

*Financial Statements of*

**VILLAGE OF KASLO**

*December 31, 2021*

**VILLAGE OF KASLO**  
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**December 31, 2021**

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## **RESPONSIBILITY FOR FINANCIAL REPORTING**

Management is responsible for the preparation of the accompanying financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in note 1 to the financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present the Village of Kaslo's financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that the Village of Kaslo's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Grant Thornton LLP, Chartered Professional Accountants, have been appointed by Council to express an opinion as to whether the financial statements present fairly, in all material respects, the Village of Kaslo's financial position, results of operations, and changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards. The report of Grant Thornton LLP, Chartered Professional Accountants, follows and outlines the scope of their examination and their opinion on the financial statements.

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Ian Dunlop  
Chief Administrative Officer

# Independent auditor's report

To the Mayor and Council of  
The Village of Kaslo

## Opinion

We have audited the financial statements of The Village of Kaslo ("the Village"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, change in net debt and cash flow 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 of Kaslo as at December 31, 2021, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 these 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 a 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.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Trail, Canada  
April 26, 2022

*Grant Thornton LLP*

Chartered Professional Accountants

**VILLAGE OF KASLO**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 3)	\$ 3,646,558	\$ 2,898,483
Accounts receivable (note 4)	225,577	331,085
	<b>3,872,135</b>	<b>3,229,568</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	270,572	275,208
Deferred revenue (note 5)	505,517	412,630
Employee future benefits (note 6)	73,111	63,045
MFA equipment finance loans (note 7)	59,435	106,304
MFA long-term debt (note 8)	-	17,783
	<b>908,635</b>	<b>874,970</b>
<b>NET FINANCIAL ASSETS</b>	<b>2,963,500</b>	<b>2,354,598</b>
<b>NON-FINANCIAL ASSETS</b>		
Supplies inventory	35,720	40,484
Prepaid expenses	28,913	39,391
Tangible capital assets (schedule 1)	9,351,650	9,133,123
	<b>9,416,283</b>	<b>9,212,998</b>
<b>ACCUMULATED SURPLUS</b> (note 11)	<b>\$ 12,379,783</b>	<b>\$ 11,567,596</b>
<b>CONTINGENT LIABILITIES</b> (note 13)		

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Ian Dunlop, CAO

See Accompanying Notes

**VILLAGE OF KASLO**  
**STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2021

	2021 Budget	2021 Actual	2020 Actual
<b>REVENUE</b>			
Municipal property taxes and grants in lieu	\$ 696,950	\$ 701,477	\$ 681,087
Sewer and water parcel taxes	80,938	74,366	58,841
Government transfers - unconditional (note 14)	370,321	367,375	370,321
Government transfers - conditional (note 14)	1,857,026	358,939	707,388
Grants - other	436,131	268,184	185,397
Sale of services	150,820	305,615	188,503
Donations, interest and other income	108,350	419,410	168,515
Sewer user fees	134,802	136,839	116,825
Water user fees	312,457	270,841	274,524
Insurance proceeds and emergency funding - water	220,000	219,903	152,325
	<b>4,367,795</b>	<b>3,122,949</b>	2,903,726
<b>EXPENSES</b>			
General government services	1,037,961	732,221	704,480
Protective services	227,140	119,849	10,441
Public works	441,260	344,712	343,466
Recreation and cultural services	49,242	113,063	79,022
Aerodrome	26,366	20,399	22,216
Sewer utility operations	130,731	163,331	116,767
Water utility operations	517,837	380,040	402,882
Amortization of tangible capital assets	-	437,147	414,410
	<b>2,430,537</b>	<b>2,310,762</b>	2,093,684
<b>ANNUAL SURPLUS</b>	<b>1,937,258</b>	<b>812,187</b>	810,042
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>11,567,596</b>	<b>11,567,596</b>	10,757,554
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 13,504,854</b>	<b>\$ 12,379,783</b>	\$ 11,567,596

