

Village of Tahsis 2020 Annual Report



VILLAGE OF TAHSIS

ANNUAL REPORT

2020

Village of Tahsis 2020 Annual Report

The Annual Report is prepared by the Village of Tahsis as required by s. 98 of the *Community Charter*.

The Annual Report serves three purposes:

- To report on the Village's accomplishments over the past year, as well as issues and any trends that have been identified;
- To set out the priorities for the coming year; and
- To publish the Village's audited financial statements for the previous fiscal year.

Village of Tahsis 2020 Annual Report

MESSAGE FROM THE MAYOR

The Village of Tahsis is on the territory of the Mowachaht/Muchalaht First Nation. We gratefully acknowledge and respect the Nation's aboriginal title and rights to the land and sea in its territory.

The year 2020 was the most challenging for this town since the sawmill shut down 20 years ago. The COVID-19 lockdowns and the complete halt to cross-border tourism had a significant impact on our tourism economy, although to some degree this was mitigated by in-country tourism increasing in summer 2020. The province and the federal government stepped in with financial programs to help individuals, small businesses and municipalities by buffering some of the financial consequences. The Village endeavoured to keep municipal taxation down in 2020 with the combination of a 0.4% increase and maintaining utility fees at previous levels. Rents paid by businesses for village-owned properties were reduced as they didn't qualify for other business relief programs.

On a positive note, we have finally achieved protection of the pristine 2,200 hectare McKelvie Creek watershed and the ridge directly above and east of town (above the school), along with other key ecologically and culturally sensitive areas around us. The removal of a planned cutblock and logging mainline above town protects a steep, unstable slope and maintains a wildfire buffer. It also protects many of the largest remaining Douglas Fir trees in our region, a potential tourist draw. We have also signed a letter of understanding with the tree farm licensee in our region, Western Forest Products, so that they have more certainty in their fibre base (the text is available online at <https://villageoftahsis.com/environmental-protection-and-sustainability/>).

A continuing issue for Tahsis is the condition of the Head Bay Forest Service Road. Advocacy from our Council includes lobbying for paving the road or infilling the unpaved sections at our end so that grading efforts can be spent more effectively at the other end. Mild winters, lacklustre maintenance and the large increase in logging truck traffic have all contributed to the often-poor winter condition of the road. We would like to thank the efforts of our community to engage directly with our MLA, Ministry of Transportation and Infrastructure and Mainroad Contracting, to let them know our feelings about the road conditions and the risks we take, as well as our high costs of vehicle maintenance. Every voice counts in this issue.

In 2020, a grant-funded update of the community wildfire protection plan was completed for Tahsis. We have also completed another grant-driven floodplain, sea level rise and tsunami mapping work in 2020, as well as a study of our dike infrastructure along the Tahsis River. These grants have helped to inform our new zoning, development procedures and floodplain management bylaws, which aim to prevent past issues such as buildings that are prone to flooding, settling and cracking foundations, by tightening development standards in these

Village of Tahsis 2020 Annual Report

areas at risk. Work on improving dikes and drainage, funded through a \$1.9 million grant, begins in 2021.

A wellhead protection plan has been completed, which includes installation of two monitoring wells to provide additional aquifer information and monitor groundwater chemistry. The wellhead protection plan and all drinking water test results are posted on the Village website: [Utilities & Taxes | Village of Tahsis, Vancouver Island British Columbia](#).

After years of neglect, the Village-owned Pete's Farm was finally cleaned up. Derelict vehicles were removed for recycling and much garbage was removed through a joint effort of volunteers and Public Works employees. An old farm fence was also pulled from the Leiner River.

Our community composting program pilot project has launched and provides compost for our Community Garden. If anyone would like to contribute to the program, contact the Village office for details.

We were happy to see the Coast Guard station open in 2020. It is a welcome addition to our community. There are four fulltime employees tasked with enhancing safety and environmental protections in Nootka Sound and Esperanza Inlet.

Respectfully,



Mayor Martin Davis on behalf of Tahsis Council

Village of Tahsis 2020 Annual Report



Village of Tahsis Council's 2021 Strategic Priorities

Looking ahead to 2021, Council established the following Strategic Priorities to inform budget and planning processes and to guide Village operations.

ECONOMIC VIBRANCY

Pursue a Community Forest Agreement with the Ministry of Forests, Lands, Natural Resources and Rural Development, with the Mowachaht/Muchalaht First Nation as required.

Support the implementation of the Connected Coast project bringing fibre optic cable to the Village.

Develop and consider a strategic real estate plan and policy, including options for sub-dividing and selling Village owned lands, specifically Lot 608.

