



VILLAGE OF PORT ALICE REPORT TO COUNCIL

To: Mayor & Council
From: CAO / CFO
Date: April 26, 2022
Subject: 2021 Draft Financial Statements

Attached to this report are the Draft 2021 Financial Statements from CNB.

RECOMMENDATION: *THAT Council approve the Draft Village of Port Alice Financial Statements for the year ended December 31, 2021 as presented on April 27, 2022.*

Respectfully submitted,



Bonnie Danyk
CAO / CFO

VILLAGE OF PORT ALICE
Financial Statements
December 31, 2021

VILLAGE OF PORT ALICE

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December 31, 2021

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MANAGEMENT REPORT

December 31, 2021

The Mayor and Council of the Village of Port Alice has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Village of Port Alice. 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 of Port Alice'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 Village of Port Alice'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 of Port Alice as at December 31, 2021.

Bonnie Danyk, CAO, CFO
April 27, 2022

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Port Alice

Opinion

We have audited the financial statements of the Village of Port Alice (the "Village"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2021, and the results of its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for 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 for 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 PSAS, 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 either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing 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 auditors' 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 users taken on the basis of these financial statements.

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

April 27, 2022

VILLAGE OF PORT ALICE

Statement of Financial Position

December 31, 2021

2021

2020

FINANCIAL ASSETS

Cash	\$ 2,078,200	\$ 2,557,455
Portfolio Investments (Note 2)	2,078,737	1,076,755
Accounts Receivable (Note 3)	58,950	321,921
Taxes and User Fees Receivable (Note 4)	160,539	141,021
Investment in NICFL and NICFLP (Note 5)	224,914	250,978
	<u>4,601,340</u>	<u>4,348,130</u>

LIABILITIES

Accounts Payable and Accrued Liabilities	194,956	145,672
Deferred Grants and Unearned Revenue (Note 6)	394,912	104,730
Long Term Debt (Note 7)	429,233	447,291
	<u>1,019,101</u>	<u>697,693</u>

NET FINANCIAL ASSETS

3,582,239 3,650,437

NON-FINANCIAL ASSETS

Tangible Capital Assets (Note 9)	8,694,532	9,009,114
Inventory	2,347	2,347
	<u>8,696,879</u>	<u>9,011,461</u>

ACCUMULATED SURPLUS (Note 10)

\$ 12,279,118 \$ 12,661,898

Approved by:

Chief Finance Officer

Mayor

VILLAGE OF PORT ALICE

Statement of Operations

Year Ended December 31, 2021

	2021		2020
	Budget	Actual	
	(Note 16)		
Revenues (Schedules 2 and 3)			
Taxation	\$ 637,450	\$ 553,995	\$ 540,460
Utility Connection Fees and User Rates	203,000	207,299	212,224
Government Grants - Federal (Schedule 1)	5,500	5,926	5,664
Government Grants - Provincial (Schedule 1)	3,617,630	557,415	810,420
Sales of Services	65,000	87,937	86,687
Equity Loss - NICFL and NICFLP (Note 5)	-	(26,064)	(20,922)
Other (Note 12)	81,150	189,579	178,064
	<u>4,609,730</u>	<u>1,576,087</u>	<u>1,812,597</u>
Expenditures (Schedules 2 and 3)			
General Departmental Expenditures	1,577,597	1,629,674	1,627,890
Water System Operations	74,718	77,438	64,694
Sewer System Operations	215,918	251,701	199,696
	<u>1,868,233</u>	<u>1,958,813</u>	<u>1,892,280</u>
Annual Surplus (Deficit) Prior to Other Items	2,741,497	(382,726)	(79,683)
Loss on Disposal of Tangible Capital Assets	-	-	(234,407)
Annual Surplus (Deficit)	<u>\$ 2,741,497</u>	<u>(382,726)</u>	<u>(314,090)</u>
Accumulated Surplus - Beginning of Year		<u>12,661,844</u>	<u>12,975,934</u>
Accumulated Surplus - End of Year		<u>\$ 12,279,118</u>	<u>\$ 12,661,844</u>