See Accompanying Notes

**VILLAGE OF KASLO**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**For the Year Ended December 31, 2021**

	2021 Budget	2021 Actual	2020 Actual
<b>ANNUAL SURPLUS</b>	<b>\$ 1,937,258</b>	<b>\$ 812,187</b>	<b>\$ 810,042</b>
Acquisition of tangible capital assets	( 2,037,837)	( 655,674)	( 401,615)
Amortization of tangible assets	-	437,147	414,410
Net change in supplies inventory	-	4,764	( 5,209)
Net change in prepaid expenses	-	10,478	( 10,236)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>( 100,579)</b>	<b>608,902</b>	<b>807,392</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>2,354,598</b>	<b>2,354,598</b>	<b>1,547,206</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 2,254,019</b>	<b>\$ 2,963,500</b>	<b>\$ 2,354,598</b>

See Accompanying Notes



**VILLAGE OF KASLO**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2021

	2021	2020
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 812,187	\$ 810,042
Non-cash items		
- Amortization of tangible capital assets	437,147	414,410
- Actuarial adjustments	( 5,289)	( 4,605)
- Decrease (increase) in supplies inventory	4,764	( 5,209)
- Decrease (increase) in prepaid expenditures	10,478	( 10,236)
Changes to financial assets and liabilities		
- Accounts receivable	105,508	( 49,439)
- Accounts payable and accrued liabilities	( 4,636)	103,235
- Employee future benefits	10,066	1,326
- Deferred revenue	92,887	146,686
<b>Cash Provided By Operating Transactions</b>	<b>1,463,112</b>	<b>1,406,210</b>
<b>FINANCING TRANSACTIONS</b>		
Repayment of long-term debt	( 12,494)	( 12,494)
Repayment of equipment finance loans	( 46,869)	( 45,980)
<b>Cash Used For Financing Transactions</b>	<b>( 59,363)</b>	<b>( 58,474)</b>
<b>CAPITAL TRANSACTIONS</b>		
Tangible capital asset additions	( 655,674)	( 401,615)
<b>INCREASE IN CASH</b>	<b>748,075</b>	<b>946,121</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,898,483</b>	<b>1,952,362</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 3,646,558</b>	<b>\$ 2,898,483</b>

See Accompanying Notes

## **1. NATURE OF THE ENTITY**

The Village of Kaslo (the "Village") is incorporated under the Local Government Act of British Columbia and is subject to the provisions of the Community Charter and legislation under the Province. The Village's principal activities include the provision of local government services to residents of the incorporated area.

The financial statements are the responsibility of management and prepared in accordance with Canadian public sector accounting standards ("PSAS"). The preparation of these financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

In March 2020, the COVID-19 outbreak caused governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include the implementation of facility closures, travel restrictions, self-isolation periods, and social and physical distancing, will have a significant impact on the local and global economy. At this time it is not possible to reliably estimate the length and severity of the COVID-19 outbreak and how it may impact the Village's financial results for 2022.

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## **2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies of The Village of Kaslo (the "Village").

### **Basis of Presentation**

The Financial Statements of the Village comprise the Village's Operating, Capital, and Reserve funds. All inter-fund balances have been eliminated.

- i) **Operating Funds:** These funds include the General, Waterworks Utility, and Sewer Utility operations of the Village. They are used to record the operating costs of the services provided by the Village.
- ii) **Capital Funds:** These funds include the General, Waterworks Utility and Sewer Utility Capital funds. They are used to record the acquisition and disposal of property and equipment and their related financing.
- iii) **Reserve Funds:** Reserve funds include statutory reserves restricted by the Community Charter and associated Municipal bylaws and reserves set aside by Council for future expenditures.

### **Basis of Accounting**

The Village's financial statements are prepared using the accrual basis of accounting. Revenues are recognized in the year which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and/or the creation of a legal obligation to pay.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

Revenue Recognition

Taxation revenues are recognized at the time of the issuing of the property tax notices for the fiscal year. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Sale of services and user fees are recognized when the service or product is rendered by the Village.

Government transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met, and a reasonable estimate of the amount to be received can be made.

Grants and other contributions provided for certain purposes are recorded as revenue when receivable and the related expenditures are incurred.