Build the Community Unity Trail linking Tahsis with Zeballos.

Promote Tahsis as a tourist destination.

INFRASTRUCTURE AND SERVICE

Repair and replace infrastructure, with an emphasis on marine infrastructure, seeking grant funding whenever possible.

Consider improving or re-locating the Tahsis Fire Hall.

Village of Tahsis 2020 Annual Report

Continue to pursue funding to improve the Tahsis Recreation Centre.

Construct a multi-use pavilion with access to the waterfront.

Develop and approve an Asset Management Policy and Plan.

Develop and approve a financial reserve policy.

COMMUNITY WELL-BEING

Develop and implement a transportation service to Campbell River.

Support activity that improves food security for Tahsis residents, especially those financially compromised.

Enhance wildfire protection by implementing the Community Wildfire Protection Plan.

Protect drinking water by implementing the Wellhead Protection Plan.

Continue to support the construction of a new Tahsis library branch.

Village of Tahsis 2020 Annual Report

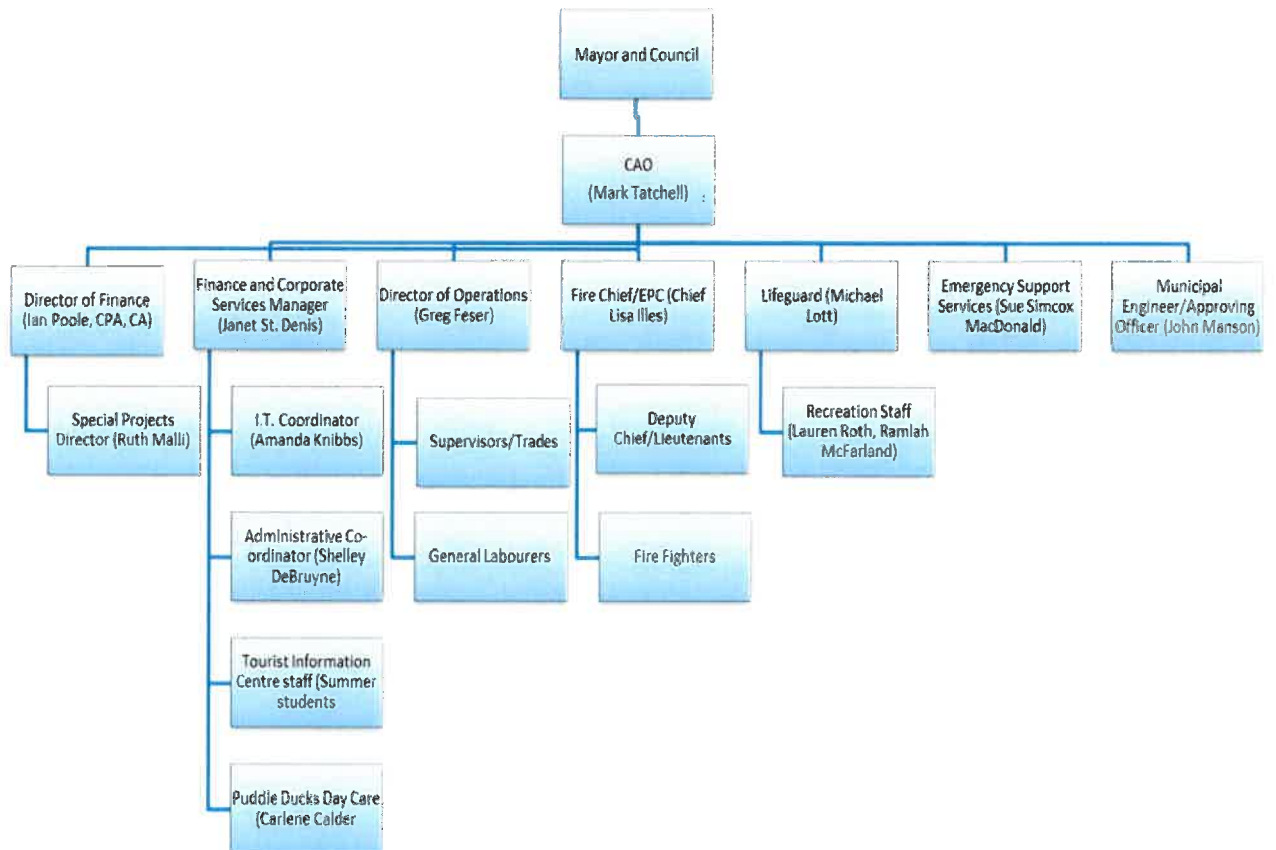
Village of Tahsis Council



From left to right: Councillor Cheryl Northcott, Councillor Linda Llewellyn, Mayor Martin Davis, Councillor Bill Elder, Councillor Sarah Fowler

