year	-
Add:	
Capital Expenditures	245,500
Less:	
Budgeted Transfers from Accumulated Surplus	(141,400)
Amortization	<u>(403,032)</u>
Annual Surplus Presented in Financial Statements	<u><u>(298,932)</u></u>

17. Segmented Information:

The Village is a diversified municipal government institution that provides a wide range of services to its citizens such as recreation, fire, sewer, water, and solid waste. Distinguishable functional segments have been separately disclosed in the segmented information in Schedules 2 and 3. The nature of the segments and activities they encompass are as follows:

General Government

General Government relates to the revenues and expenses of the operations of the Village public safety building and other costs that cannot be directly attributed to a specific segment, including general, administrative, legislative, and fiscal services.

Volunteer Fire Department

Volunteer Fire Department is comprised of fire protection services. The fire department is responsible to provide fire suppression services, fire prevention programs, training and education. The members of the fire department consist of volunteers.

Public Works Department

The Public Works Department is responsible for the maintenance of roads, parks and playgrounds, the cemetery, and street lighting services.

Environmental Health Services

Environmental Health Services is comprised of municipal and contract services. The Village and the contractors work with other levels of government, at the Provincial and Regional levels, and the citizens to provide a safe healthy environment for the people and wildlife.

Recreation Services, Arena, Community Centre and Sea View Activity Centre

These service areas provide services meant to improve health and development of the Village's citizens. Recreational programs and cultural programs are provided at the Arena, Community Centre, and the Angus Dawson Memorial Ball Field.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2020

17. Segmented Information (continued):

Water Utility

Water Utility provides distribution of water to residents.

Sewer Utility

Sewer Utility includes the provision of sanitary sewer collection by providing and maintaining pipes, manholes, culverts and sewer treatment.

18. Comparative Figures:

Certain comparative figures have been reclassified, where necessary, to conform with the current year's presentation.

19. COVID-19:

The global outbreak of the coronavirus disease (COVID-19) continued 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 ended December 31, 2021 cannot be determined at this time.

20. Subsequent Event:

On March 5, 2021 the Village entered into a contribution agreement with the Province of British Columbia under the Tourism Dependent Community Fund for a maximum provincial contribution of \$335,000 towards the Kayak Infrastructure Project. The project commencement date is March 5, 2021 and is to be completed no later than March 31, 2023. The project will consist of construction of a kayak launch, building kayak storage and adding signage, picnic tables and benches on Frigon Islets and Walkout Island.

VILLAGE OF PORT ALICE

Schedule 1 - Government Grants to the Village and Ratepayers

Year Ended December 31, 2020

	2020		2019 \$
	Budget \$	Actual \$	
Federal Government			
Grants in Lieu of Taxes	4,500	5,664	5,126
Sewer Capital Fund			
Building Canada Fund	-	-	69,333
	<u>4,500</u>	<u>5,664</u>	<u>74,459</u>
Province of British Columbia			
General Fund			
Small Communities Protection	320,000	335,161	326,590
Rural Dividend Grant	-	-	19,224
COVID Safe Restart Grant	-	386,000	-
Other	<u>220,500</u>	<u>6,172</u>	<u>11,854</u>
	<u>540,500</u>	<u>727,333</u>	<u>357,668</u>
General Capital Fund			
Gas Tax	<u>86,000</u>	<u>83,087</u>	<u>173,769</u>
	<u>626,500</u>	<u>810,420</u>	<u>531,437</u>

VILLAGE OF PORT ALICE

Schedule 2 - Combined Statement of Operations by Segment

Year Ended December 31, 2020

	General Government \$	Volunteer Fire Department \$	Public Works Department \$	Environmental Health Services \$	Recreation Services \$	Arena \$	Community Centre \$	Sea View Activity Centre \$	Water Utility \$	Sewer Utility \$	2020 Actual \$	2020 Plan (Note 16) \$
Revenues												
General Taxes	540,460	-	-	-	-	-	-	-	-	-	540,460	877,700
Grants - Federal	5,664	-	-	-	-	-	-	-	-	-	5,664	4,500
Grants - Provincial	810,420	-	-	-	-	-	-	-	-	-	810,420	626,500
Utility Charges	-	-	-	-	-	-	-	-	66,230	145,994	212,224	203,000
Sales of Services	-	-	-	65,608	16,667	4,412	-	-	-	-	86,687	60,000
Other Revenue	178,064	-	-	-	-	-	-	-	-	-	178,064	113,200
Equity Income (Loss) from North Island Community Forest	(20,922)	-	-	-	-	-	-	-	-	-	(20,922)	-
	<u>1,513,686</u>	<u>-</u>	<u>-</u>	<u>65,608</u>	<u>16,667</u>	<u>4,412</u>	<u>-</u>	<u>-</u>	<u>66,230</u>	<u>145,994</u>	<u>1,812,597</u>	<u>1,884,900</u>
Expenditures												
Goods and Services	301,537	23,443	154,060	116,334	42,346	24,666	41,260	3,818	34,244	68,825	810,533	1,016,300
Labour	257,914	7,118	224,129	60,585	44,818	-	24,277	-	10,232	29,410	658,483	725,500
Interest and Bank Charges	6,042	-	-	-	-	-	14,190	-	-	-	20,232	39,000
Amortization	94,309	26,599	32,506	409	6,888	21,448	99,194	-	20,218	101,461	403,032	403,032
	<u>659,802</u>	<u>57,160</u>	<u>410,695</u>	<u>177,328</u>	<u>94,052</u>	<u>46,114</u>	<u>178,921</u>	<u>3,818</u>	<u>64,694</u>	<u>199,696</u>	<u>1,892,280</u>	<u>2,183,832</u>
	853,884	(57,160)	(410,695)	(111,720)	(77,385)	(41,702)	(178,921)	(3,818)	1,536	(53,702)	(79,683)	(298,932)
Loss on Disposition of Property	(234,407)	-	-	-	-	-	-	-	-	-	(234,407)	-
Annual Surplus (Deficit)	<u>619,477</u>	<u>(57,160)</u>	<u>(410,695)</u>	<u>(111,720)</u>	<u>(77,385)</u>	<u>(41,702)</u>	<u>(178,921)</u>	<u>(3,818)</u>	<u>1,536</u>	<u>(53,702)</u>	<u>(314,090)</u>	<u>(298,932)</u>