Deferred Revenue

Deferred revenue relates to restricted government transfers, grants and other funds received, but not yet spent on the stipulated eligible expenditures.

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits with the Kootenay Savings Credit Union and highly liquid short-term bond funds with the Municipal Finance Authority.

Municipal pension plan

The Village's pension plan follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The Village and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers is responsible for administering the plan, including investment assets and administration of benefits. The plan is a multi-employer defined benefit plan.

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material, or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met;

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Village is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized at management's estimate of the cost of post remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for the contaminated site. The Village has no liabilities under this standard as at December 31, 2021.

Inventories

Inventories consist of supplies for the Village's own use and recorded at the lower of cost or net replacement value.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Tangible Capital Assets

Tangible capital assets, comprised of capital assets, and capital work-in-progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put in to service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Building	20 - 50 years
Building improvements	10 - 50 years
Fixtures, furniture, equipment, and vehicles	5 - 25 years
IT infrastructure	3 - 10 years
Parks infrastructure	15 - 60 years
Paving and roads	10 - 100 years
Sewer infrastructure	10 - 100 years
Water infrastructure	10 - 100 years

Municipal Finance Authority cash deposits and demand notes

The Municipal Finance Authority of British Columbia (the Authority) provides capital financing for regional districts and their member Municipalities. The Authority is required to establish a Debt Reserve Fund. The Authority must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs, the regional districts may be called upon to restore the fund.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund, less administrative expenditures, becomes an obligation of the Authority to the regional districts.

Upon the maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, 2021, the total of the Debt Reserve Fund was comprised of:

	<b>Demand Notes</b>	<b>Cash Deposits</b>	<b>2021</b>	<b>2020</b>
Water Capital	\$ -	\$ -	\$ -	\$ 9,079

These demand notes and cash deposits are not included in the Village's financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budgeted Figures

The budgeted figures are based on the adopted Five-Year Financial Plan for the year 2021 adopted under Bylaw No.1261 on May 11, 2021.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring estimates include the provision for contingencies and the determination of the useful lives of assets for amortization. Actual results could differ from management's best estimates as additional information becomes available in the future.

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**3. CASH AND CASH EQUIVALENTS**

	2021	2020
Credit Union demand deposits	\$ 3,627,312	\$ 2,879,078
MFA short-term bonds	<u>19,246</u>	<u>19,405</u>
	<b><u>\$ 3,646,558</u></b>	<b><u>\$ 2,898,483</u></b>

The MFA short-term bonds are considered equivalent to cash due to their liquid nature and market value approximating the recorded cost.

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**4. ACCOUNTS RECEIVABLE**

Accounts receivable are recorded net of any allowance and are comprised of the following:

	2021	2020
Property tax and utility fees receivable	\$ 43,930	\$ 157,682
Trade accounts and other	<u>181,647</u>	<u>173,403</u>
	<b><u>\$ 225,577</u></b>	<b><u>\$ 331,085</u></b>

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**VILLAGE OF KASLO**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2021**

**5. DEFERRED REVENUE**

These funds are externally restricted for the purposes for which they were collected.

	Balance, Beginning of Year	Contributions Received	Revenue Recognized	Balance, End of Year
Federal Gas Tax Fund*	\$ -	\$ 196,373	\$( 196,373)	\$ -
CBT Front Street Park	200,000	192,132	( 268,184)	123,948
CBT Wildlife Risk Reduction	-	45,000	-	45,000
Provincial Rural Dividend Grant	87,262	-	( 9,920)	77,342
Provincial Community Preparedness	103,800	-	( 12,001)	91,799
RDCK Community Grants	1,600	62,475	( 44,318)	19,757
Rural Resident Attraction Project	-	45,000	-	45,000
UBCM Grants	-	140,969	( 73,752)	67,217
Other grants and contributions	2,440	13,256	( 13,256)	2,440
Prepaid taxes, licenses, and fees	17,528	21,980	( 6,494)	33,014
	<b>\$ 412,630</b>	<b>\$ 717,185</b>	<b>\$( 624,298)</b>	<b>\$ 505,517</b>

\*The Federal Gas Tax Fund is recognized into revenue and immediately transferred to the Community Works reserve.