Village of Tahsis 2020 Annual Report

Village Organization Chart



Village of Tahsis 2020 Annual Report

PERMISSIVE TAX EXEMPTION

Roll #	Legal Description	Civic Address	Owner/Occupier	Conditions
400.222	Lot 74, Plan 26880; DL 443	744 Nootka Road	Bishop of Victoria	50% of land value

VILLAGE OF TAHSIS
Financial Statements
December 31, 2020

VILLAGE OF TAHSIS

Index to the Financial Statements

December 31, 2020

MANAGEMENT REPORT	1
INDEPENDENT AUDITORS' REPORT	2-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flows	7
NOTES TO THE FINANCIAL STATEMENTS	8-16
SCHEDULES	
Schedule 1 - Government Grants and Transfers to the Village and Ratepayers	17
Schedule 2 - Combined Statement of Operations by Segment (2020)	18
Schedule 3 - Combined Statement of Operations by Segment (2019)	19
Schedule 4 - Reserve Fund Transactions	20
Schedule 5 - COVID-19 Safe Restart Grant	21

MANAGEMENT REPORT

December 31, 2020

The Mayor and Council of the Village of Tahsis 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 Tahsis. 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.

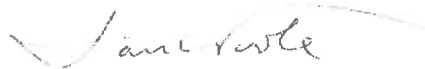
To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

The Village of Tahsis'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 Tahsis'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 Tahsis as at December 31, 2020.



Mark Tatchell
Chief Administrative Officer



Ian C. Poole, CPA, CA
Director of Finance

May 11, 2021



INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Village of Tahsis

Opinion

We have audited the accompanying financial statements of the Village of Tahsis (the "Village"), which comprise the statement of financial position as at December 31, 2020, the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the Village's financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2020, and of its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the 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 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 the users taken on the basis of these financial statements.

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

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

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

Chan Naworal Boates Inc

Chartered Professional Accountants
Campbell River, BC

May 11, 2021

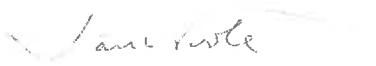
VILLAGE OF TAHSIS

Statement of Financial Position


December 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	711,073	1,098,051
Portfolio Investments (Note 2)	1,988,563	1,931,911
Accounts Receivable (Note 3)	212,135	701,794
Taxes and User Fees Receivable	168,577	166,687
	<u>3,080,348</u>	<u>3,898,443</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	268,359	306,870
Demand Loan (Note 4)	-	816,765
Deferred Grants and Unearned Revenue (Note 5)	550,939	487,507
Contaminated Site Remediation (Note 6)	56,700	56,700
	<u>875,998</u>	<u>1,667,842</u>
NET FINANCIAL ASSETS	<u>2,204,350</u>	<u>2,230,601</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 7)	8,780,155	9,112,889
Prepaid Expenses	63,408	66,849
	<u>8,843,563</u>	<u>9,179,738</u>
ACCUMULATED SURPLUS (Note 12)	<u>11,047,913</u>	<u>11,410,339</u>

Approved by:



Director of Finance



Mayor

VILLAGE OF TAHSIS

Statement of Operations

Year Ended December 31, 2020

	2020		2019
	Budget	Actual	
	\$	\$	\$
	(Note 13)		
Revenues (Schedules 2 and 3)			
Taxation	740,642	734,163	739,338
Utility Connection Fees and User Rates	245,000	251,265	248,434
Government Grants - Federal (Schedule 1)	506,241	985,971	4,144,779
Fee and Services Charges	221,330	166,563	190,644
Other Revenues	31,400	140,463	280,907
	<u>1,744,613</u>	<u>2,278,425</u>	<u>5,604,102</u>
Expenditures (Schedules 2 and 3)			
General Departmental Expenditures	1,865,502	1,964,665	2,148,083
Water System Operations	126,104	230,946	164,691
Sewer System Operations	122,225	142,242	168,344
	<u>2,113,831</u>	<u>2,337,853</u>	<u>2,481,118</u>
Annual Surplus (Deficit) from Operations	(369,218)	(59,428)	3,122,984
Impairment of Tangible Capital Assets	-	(302,998)	-
Annual Surplus (Deficit)	<u>(369,218)</u>	<u>(362,426)</u>	<u>3,122,984</u>
Accumulated Surplus - Beginning of Year		<u>11,410,339</u>	<u>8,287,355</u>
Accumulated Surplus - End of Year		<u>11,047,913</u>	<u>11,410,339</u>