VILLAGE OF PORT ALICE

Statement of Change in Net Financial Assets

Year Ended December 31, 2021

	2021		2020
	Budget	Actual	
	(Note 16)		
Annual Deficit	\$ 2,741,497	\$ (382,726)	\$ (314,090)
Acquisition of Tangible Capital Assets	(3,533,800)	(111,651)	(353,800)
Amortization of Tangible Capital Assets	426,233	426,233	403,032
Disposal of Tangible Capital Assets	-	-	412,028
	<u>\$ (366,070)</u>	<u>314,582</u>	<u>461,260</u>
Change in Net Financial Assets for the Year		(68,144)	147,170
Net Financial Assets - Beginning of Year		<u>3,650,383</u>	<u>3,503,213</u>
Net Financial Assets - End of Year		<u>\$ 3,582,239</u>	<u>\$ 3,650,383</u>

VILLAGE OF PORT ALICE

Statement of Cash Flows

Year Ended December 31, 2021

2021

2020

Cash Flows From Operating Activities:

Annual Deficit	\$ (382,726)	\$ (314,090)
Items Not Involving Cash		
Equity Loss NICFL and NICFLP	26,064	20,922
Amortization of Tangible Capital Assets	426,233	403,032
Loss on Disposal of Tangible Capital Assets	<u>-</u>	<u>234,407</u>
	69,571	344,271
Changes in Non-Cash Operating Balances		
Accounts and Taxes Receivable	243,453	(173,624)
Accounts Payable and Accrued Liabilities	49,284	30,810
Deferred Grants and Unearned Revenue	<u>290,182</u>	<u>73,762</u>
	<u>652,490</u>	<u>275,219</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	(111,651)	(353,800)
Proceeds on Disposal of Tangible Assets	<u>-</u>	<u>177,621</u>
	<u>(111,651)</u>	<u>(176,179)</u>

Cash Flows From Investing Activities:

Proceeds (Transfers) to/from Portfolio Investments	(1,002,036)	1,792,881
Transfers from North Island Community Forest	<u>-</u>	<u>90,000</u>
	<u>(1,002,036)</u>	<u>1,882,881</u>

Cash Flows From Financing Activities:

Repayment of Long Term Debt	<u>(18,058)</u>	<u>(19,717)</u>
Increase (Decrease) in Cash	(479,255)	1,962,204
Cash - Beginning of Year	<u>2,557,455</u>	<u>595,197</u>
Cash - End of Year	<u>\$ 2,078,200</u>	<u>\$ 2,557,401</u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

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 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 North 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:

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, 2021

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 affects 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 in 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. 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 standard, 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 for 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, 2021 or December 31, 2020.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

1. Significant Accounting Policies (continued):

k) 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.

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, estimates of contingent liabilities, 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>2021</u>	<u>2020</u>
Money Market Funds - Municipal Finance Authority (MFA)	\$ <u>2,078,737</u>	\$ <u>1,076,755</u>

The current average annual yield of the money market funds held with MFA as at December 31, 2021 was 0.15% (2020 - 0.85%). The funds are redeemable on demand.

3. Accounts Receivable:

	<u>2021</u>	<u>2020</u>
Tax Prepayment - Regional District of Mount Waddington	\$ 36,630	\$ 100,340
Trade and Insurance Receivable	879	188,881
GST Recoverable	19,776	31,890
Sundry	<u>1,665</u>	<u>810</u>
	\$ <u>58,950</u>	\$ <u>321,921</u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

4. Taxes and User Fees Receivable:

	<u>2021</u>	<u>2020</u>
Taxes Receivable	\$ 2,293,884	\$ 2,139,519
Allowance for Doubtful Accounts	<u>(2,133,345)</u>	<u>(1,998,498)</u>
	<u>\$ 160,539</u>	<u>\$ 141,021</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 NICFL and NICFLP are treated as a government business enterprise and accounted for using the modified equity method. Under this method, the government business enterprise's 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>2021</u>	<u>2020</u>
Investment in NICFL	\$ 1	\$ 1
Investment in NICFLP	5,000	5,000
Accumulated Net Equity Surplus - Beginning of Year	245,977	356,899
Share of Decrease in Shareholders' Equity	(26,064)	(20,922)
Withdrawals During the Year	<u>-</u>	<u>(90,000)</u>
Accumulated Net Equity Surplus - End of Year	<u>\$ 224,914</u>	<u>\$ 250,978</u>

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

	<u>2021</u>	<u>2020</u>
Statement of Financial Position:		
Assets		
Cash and Receivables	\$ 696,086	\$ 792,331
Prepaid Expenses	<u>2,667</u>	<u>2,895</u>
Total Assets	698,753	795,226
Liabilities and Partners' Capital		
Trade and Other Payables	24,008	42,289
Total Partners' Capital	<u>674,745</u>	<u>752,937</u>
	<u>\$ 698,753</u>	<u>\$ 795,226</u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