**6. EMPLOYEE FUTURE BENEFITS**

The Village records liabilities for accrued employee benefits in the period in which they are earned by the employee. Short-term benefits, such as banked overtime and vacation entitlements are included in accounts payable and accrued liabilities. Certain eligible employees are also able to accumulate unused sick days and have a portion of the benefit paid out if certain retirement criteria are met. These benefits are calculated based on years of service and pay out percentages vary depending on the union contract and accrued at management's estimate of future entitlements.

**7. MFA EQUIPMENT FINANCE LOANS**

	2021	2020
Municipal Finance Authority equipment finance loans. Annual interest rates range from 1.25% to 2.50% per annum, secured by the assets, maturing at various dates through to April 2024.	<b>\$ 59,435</b>	<b>\$ 106,304</b>

The requirements for future repayments of principal for the next three years are estimated as follows:

2022	\$ 27,992
2023	25,786
2024	5,657
	<b>\$ 59,435</b>

**8. LONG-TERM DEBT**

	Balance, Beginning of Year	Additions	Principal	Actuarial Adjustment	Balance, End of Year
<b>WATERWORKS CAPITAL FUND</b>					
MFA issue 117 bylaw 1105	\$ 17,783	\$ -	\$ 12,494	\$ 5,289	\$ -

Actuarial adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of outstanding debt.

**9. MUNICIPAL PENSION PLAN**

The Village and its employees contribute to the Municipal Pension Plan, (a jointly trusteed pension plan). The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension 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 222,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

As at December 31, 2018, the most recent valuation for the Municipal Pension Plan indicated a \$2,866,000 funding surplus for basic pension benefits on a going concern basis.

The Village of Kaslo paid \$56,190 for employer contributions to the plan in fiscal 2021 (2020 - \$60,087).

The next valuation will be as at December 31, 2021, with results available later in 2022. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution 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.

**VILLAGE OF KASLO**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2021**

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**10. COLLECTION FOR OTHER GOVERNMENTS**

The Village collected and remitted the following taxes on behalf of other Governments. These are not included in the Village's financial statements.

	2021	2020
Provincial Government - School Taxes	\$ 448,403	\$ 384,205
Provincial Government - Police Tax Levy	58,941	57,058
British Columbia Assessment Authority	10,158	9,529
Regional Hospital	50,787	51,858
Municipal Finance Authority	46	42
Other agencies	21,208	16,516
Regional District of Central Kootenay	<u>539,051</u>	<u>476,373</u>
	<u>\$ 1,128,594</u>	<u>\$ 995,581</u>

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**11. ACCUMULATED SURPLUS**

	2021	2020
General Operating Fund - unappropriated surplus	\$ 527,436	\$ 450,874
General Operating Fund - appropriated surplus - Covid-19 safe restart grant	405,615	480,000
Waterworks Utility Operating Fund surplus	261,096	191,822
Sanitary Sewer Utility Operating Fund surplus	<u>808</u>	<u>20,693</u>
Total Operating Funds' surplus	1,194,955	1,143,389
Reserve Funds (schedules 11, 12 )	1,892,613	1,415,171
Equity in Tangible Capital Assets (note 12)	<u>9,292,215</u>	<u>9,009,036</u>
	<u>\$ 12,379,783</u>	<u>\$ 11,567,596</u>

The unspent funds from the Provincial Covid-19 safe start grant have been appropriated within the general operating fund accumulated surplus for use in the subsequent year. See schedule 13.

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**VILLAGE OF KASLO**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2021**

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**12. EQUITY IN TANGIBLE CAPITAL ASSETS**

The equity in tangible capital assets represents total tangible capital assets less the long-term debt issued to acquire the assets. The balance is comprised of the following:

	2021	2020
General Capital Fund	\$ 4,975,325	\$ 4,614,751
Sanitary Sewer Capital Fund	2,045,648	2,071,454
Waterworks Capital Fund	<u>2,271,242</u>	<u>2,322,831</u>
	<u>\$ 9,292,215</u>	<u>\$ 9,009,036</u>

Details of the change in equity in tangible capital assets are described in Schedules 5 and 6.