VILLAGE OF TAHSIS

Statement of Change in Net Financial Assets

Year Ended December 31, 2020

	2020		2019
	Budget	Actual	
	\$	\$	\$
	(Note 13)		
Annual Surplus (Deficit)	(369,218)	(362,426)	3,122,984
Acquisition of Tangible Capital Assets	-	(379,830)	(3,756,973)
Amortization of Tangible Capital Assets	305,000	409,566	365,392
Use of (Acquisition of) Prepaid Expenses	-	3,441	(1,785)
Disposition or Impairment of Tangible Capital Assets	-	302,998	12,739
	<u>(64,218)</u>	<u>(26,251)</u>	<u>(257,643)</u>
Net Financial Assets - Beginning of Year		<u>2,230,601</u>	<u>2,488,244</u>
Net Financial Assets - End of Year		<u>2,204,350</u>	<u>2,230,601</u>

VILLAGE OF TAHSIS

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
	\$	\$
Cash Flows From Operating Activities:		
Annual Surplus (Deficit)	(362,426)	3,122,984
Items Not Involving Cash		
Amortization of Tangible Capital Assets	409,566	365,392
Loss (Gain) on Disposal or Impairment of Tangible Assets	<u>302,998</u>	<u>(123,261)</u>
	350,138	3,365,115
Changes in Non-Cash Operating Balances		
Accounts and Taxes Receivable	487,769	(339,792)
Accounts Payable and Accrued Liabilities	(38,511)	(65,292)
Demand Loan	(816,765)	816,765
Deferred Grants and Unearned Revenue	63,432	67,371
Prepaid Expenses	<u>3,441</u>	<u>(1,785)</u>
	<u>49,504</u>	<u>3,842,382</u>
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	(379,830)	(3,756,973)
Proceeds on Disposition of Tangible Capital Assets	<u>-</u>	<u>136,000</u>
	<u>(379,830)</u>	<u>(3,620,973)</u>
Cash Flows From Investing Activities:		
Redemption of (Investment in) Portfolio Investments	<u>(56,652)</u>	<u>402,985</u>
Increase (Decrease) in Cash and Cash Equivalents	(386,978)	624,394
Cash and Cash Equivalents - Beginning of Year	<u>1,098,051</u>	<u>473,657</u>
Cash and Cash Equivalents - End of Year	<u>711,073</u>	<u>1,098,051</u>

VILLAGE OF TAHSIS

Notes to the Financial Statements

December 31, 2020

The Village of Tahsis (the "Village") is a municipality in the province of British Columbia and operates under the provisions of the Community Charter. 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.

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) Portfolio Investments

Portfolio investments are comprised entirely of Municipal Finance Authority (MFA) pooled investments including money market, intermediate and short-term bond funds. Portfolio investments are recorded at fair value.

c) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset commencing once the asset is in use. Donated tangible capital assets are recorded at fair value at the time of the donation.

Estimated useful lives of tangible capital assets are as follows:

Buildings	20 to 40 years
Machinery and Equipment	5 to 20 years
Roads and Bridges	30 to 50 years
Drainage	30 to 50 years
Water Infrastructure	30 to 50 years
Sewer Infrastructure	30 to 50 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.

e) Deferred Revenue

Revenues from rental revenues pertaining to the subsequent year have been deferred. These amounts will be recognized as revenue in the next fiscal year.

f) Revenue Recognition and Deferred Grants

Taxes are recorded at estimated amounts when they meet the addition of an asset, have been authorized and the taxable event occurs. Taxes receivable are recognized net of allowance for anticipated uncollectible amounts.

Through the British Columbia Assessment's appeal process, taxes may be adjusted by way of supplementary roll adjustments. The affects of these adjustments on taxes are recognized at the time they are awarded.

VILLAGE OF TAHSIS

Notes to the Financial Statements

December 31, 2020

1. Significant Accounting Policies (continued):

f) Revenue Recognition and Deferred Grants (continued)

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

Government transfers, which include legislative grants, are recognized in the financial statements when received if the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Sale of service and other revenue is recognized on an accrual basis as earned.

g) 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.

h) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring the use of management estimates relates to the collectability of accounts receivable, valuation of investments, estimates of contingent liabilities, the provision 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.

i) Contaminated Sites

Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standards, the government has responsibility for the remediation, future economic benefits will be given up and a reasonable estimate can be made.

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

j) Government Partnerships

Government partnerships are accounted for using the proportionate consolidation method.