5. Investment in NICFL and NICFLP (continued):

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

	<u>2021</u>	<u>2020</u>
Statement of Income:		
Revenue	\$ 4,558	\$ 6,480
Expenditures	<u>82,749</u>	<u>69,746</u>
Net Loss	<u>(78,191)</u>	<u>(63,266)</u>
Partners' Capital:		
Partnership Units	64,578	65,358
Cumulative Withdrawals	(5,947,529)	(5,947,529)
Retained Earnings - End of Year	<u>6,557,696</u>	<u>6,635,108</u>
	<u>\$ 674,745</u>	<u>\$ 752,937</u>

6. Deferred Grants and Unearned Revenue:

	<u>2021</u>	<u>2020</u>
Prepaid Property Taxes	\$ 12,388	\$ 13,479
Provincial Government	377,513	86,500
Community Centre Deposits	<u>5,011</u>	<u>4,751</u>
	<u>\$ 394,912</u>	<u>\$ 104,730</u>

7. Long Term Debt:

	<u>2021</u>	<u>2020</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>\$ 429,233</u>	<u>\$ 447,291</u>

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

2022	\$ 21,326
2023	22,179
2024	23,066
2025	23,989
2026	24,949
2027 and onwards	<u>313,724</u>
	<u>\$ 429,233</u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

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 risk of a liability 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. Management has assessed the risk of a liability as unlikely at this time therefore no provision has been recorded in the financial statements.

9. Tangible Capital Assets:

	Cost					Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Transfers	Closing	Opening	Amort	Disposals	Closing	2021	2020
Land	\$ 841,186	\$ -	\$ -	\$ -	\$ 841,186	\$ -	\$ -	\$ -	\$ -	\$ 841,186	\$ 841,186
Buildings	4,001,489	14,504	-	-	4,015,993	2,443,634	116,295	-	2,559,929	1,456,064	1,557,855
Equipment	1,411,615	-	-	-	1,411,615	941,974	57,219	-	999,193	412,422	469,641
Roads and Bridges	3,945,957	28,672	-	-	3,974,629	2,548,277	75,525	-	2,623,802	1,350,827	1,397,680
Other	1,397,472	14,370	-	-	1,411,842	281,703	63,428	-	345,131	1,066,711	1,115,769
Water Infrastructure	1,451,936	-	-	-	1,451,936	402,799	20,218	-	423,017	1,028,919	1,049,137
Sewer Infrastructure	3,310,856	10,118	-	-	3,320,974	910,720	88,929	-	999,649	2,321,325	2,400,136
Drainage	330,869	-	-	-	330,869	228,612	4,619	-	233,231	97,638	102,257
Work in Progress	75,453	43,987	-	-	119,440	-	-	-	-	119,440	75,453
	<u>\$16,766,833</u>	<u>\$ 111,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$16,878,484</u>	<u>\$ 7,757,719</u>	<u>\$ 426,233</u>	<u>\$ -</u>	<u>\$ 8,183,952</u>	<u>\$ 8,694,532</u>	<u>\$ 9,009,114</u>

10. Accumulated Surplus:

The Village segregates its accumulated surplus into the following categories:

	2021	2020
Current Fund	\$ 2,037,122	\$ 2,280,064
Reserve Funds (a)	1,545,117	1,370,373
Investment in Non-Financial Assets (b)	8,696,879	9,011,461
	<u>\$ 12,279,118</u>	<u>\$ 12,661,898</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.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

10. Accumulated Surplus (continued):

Details of Reserve Funds are as follows:

	<u>2021</u>	<u>2020</u>
Capital Works Reserve (a)	\$ 240,930	\$ 239,851
Statutory Reserve (b)	117,343	116,817
Fire Protection Capital Reserve (c)	191,292	157,637
Gas Tax Agreement - Community Works (d)	<u>995,552</u>	<u>856,068</u>
	<u>\$ 1,545,117</u>	<u>\$ 1,370,373</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 \$991,335 that remained unspent as at December 31, 2021 that included additional receipts of \$170,191 (2020 - \$83,087) and interest earnings of \$4,217 (2020 - \$8,511) in 2021. During 2021, eligible expenditures of \$34,924 were made (2020 - \$8,322). The unspent amount will remain in the reserve until spent on eligible projects.