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**13. CONTINGENT LIABILITIES**

The Village, as a member of the Regional District of Central Kootenay, is jointly and severally liable for the future capital liabilities of the Regional District.

The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet its payments and obligations, it shall make payments from the debt reserve fund which is in turn established by a similar debt reserve fund of the Village and all other borrowing participants. If the debt reserve fund is deficient, the Authority's obligations become a liability of the Regional District, and may become a liability of the participating municipalities.

*Potential Claims*

In the normal course of a year, the Village may be faced with claims for damages of a diverse nature. Potential claims identified include a claim relating to the right a way for a construction project. The Village is conducting a review of these claims and as at the year end, no estimate can be made of the likely outcome, and no accrual has been made for these potential claims.

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**14. GOVERNMENT TRANSFERS**

Government Transfers - Unconditional

	2021	2020
Provincial	<u>\$ 367,375</u>	<u>\$ 370,321</u>

Government Transfers - Conditional

Federal	\$ 3,192	\$ -
Provincial	296,510	662,391
Other	<u>59,237</u>	<u>44,997</u>
	<u>\$ 358,939</u>	<u>\$ 707,388</u>

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**VILLAGE OF KASLO**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2021**

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**15. RECONCILIATION OF BUDGET**

The following reconciles the budgeted surplus as shown on the statement of operations to the budget as presented in Bylaw No. 1261 adopted on May 11, 2021.

Budgeted annual surplus as presented	\$ 1,937,258
Capital expenditures	( 2,037,837)
Principal payment on debt	( 64,750)
Transfers from reserve funds	<u>165,329</u>
	<u>\$ -</u>

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**16. CEMETERY CARE TRUST FUND**

The Village operates the Kaslo Cemetery and maintains a Cemetery Care Fund. These funds have not been included in the statement of financial position nor have their operations been included in the consolidated statement of operations.

	2021	2020
<b>ASSETS</b>		
Short-term investments	<u>\$ 85,526</u>	<u>\$ 82,889</u>
<b>OPERATIONS</b>		
Contributions	\$ 1,175	\$ 900
Interest	<u>1,463</u>	<u>1,426</u>
<b>CHANGE IN EQUITY</b>	<u>\$ 2,638</u>	<u>\$ 2,326</u>

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**17. SEGMENTED INFORMATION**

The Village of Kaslo is a diversified municipal government that provides a wide range of services to its citizens. The Village's operations and activities are organized and reported by funds and departments. The general fund reports on operations funded primarily by property taxes and government transfers which include services provided by the Village such as general government services, protective services, public works, recreation and cultural services and aerodrome. The utility operations are comprised of the water and sewer system each accounting for its own operations and programs within its own fund. Operating results reported by the following segments are included in Schedule 2.

**General government**

General government is primarily funded by property taxation and unconditional government transfers. The expenses within the segment are for legislative, general administration and finance functions as well as all garbage and recycling, operations and maintenance costs relating to the municipal buildings and grants to community organizations.

**Protective services**

Protective services is comprised of fire inspection, bylaw enforcement and building inspection fees.

**17. SEGMENTED INFORMATION** (continued)

Public works

Public works is a broad function comprised of crews engaged in the maintenance and improvements to the road systems, drainage, sidewalks, snow removal, works yard maintenance and other planning and maintenance activities.

Recreation and cultural services

Recreation and cultural services contribute to the quality of life and personal wellness through the maintenance of the parks and boulevards, campground, and contributions to the seniors' hall.

Aerodrome

The aerodrome segment reports the operations, maintenance and planning expenditures for the aerodrome.

Sewer utility operations

The sewer utility operates the sanitary sewer system networks and pump station. Revenue and expenses represent the amounts that are directly attributable to the function of the sewer utility.