2. Portfolio Investments:

	<u>2020</u>	<u>2019</u>
	\$	\$
Short-Term Bond Funds	623,001	585,326
Intermediate	648,171	635,220
Money Market Funds - Municipal Finance Authority	<u>717,391</u>	<u>711,365</u>
	<u>1,988,563</u>	<u>1,931,911</u>

VILLAGE OF TAHSIS

Notes to the Financial Statements

December 31, 2020

2. Portfolio Investments (continued):

The portfolio investments are held with the Municipal Finance Authority (MFA) and are carried at market value.

3. Accounts Receivable:

	<u>2020</u>	<u>2019</u>
	\$	\$
GST Receivable	16,533	105,754
Accounts Receivable	203,664	604,102
Allowance for Doubtful Accounts	<u>(8,062)</u>	<u>(8,062)</u>
	<u>212,135</u>	<u>701,794</u>

4. Demand Loan:

The demand loan is a non-revolving loan held with the Municipal Finance Authority of British Columbia and bears interest at an annual variable rate equal to 2.58% at December 31, 2020. The loan has an authorized limit of a maximum of \$3,510,980 available until April 24, 2024 and is due on demand, with interest payable monthly.

The demand loan was approved by Council by enacting Section 177 of the Community Charter, allowing for Revenue Anticipation Borrowing in order to fund capital projects prior to grant funding being received. Bylaw 613 authorizing the demand loan was adopted by Council on April 16, 2019.

5. Deferred Grants and Unearned Revenue:

	<u>2020</u>	<u>2019</u>
	\$	\$
Deferred Rental Revenue	2,325	4,461
Other Grants	<u>548,614</u>	<u>483,046</u>
	<u>550,939</u>	<u>487,507</u>

6. Contaminated Site Remediation:

A parcel of land that was previously used as a seaplane base has been under the ownership of the Village since 2009. In 1995, it was noted there were contaminate concentrations in the soil at the sea plane base and the site was registered as a contaminated site. An environmental assessment carried out by the Federal Government in November 2018 on an adjacent property determined that there were still minimal levels of petroleum hydrocarbons and polychromatic hydrocarbons, but they were at such a level that the site would no longer be considered to be contaminated. The site, however, remains on the registered contaminated site listing.

To remove the site from the registered contaminated site listing to allow for building on the property or alternatively the future sale of the property, it is estimated by management of the Village that the total cost to obtain the report that would allow for the deregistration of the site as a contaminated site is \$56,700. The Village has recognized the liability for this amount which was recorded as an expenditure during the year ended December 31, 2017.

VILLAGE OF TAHSIS

Notes to the Financial Statements

December 31, 2020

7. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2020 \$	2019 \$
Land	1,127,284	-	-	1,127,284	-	-	-	-	1,127,284	1,127,284
Buildings	4,690,657	-	605,997	4,084,660	3,387,086	125,600	302,999	3,209,687	874,973	1,303,571
Machinery and Equipment	2,157,600	82,576	-	2,240,176	1,573,225	81,004	-	1,654,229	585,947	584,375
Roads and Bridges	7,134,705	201,292	-	7,335,997	3,984,182	100,710	-	4,084,892	3,251,105	3,150,523
Drainage	259,990	1,351	-	261,341	259,990	-	-	259,990	1,351	-
Other	210,810	-	-	210,810	166,263	9,341	-	175,604	35,206	44,547
Water Infrastructure	3,218,615	4,385	-	3,223,000	1,205,791	53,851	-	1,259,642	1,963,358	2,012,824
Sewer Infrastructure	<u>3,608,218</u>	<u>90,226</u>	<u>-</u>	<u>3,698,444</u>	<u>2,718,453</u>	<u>39,060</u>	<u>-</u>	<u>2,757,513</u>	<u>940,931</u>	<u>889,765</u>
	<u>22,407,879</u>	<u>379,830</u>	<u>605,997</u>	<u>22,181,712</u>	<u>13,294,990</u>	<u>409,566</u>	<u>302,999</u>	<u>13,401,557</u>	<u>8,780,155</u>	<u>9,112,889</u>

Subsequent to year end, the Village's Fire Hall, included within Buildings, was confirmed to have been impaired at December 31, 2020. The building underwent rapid differential settlement starting in late 2020. In February 2021 an assessment was conducted of the site and a third party report was provided stating that the building was unsafe and could no longer be used to provide services to the community. The net book value of the Fire Hall building has been adjusted to its residual value which is estimated to be \$Nil as a result of the third party report verifying conditions that existed at December 31, 2020 and the Fire Hall have no further service value to the Village or its residents.

The Village recognized an impairment loss of \$302,998 which represented the net book value of the Fire Hall building as at December 31, 2020.

8. Collections for Other Governments:

The Village is required to collect taxes on behalf of and transfer these amounts to the governments and/or its agencies noted below. These sums are not included in the schedules to these financial statements or in the reported revenues and expenses of the Village.