VILLAGE OF PORT ALICE

Schedule 3 - Combined Statement of Operations by Segment

Year Ended December 31, 2019

	General Government \$	Volunteer Fire Department \$	Public Works Department \$	Environmental Health Services \$	Recreation Services \$	Arena \$	Community Centre \$	Sea View Activity Centre \$	Water Utility \$	Sewer Utility \$	2019 Actual \$	2019 Plan \$
Revenues												
General Taxes	875,091	-	-	-	-	-	-	-	-	-	875,091	876,700
Grants - Federal	74,459	-	-	-	-	-	-	-	-	-	74,459	4,000
Grants - Provincial	531,437	-	-	-	-	-	-	-	-	-	531,437	847,980
Utility Charges	-	-	-	-	-	-	-	-	64,717	143,360	208,077	203,000
Sales of Services	-	-	-	67,072	28,700	10,490	-	-	-	-	106,262	73,500
Other Revenue	247,882	-	-	-	-	-	-	-	5,229	246	253,357	120,500
Equity Income from North Island Community Forest	989,018	-	-	-	-	-	-	-	-	-	989,018	-
	<u>2,717,887</u>	<u>-</u>	<u>-</u>	<u>67,072</u>	<u>28,700</u>	<u>10,490</u>	<u>-</u>	<u>-</u>	<u>69,946</u>	<u>143,606</u>	<u>3,037,701</u>	<u>2,125,680</u>
Expenditures												
Goods and Services	1,932,163	36,684	153,433	109,898	47,844	61,793	41,834	3,613	33,505	132,878	2,553,645	740,000
Labour	264,557	20,371	253,512	47,176	98,609	17,672	15,974	-	12,808	27,918	758,597	747,800
Interest and Bank Charges	5,190	-	-	-	-	-	14,948	-	-	-	20,138	38,900
Amortization	115,043	25,265	32,506	409	6,777	36,156	99,939	-	20,518	101,461	438,074	438,074
	<u>2,316,953</u>	<u>82,320</u>	<u>439,451</u>	<u>157,483</u>	<u>153,230</u>	<u>115,621</u>	<u>172,695</u>	<u>3,613</u>	<u>66,831</u>	<u>262,257</u>	<u>3,770,454</u>	<u>1,964,774</u>
	400,934	(82,320)	(439,451)	(90,411)	(124,530)	(105,131)	(172,695)	(3,613)	3,115	(118,651)	(732,753)	160,906
Gain on Disposition of Tangible Capital Assets	4,710	-	-	-	-	-	-	-	-	-	4,710	-
Annual Surplus (Deficit)	<u>405,644</u>	<u>(82,320)</u>	<u>(439,451)</u>	<u>(90,411)</u>	<u>(124,530)</u>	<u>(105,131)</u>	<u>(172,695)</u>	<u>(3,613)</u>	<u>3,115</u>	<u>(118,651)</u>	<u>(728,043)</u>	<u>160,906</u>

VILLAGE OF PORT ALICE

Schedule 4 - Reserve Fund Transactions

Year Ended December 31, 2020

	Capital Works Machinery and Equipment	Fire Hall	Rec Centre	Economic Development	Total 2020	Total 2019
	\$	\$	\$	\$	\$	\$
Balance, Beginning of Year	243,791	115,603	116,071	772,782	1,248,247	1,034,287
Interest Earned	2,560	1,214	1,219	8,511	13,504	18,733
Transfer (To) From Other Funds	(6,500)	-	40,347	83,087	116,934	226,095
Used for Capital Expenditures	-	-	-	(8,312)	(8,312)	(30,868)
Balance, End of Year	<u>239,851</u>	<u>116,817</u>	<u>157,637</u>	<u>856,068</u>	<u>1,370,373</u>	<u>1,248,247</u>