Water utility operations

The water utility provides safe drinking water to the Village. Revenue and expenses represent the amounts that are directly attributable to the function of the water utility.

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**VILLAGE OF KASLO**  
**SCHEDULE 1 - TANGIBLE CAPITAL ASSETS**  
**As At December 31, 2021**

	Land	Buildings	Engineering Structures	Machinery and Equipment	Office Equipment and Furniture	Roads and Paving	SS Moyie	Sewer System	Water System	2021 Total	2020 Total
<b>COST</b>											
Opening Balance	1,890,402	3,085,495	924,641	1,009,055	36,957	1,551,193	11	3,150,247	5,536,430	17,184,431	16,782,818
Add: Additions	-	501,510	-	26,017	-	-	-	54,708	73,439	655,674	401,613
Less: Disposals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	1,890,402	3,587,005	924,641	1,035,072	36,957	1,551,193	11	3,204,955	5,609,869	17,840,105	17,184,431
<b>ACCUMULATED AMORTIZATION</b>											
Opening Balance	-	1,951,393	476,854	579,247	36,957	732,248	-	1,078,793	3,195,816	8,051,308	7,636,898
Add: Amortization	-	98,895	29,170	47,893	-	37,884	-	80,514	142,811	437,147	414,410
Less: Acc. Amortization on Disposals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	2,050,288	506,024	627,140	36,957	770,112	-	1,159,307	3,338,627	8,488,455	8,051,308
<b>Net Book Value, year ended</b>											
December 31, 2021	1,890,402	1,536,717	418,617	407,932	-	781,081	11	2,045,648	2,271,242	9,351,650	
<b>Net Book Value, year ended</b>											
December 31, 2020	1,890,402	1,134,102	447,787	429,808	-	818,945	11	2,071,454	2,340,814		9,133,123

**VILLAGE OF KASLO**  
**SCHEDULE 2 - SEGMENTED INFORMATION**  
**As At December 31, 2021**

	General Government	Protective Services	Public Works	Recreation and Cultural	Aerodrome	Sewer Utility	Water Utility	Total
<b>REVENUE</b>								
Municipal property taxes and grants in lieu	701,477	-	-	-	-	-	-	701,477
Parcel taxes	-	-	-	-	-	13,048	61,318	74,366
Government transfers - unconditional	367,375	-	-	-	-	-	-	367,375
Government transfers - conditional	311,694	-	-	27,325	9,920	10,000	-	358,939
Grants	268,184	-	-	-	-	-	-	268,184
Sale of services , donations and other	412,944	-	40,100	202,492	4,520	4,695	-	664,752
Interest	54,984	-	-	-	-	-	5,289	60,273
User fees	-	-	-	-	-	136,839	270,841	407,680
Insurance proceeds and emergency funding	-	-	-	-	-	-	219,903	219,903
<b>Total Revenue</b>	<b>2,116,669</b>	<b>-</b>	<b>40,100</b>	<b>229,817</b>	<b>14,440</b>	<b>164,582</b>	<b>557,361</b>	<b>3,122,949</b>
<b>EXPENDITURES</b>								
Wages and benefits and Council stipends	343,586	-	234,275	36,755	1,314	114,276	101,706	831,912
Materials and services	367,114	119,849	109,650	76,308	19,084	49,055	275,422	1,016,482
Community Planning and grants in aid	21,521	-	-	-	-	-	-	21,521
Interest charges	-	-	788	-	-	-	2,912	3,700
<b>Total before Amortization</b>	<b>732,221</b>	<b>119,849</b>	<b>344,712</b>	<b>113,063</b>	<b>20,399</b>	<b>163,331</b>	<b>380,040</b>	<b>1,873,615</b>
Amortization of tangible capital assets	129,907	-	48,193	35,722	-	80,514	142,811	437,147
<b>Total Expenditures</b>	<b>862,128</b>	<b>119,849</b>	<b>392,905</b>	<b>148,785</b>	<b>20,399</b>	<b>243,845</b>	<b>522,851</b>	<b>2,310,762</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>1,254,531</b>	<b>(119,849)</b>	<b>(352,805)</b>	<b>81,032</b>	<b>(5,959)</b>	<b>(79,263)</b>	<b>34,500</b>	<b>812,187</b>