VILLAGE OF TAHSIS

Notes to the Financial Statements

December 31, 2020

8. Collections for Other Governments (continued):

	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$
General Municipal Purposes	740,642	738,319	739,152
Collections for Other Governments			
Strathcona Regional District	-	11,157	10,675
Province of British Columbia - School Tax	-	196,810	198,687
Comox Strathcona Regional Hospital District	-	26,760	27,239
Municipal Finance Authority	-	10	10
British Columbia Assessment Authority	-	2,452	2,220
Vancouver Island Regional Library	-	11,378	12,264
Province of BC - Police Tax	-	14,175	13,302
Comox Valley Regional District			
Waste Management	-	9,381	9,559
	<u>740,642</u>	<u>1,010,442</u>	<u>1,013,108</u>
Transfers			
Strathcona Regional District	-	11,170	10,665
Province of British Columbia - School Tax	-	201,240	198,688
Comox Strathcona Regional Hospital Districts	-	26,792	27,279
Municipal Finance Authority	-	10	-
British Columbia Assessment Authority	-	2,455	2,223
Vancouver Island Regional Library	-	11,207	12,088
Province of BC - Police Tax	-	14,171	13,252
Comox Valley Regional District			
Waste Management	-	9,234	9,575
	<u>-</u>	<u>276,279</u>	<u>273,770</u>
Available for General Municipal Purposes	<u>740,642</u>	<u>734,163</u>	<u>739,338</u>

9. Contingent Liabilities:

- (a) The Village is responsible as a member of the Strathcona Regional District and a member of the Comox Strathcona Waste Management Function for its share of any operating deficits or long-term debt related to functions in which it participates. Management of the Village 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.

VILLAGE OF TAHSIS

Notes to the Financial Statements

December 31, 2020

10. 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 40,000 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 \$42,632 (2019 - \$44,330) for employer contributions while employees contributed \$37,839 (2019 - \$39,077) 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.

11. Related Party Transactions:

Government Partnership

The Village of Tahsis and the Village of Zeballos established a non-formalized government partnership in 2016 in pursuing an economic development tourism trail project between the two villages. The Village of Tahsis is the project manager. In 2020, total funds received from the Village of Zeballos were \$Nil (2019 - \$17,424).

Condensed government partnership financial statement information:

	<u>2020</u>	<u>2019</u>
	\$	\$
Statement of Financial Position		
Total Assets	<u>106,172</u>	<u>106,172</u>
Total Liabilities	141,467	141,467
Total Equity (Deficit)	<u>(35,295)</u>	<u>(35,295)</u>
	<u>106,172</u>	<u>106,172</u>

VILLAGE OF TAHSIS

Notes to the Financial Statements

December 31, 2020

11. Related Party Transactions (continued):

Statement of Comprehensive Income

Revenues	-	28,059
Expenditures	-	42,572
Net Loss	-	(14,513)

Statement of Changes in Equity

Retained Earnings (Deficit), beginning of the year	(35,295)	(20,782)
Net Income (Loss)	-	(14,513)
Retained Earnings (Deficit), end of the year	(35,295)	(35,295)

12. Accumulated Surplus:

The Village segregates its accumulated surplus in the following categories:

	<u>2020</u>	<u>2019</u>
	\$	\$
Internally Restricted Funds for Future Expenditure	515,124	515,124
Unrestricted Funds	886,161	912,590
Reserve Funds (a)	803,065	802,887
Investment in Non-Financial Assets (b)	8,843,563	9,179,738
	<u>11,047,913</u>	<u>11,410,339</u>

(a) Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

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

Details of reserve funds are shown below:

	<u>2020</u>	<u>2019</u>
	\$	\$
Capital Works, Machinery and Equipment Reserve (c)	288,191	329,398
Fire Hall Reserve (d)	321,546	283,871
Recreation Centre Capital Works, Machinery and Equipment Reserve (e)	162,551	160,123
Economic Development Reserve (f)	30,777	29,495
	<u>803,065</u>	<u>802,887</u>

VILLAGE OF TAHSIS

Notes to the Financial Statements

December 31, 2020

12. Accumulated Surplus (continued):

(c) Capital Works, Machinery and Equipment Reserve

The Capital Works, Machinery and Equipment Reserve was established by Bylaw 364 to provide for new capital 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 General Operating Fund surpluses may be transferred into the Reserve Fund.

(d) Fire Hall Reserve

The Hall Reserve fund was established by Bylaw 400 to provide for the cost of a new fire hall including land, buildings, machinery and equipment. Money from current revenue, General Operating Fund surpluses or as otherwise provided in the Local Government Act may be transferred into the Reserve Fund.