11. Collections for Other Governments:

	<u>2021</u>	<u>2020</u>
Regional District of Mt. Waddington	\$ -	\$ 53,793
Province of British Columbia - School Tax	228,404	203,832
Regional Hospital District	-	21,281
Municipal Finance Authority	16	34
British Columbia Assessment Authority	3,766	17,526
Province of BC - Police Tax	<u>31,016</u>	<u>22,258</u>
	<u>\$ 263,202</u>	<u>\$ 318,724</u>

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

12. Other Revenue:

	<u>2021</u>	<u>2020</u>
Investment Income	\$ 10,130	\$ 24,789
Tax Penalties - Interest and Fees	123,083	122,304
Parking and Moorage	19,803	9,748
Recreation	2,227	2,516
Business Licenses	4,979	4,460
Other	29,357	14,247
	<u>\$ 189,579</u>	<u>\$ 178,064</u>

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, 2021 the Plan had about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 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 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.

The Village paid \$45,499 (2020 - \$42,931) for employer contributions, while employees contributed \$40,488 (2020 - \$37,370) to the Plan in fiscal 2021.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

14. Trust Funds:

(a) **Ford Memorial Trust Fund**

As at December 31, 2021, the Village held \$9,545 (2020 - \$6,530) 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 Trust Fund 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 (2020 - \$1,770) was held as at December 31, 2021 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.

16. Fiscal Plan:

The Fiscal Plan amounts represent the Financial Plan Bylaw adopted by Council on April 14, 2021.

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>2021</u>
Financial Plan (Budget) By-Law Approved for the Year	\$ -
Add:	
Capital Expenditures	3,533,800
Less:	
Budgeted Transfers from Accumulated Surplus	(366,070)
Amortization	(426,233)
Annual Surplus Presented in Financial Statements	<u>\$ 2,741,497</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.

VILLAGE OF PORT ALICE

Notes to the Financial Statements

December 31, 2021

17. Segmented Information (continued):

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.

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 pandemic (COVID-19) continues to cause economic uncertainties that could have a material impact on the annual surplus of the Village. The extent of the continued impact of COVID-19 on the Village and its operations for the year ended December 31, 2022 cannot be determined at this time.

VILLAGE OF PORT ALICE

Schedule 1 - Government Grants to the Village and Ratepayers

Year Ended December 31, 2021

	2021		2020
	Budget (Note 16)	Actual	
Federal Government			
Grants in Lieu of Taxes	\$ 5,500	\$ 5,926	\$ 5,664
Province of British Columbia			
General Fund			
Small Communities Protection	\$ 335,000	\$ 323,000	\$ 335,161
Rural Dividend Grant	80,000	30,017	-
COVID Safe Restart Grant	-	-	386,000
Other	<u>3,119,630</u>	<u>34,207</u>	<u>6,172</u>
	3,534,630	387,224	727,333
General Capital Fund			
Gas Tax	<u>83,000</u>	<u>170,191</u>	<u>83,087</u>
	\$ 3,617,630	\$ 557,415	\$ 810,420

VILLAGE OF PORT ALICE

Schedule 2 - Combined Statement of Operations by Segment Year Ended December 31, 2021

	General Government	Volunteer Fire Department	Public Works Department	Environmental Health Services	Recreation Services	Arena	Community Centre	Sea View Activity Centre	Water Utility	Sewer Utility	2021 Actual	2021 Plan (Note 16)
Revenues												
General Taxes	\$ 553,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 553,995	\$ 637,450
Grants - Federal	5,926	-	-	-	-	-	-	-	-	-	5,926	5,500
Grants - Provincial	557,415	-	-	-	-	-	-	-	64,450	142,849	557,415	3,617,630
Utility Charges	-	-	-	64,624	18,341	4,972	-	-	-	-	207,299	203,000
Sales of Services	-	-	-	-	-	-	-	-	-	-	87,937	65,000
Other Revenue	189,579	-	-	-	-	-	-	-	-	-	189,579	81,150
Equity Loss from NICFL and NICFLP	(26,064)	-	-	-	-	-	-	-	-	-	(26,064)	-
	\$ 1,280,851	\$ -	\$ -	\$ 64,624	\$ 18,341	\$ 4,972	\$ -	\$ -	\$ 64,450	\$ 142,849	\$ 1,576,087	\$ 4,609,730
Expenditures												
Goods and Services	\$ 230,749	\$ 32,603	\$ 155,425	\$ 137,626	\$ 41,310	\$ 20,757	\$ 47,796	\$ 2,859	\$ 37,551	\$ 109,408	\$ 816,084	\$ 733,850
Labour	278,618	5,905	213,566	38,646	83,308	-	23,086	-	19,669	32,275	695,073	669,250
Interest and Bank Charges	5,574	-	-	-	-	-	15,849	-	-	-	21,423	38,900
Amortization	126,975	26,599	30,408	386	6,888	5,547	99,194	-	20,218	110,018	426,233	426,233
	641,916	65,107	399,399	176,658	131,506	26,304	185,925	2,859	77,438	251,701	1,958,813	1,868,233
Annual Surplus (Deficit)	\$ 638,935	\$ (65,107)	\$ (399,399)	\$ (112,034)	\$ (113,165)	\$ (21,332)	\$ (185,925)	\$ (2,859)	\$ (12,988)	\$ (108,852)	\$ (382,726)	\$ 2,741,497