**VILLAGE OF KASLO**  
**SCHEDULE 3 - GENERAL OPERATING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2021**  
**(Unaudited)**

	2021	2020
<b>ASSETS</b>		
Cash	\$ 1,780,742	\$ 1,439,462
Taxes receivable	28,229	127,354
Accounts receivable	181,646	173,403
Due from Sanitary Sewer Utility Operating Fund	14,911	8,934
Due from Contingency Reserve Fund	-	43,850
Prepaid expenses	28,913	39,391
Supplies inventory	2,206	6,804
	<b>2,036,647</b>	1,839,198
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	269,503	274,139
Employee future benefits	73,111	63,045
Deferred Revenue	503,006	410,119
Due to Waterworks Utility Operating Fund	231,179	161,021
Due to Reserve Funds	26,797	-
	<b>1,103,596</b>	908,324
<b>ACCUMULATED SURPLUS</b>	<b>\$ 933,051</b>	\$ 930,874

**VILLAGE OF KASLO**  
**SCHEDULE 4 - GENERAL OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**For the Year Ended December 31, 2021**  
**(Unaudited)**

	2021	2020
<b>REVENUE</b>		
General taxation	\$ 649,863	\$ 634,095
Interest and penalties on taxes	20,224	14,905
Utility taxes and grants-in-lieu of taxes	31,390	32,087
Permits and licences	78,806	11,412
Rentals and leases	74,633	54,873
Sale of services	147,481	120,918
Conditional government transfers and other grants	617,123	855,878
Unconditional government transfers	367,375	370,321
Interest on investments	32,950	18,798
Donations and other miscellaneous revenue	359,137	125,629
	<b>2,378,982</b>	<b>2,238,916</b>
<b>EXPENDITURES</b>		
General government administration and buildings	613,095	558,386
Community planning and grants in aid	21,521	41,096
Solid waste, recycling and cemetery maintenance	97,604	104,998
Protective services	119,849	10,441
Public works	344,712	343,466
Aerodrome	20,399	22,216
Recreation and cultural services	113,063	79,022
Debt and lease charges		
- Interest	-	-
- Principal payment	46,869	45,979
Capital expenditures	527,527	364,708
	<b>1,904,639</b>	<b>1,570,312</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>474,343</b>	<b>668,604</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>930,874</b>	<b>363,255</b>
Transfer to Sewer Utility Operating Fund	( 11,937)	( 14,513)
Transfer to Reserve Funds	( 555,112)	( 227,915)
Transfer from Reserve Fund	94,883	141,443
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 933,051</b>	<b>\$ 930,874</b>

**VILLAGE OF KASLO**  
**SCHEDULE 5 - GENERAL, SANITARY SEWER, AND WATERWORKS UTILITY**  
**CAPITAL FUNDS**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2021**  
**(Unaudited)**

<b>LIABILITIES</b>	<b>2021</b>	<b>2020</b>
<b>GENERAL</b>		
MFA equipment finance loans	\$ 59,435	\$ 106,304
<b>WATERWORKS UTILITY</b>		
MFA long-term debt	-	17,783
	<b>59,435</b>	<b>124,087</b>
<b>TANGIBLE CAPITAL ASSETS</b>		
<b>GENERAL</b>		
Land, buildings, and equipment	5,034,760	4,721,055
<b>SANITARY SEWER</b>		
Sanitary sewer treatment system	2,045,648	2,071,454
<b>WATERWORKS UTILITY</b>		
Plant and equipment	2,271,242	2,340,614
	<b>9,351,650</b>	<b>9,133,123</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 9,292,215</b>	<b>\$ 9,009,036</b>
Represented by:		
<b>EQUITY IN TANGIBLE CAPITAL ASSETS</b>		
General Capital	\$ 4,975,325	\$ 4,614,751
Sanitary Sewer Capital	2,045,648	2,071,454
Waterworks Capital	2,271,242	2,322,831
	<b>\$ 9,292,215</b>	<b>\$ 9,009,036</b>