(e) Recreation Centre Capital Works, Machinery and Equipment Reserve

The Recreation Centre Capital Works, Machinery and Equipment Reserve Fund was established by Bylaw 418 to provide for the cost of the recreation centre. Money from current revenue, General Operating fund surpluses, or as otherwise provided in the Local Government Act may be transferred into the Reserve Fund.

(f) Economic Development Reserve

The Economic Development Fund was not established through bylaw. The Community Charter stipulates that reserve funds may be established for certain types of activities, which is how this fund was established. Money from current revenue, General Operating fund surpluses, or as otherwise provided in the Local Government Act may be transferred into the Reserve Fund.

13. Fiscal Plan:

The Fiscal Plan amounts represent the Financial Plan Bylaw adopted by Council on May 12, 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) Bylaw Surplus Approved for the Year	-
Less:	
Budgeted Transfers to Offset Amortization	(305,000)
Budgeted Transfers from Accumulated Surplus	<u>(64,218)</u>
Annual Deficit Presented in Financial Statements	<u>(369,218)</u>

VILLAGE OF TAHSIS

Notes to the Financial Statements

December 31, 2020

14. 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. The nature of the segments and activities they encompass are noted below and detailed further in Schedules 2 and 3 of these financial statements.

General Government

This item relates to the revenues and expenses of the operations of the Village itself and cannot be directly attributed to a specific segment.

Protective Services

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

Transportation Services

Public works and transportation is responsible for the maintenance of roads and outdoor lighting.

Environmental Treatment Services

Environmental Treatment Services consists of providing waste disposal to citizens.

Economic Development Services

This department develops outside awareness of the economic area.

Recreation and Cultural Services

This service area provides services meant to improve health and development of the Village's citizens. Recreational programs and cultural programs are provided at the aquatic centre and community centre.

Water Utility

The service provides distribution of water to residents.

Sewer Utility

Provision of sanitary sewer collection by providing and maintaining pipes, manholes, and culverts and sewer treatment.

15. COVID-19:

As of this date, the global outbreak of the coronavirus disease (COVID-19) has caused economic uncertainties that are likely to continue to have a material negative impact on the net income of the Village for the year ending December 31, 2021.

The COVID-19 outbreak has caused business disruptions through the reduction of non-essential services provided by the Village. While the disruption is expected to be temporary and the Village continues to provide essential services, there is considerable uncertainty regarding the duration of the disruption to non-essential services. Additionally, there is uncertainty regarding the collectability of taxation revenues for the year ending December 31, 2021 as the effect of the pandemic on the residents of the Village and the economy as a whole continues to vary.

VILLAGE OF TAHSIS

Schedule 1 - Government Grants and Transfers to the Village and Ratepayers Year Ended December 31, 2020

	2020		2019
	Budget	Actual	
	\$	\$	\$
	(Note 13)		
Federal Government			
Grants in Lieu of Taxes	10,785	23,224	10,785
Other	700	5,000	700
	<u>11,485</u>	<u>28,224</u>	<u>11,485</u>
Province of BC and Federal/Provincial Programs			
General Fund			
Small Communities Protection	351,692	353,462	351,692
Planning	75,000	298,903	159,204
COVID Safe Restart	-	249,000	-
Other	2,500	2,500	2,400
	<u>429,192</u>	<u>903,865</u>	<u>513,296</u>
General Capital			
Infrastructure	65,564	53,882	3,619,998
	<u>506,241</u>	<u>985,971</u>	<u>4,144,779</u>

VILLAGE OF TAHSIS

Schedule 2 - Combined Statement of Operations by Segment Year Ended December 31, 2020