VILLAGE OF PORT ALICE

Schedule 3 - 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
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	-	-	-	65,608	16,667	4,412	-	-	66,230	145,994	212,224	203,000
Sales of Services	-	-	-	-	-	-	-	-	-	-	86,687	60,000
Other Revenue	178,064	-	-	-	-	-	-	-	-	-	178,064	113,200
Equity/Loss from NICFL and NICFLP	(20,922)	-	-	-	-	-	-	-	-	-	(20,922)	-
	\$ 1,513,686	\$ -	\$ -	\$ 65,608	\$ 16,667	\$ 4,412	\$ -	\$ -	\$ 66,230	\$ 145,994	\$ 1,812,597	\$ 1,884,900
Expenditures												
Goods and Services	\$ 301,537	\$ 23,443	\$ 134,061	\$ 116,334	\$ 42,346	\$ 24,666	\$ 41,260	\$ 3,818	\$ 34,244	\$ 68,825	\$ 810,533	\$ 1,016,300
Labour	237,914	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
	659,802	57,160	410,695	177,328	94,052	46,114	178,921	3,818	64,694	199,696	1,892,280	2,183,832
Loss on Disposition of Tangible Capital Assets	853,884	(57,160)	(410,695)	(111,720)	(77,385)	(41,702)	(178,921)	(3,818)	1,536	(53,702)	(79,683)	(298,932)
	(234,407)	-	-	-	-	-	-	-	-	-	(234,407)	-
Annual Surplus (Deficit)	\$ 619,477	\$ (57,160)	\$ (410,695)	\$ (111,720)	\$ (77,385)	\$ (41,702)	\$ (178,921)	\$ (3,818)	\$ 1,536	\$ (53,702)	\$ (314,090)	\$ (298,932)

VILLAGE OF PORT ALICE

Schedule 4 - Reserve Fund Transactions

Year Ended December 31, 2021

	Capital Works Machinery and Equipment	Fire Hall	Rec Centre	Economic Development	Total 2021	Total 2020
Balance, Beginning of Year	\$ 239,851	\$ 116,817	\$ 157,637	\$ 856,068	\$ 1,370,373	\$ 1,248,247
Interest Earned	1,079	526	709	4,217	6,531	13,504
Transfer (To) From Other Funds	-	-	32,946	170,191	203,137	116,934
Used for Capital Expenditures	-	-	-	(34,924)	(34,924)	(8,312)
Balance, End of Year	\$ 240,930	\$ 117,343	\$ 191,292	\$ 995,552	\$ 1,545,117	\$ 1,370,373

VILLAGE OF PORT ALICE

Schedule 5 - COVID-19 Safe Restart Grant Unaudited

Year Ended December 31, 2021

The Village of Port Alice received a grant of \$386,000 under the COVID-19 Safe Restart Grant for Local Governments in the year ending December 31, 2020. The details surrounding these funds are shown in the schedule below:

	2021
COVID-19 Safe Restart Grant Funds Carried Forward	\$ <u>330,529</u>
Eligible Expenses	
Revenue Shortfall	9,000
Facility Reopening and Operating	29,423
Computer and Other Electronic Technology	12,763
Other Related Costs	<u>4,845</u>
	<u>56,031</u>
Unused Grant at December 31, 2021	\$ <u>274,498</u>