	General Government	Protective Services	Transportation Services	Environmental Treatment Services	Economic Development Services	Recreation and Cultural Services	Water Utility	Sewer Utility	2020 Actual	2020 Budget (Note 13)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	734,163	-	-	-	-	-	-	-	734,163	740,642
Utility Connection Fees and User Rates	-	-	-	-	-	-	138,884	112,381	251,265	245,000
Government Grants and Transfers	932,089	-	53,882	-	-	-	-	-	985,971	506,241
Fees and Service Charges	-	-	4,706	150,716	-	11,141	-	-	166,563	221,330
Other Revenues	<u>137,723</u>	<u>2,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,463</u>	<u>31,400</u>
	<u>1,803,975</u>	<u>2,740</u>	<u>58,588</u>	<u>150,716</u>	<u>-</u>	<u>11,141</u>	<u>138,884</u>	<u>112,381</u>	<u>2,278,425</u>	<u>1,744,613</u>
Expenses										
Operating										
Goods and Services	239,692	70,177	103,834	66,730	69,238	92,500	126,428	61,193	829,792	994,857
Labour	621,196	48,763	120,318	25,823	-	189,739	50,667	41,989	1,098,495	813,974
Amortization	<u>28,609</u>	<u>58,399</u>	<u>136,071</u>	<u>2,395</u>	<u>-</u>	<u>91,181</u>	<u>53,851</u>	<u>39,060</u>	<u>409,566</u>	<u>305,000</u>
	<u>889,497</u>	<u>177,339</u>	<u>360,223</u>	<u>94,948</u>	<u>69,238</u>	<u>373,420</u>	<u>230,946</u>	<u>142,242</u>	<u>2,337,853</u>	<u>2,113,831</u>
Excess (Deficiency) of Revenues over Expenses from Operations	914,478	(174,599)	(301,635)	55,768	(69,238)	(362,279)	(92,062)	(29,861)	(59,428)	(369,218)
Impairment of Tangible Capital Assets	<u>-</u>	<u>(302,998)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(302,998)</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenses	<u>914,478</u>	<u>(477,597)</u>	<u>(301,635)</u>	<u>55,768</u>	<u>(69,238)</u>	<u>(362,279)</u>	<u>(92,062)</u>	<u>(29,861)</u>	<u>(362,426)</u>	<u>(369,218)</u>

VILLAGE OF TAHSIS

Schedule 3 - Combined Statement of Operations by Segment

Year Ended December 31, 2019

	General Government	Protective Services	Transportation Services	Environmental Treatment Services	Economic Development Services	Recreation and Cultural Services	Water Utility	Sewer Utility	2019 Actual	2019 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	739,338	-	-	-	-	-	-	-	739,338	714,228
Utility Connection Fees and User Rates	-	-	-	-	-	-	136,957	111,477	248,434	235,000
Government Grants and Transfers	524,781	-	3,619,998	-	-	-	-	-	4,144,779	745,596
Fees and Service Charges	-	-	6,963	152,088	-	31,593	-	-	190,644	230,292
Other Revenues	<u>276,116</u>	<u>4,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,907</u>	<u>177,000</u>
	<u>1,540,235</u>	<u>4,791</u>	<u>3,626,961</u>	<u>152,088</u>	<u>-</u>	<u>31,593</u>	<u>136,957</u>	<u>111,477</u>	<u>5,604,102</u>	<u>2,102,116</u>
Expenses										
Operating										
Goods and Services	368,591	82,227	100,328	91,438	189,897	153,426	71,609	119,522	1,177,038	1,107,332
Labour	450,195	50,011	98,801	25,897	-	240,665	49,145	23,974	938,688	905,999
Amortization	<u>42,935</u>	<u>57,567</u>	<u>104,605</u>	<u>2,395</u>	<u>-</u>	<u>89,105</u>	<u>43,937</u>	<u>24,848</u>	<u>365,392</u>	<u>252,000</u>
	<u>861,721</u>	<u>189,805</u>	<u>303,734</u>	<u>119,730</u>	<u>189,897</u>	<u>483,196</u>	<u>164,691</u>	<u>168,344</u>	<u>2,481,118</u>	<u>2,265,331</u>
Excess (Deficiency) of Revenues over Expenses	<u>678,514</u>	<u>(185,014)</u>	<u>3,323,227</u>	<u>32,358</u>	<u>(189,897)</u>	<u>(451,603)</u>	<u>(27,734)</u>	<u>(56,867)</u>	<u>3,122,984</u>	<u>(163,215)</u>

VILLAGE OF TAHSIS

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	329,398	283,871	160,123	29,495	802,887	892,615
Interest Earned	12,950	37,675	2,428	1,282	54,335	40,092
Transfer From Other Funds	-	-	-	-	-	-
Used for Capital Expenditures	<u>(54,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,157)</u>	<u>(129,820)</u>
Balance, End of Year	<u>288,191</u>	<u>321,546</u>	<u>162,551</u>	<u>30,777</u>	<u>803,065</u>	<u>802,887</u>

VILLAGE OF TAHSIS

Schedule 5 - COVID-19 Safe Restart Grant

Year Ended December 31, 2020

In November 2020, the Village was the recipient of a \$249,000 grant under the COVID-19 Safe Restart Grant for Local Governments. This grant funding was provided to support local governments with increased operating costs and lower revenue due to the COVID-19 pandemic and ensure local governments can continue to deliver the services people depend on in the community.

	<u>2020</u>
	\$
COVID-19 Safe Restart Grant Received	249,000
Funds Spent During the Year	<u>-</u>
Balance, End of Year	<u>249,000</u>