**VILLAGE OF KASLO**  
**SCHEDULE 6 - CAPITAL FUNDS**  
**STATEMENT OF EQUITY IN TANGIBLE CAPITAL ASSETS**  
**For the Year Ended December 31, 2021**  
**(Unaudited)**

	2021	2020
<b>GENERAL CAPITAL FUND</b>		
Balance, beginning of year	\$ 4,614,751	\$ 4,405,660
Add:		
Tangible capital asset additions	527,527	364,708
Equipment loan principal repayments	46,869	45,980
Deduct:		
Amortization	( 213,822)	( 201,597)
Net book value of assets disposed	-	-
<b>Balance, end of year</b>	<b>\$ 4,975,325</b>	<b>\$ 4,614,751</b>
<b>SANITARY SEWER CAPITAL FUND</b>		
Balance, beginning of year	\$ 2,071,454	\$ 2,113,694
Add:		
Tangible capital asset additions	54,708	36,907
Deduct:		
Amortization	( 80,514)	( 79,147)
<b>Balance, end of year</b>	<b>\$ 2,045,648</b>	<b>\$ 2,071,454</b>
<b>WATERWORKS CAPITAL FUND</b>		
Balance, beginning of year	\$ 2,322,831	\$ 2,439,399
Add:		
Tangible capital asset additions	73,439	-
Long-term debt principal repayment	12,494	12,494
Actuarial adjustment	5,289	4,605
Deduct:		
Amortization	( 142,811)	( 133,667)
<b>Balance, end of year</b>	<b>\$ 2,271,242</b>	<b>\$ 2,322,831</b>

**VILLAGE OF KASLO**  
**SCHEDULE 7 - WATERWORKS UTILITY OPERATING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2021**  
**(Unaudited)**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Water user fees receivable	\$ 9,781	\$ 9,890
Due from General Operating Fund	231,179	161,021
Inventory of supplies	23,716	24,491
	<b>264,676</b>	195,402
<b>LIABILITIES</b>		
Accrued interest payable	1,069	1,069
Deferred revenue	2,511	2,511
	<b>3,580</b>	3,580
<b>ACCUMULATED SURPLUS</b>	<b>\$ 261,096</b>	\$ 191,822

**VILLAGE OF KASLO**  
**SCHEDULE 8 - WATERWORKS UTILITY OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**For the Year Ended December 31, 2021**  
**(Unaudited)**

	2021	2020
<b>REVENUE</b>		
Water user and connection fees	\$ 270,841	\$ 274,524
Parcel tax	61,318	58,841
Emergency funding and insurance proceeds	219,903	152,325
	<b>552,062</b>	<b>485,690</b>
<b>EXPENDITURES</b>		
Administration and allocation of labour costs from general	101,705	112,266
Maintenance materials and services	275,422	285,741
Debt charges		
- Interest	2,913	4,875
- Principal payment	12,494	12,494
Capital expenditures	73,439	-
	<b>465,973</b>	<b>415,376</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>86,089</b>	<b>70,314</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>191,822</b>	<b>154,855</b>
Transfer to Reserve Fund	( 16,815)	( 33,347)
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 261,096</b>	<b>\$ 191,822</b>

**VILLAGE OF KASLO**  
**SCHEDULE 9 - SANITARY SEWER UTILITY OPERATING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2021**  
**(Unaudited)**

	2021	2020
<b>ASSETS</b>		
Sewer rates receivable	\$ 5,921	\$ 20,438
Inventory	9,798	9,189
	<b>15,719</b>	<b>29,627</b>
<b>LIABILITIES</b>		
Due to General Operating Fund	14,911	8,934
<b>ACCUMULATED SURPLUS</b>	<b>\$ 808</b>	<b>\$ 20,693</b>

**VILLAGE OF KASLO**  
**SCHEDULE 10 - SANITARY SEWER UTILITY OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**For the Year Ended December 31, 2021**  
**(Unaudited)**

	2021	2020
<b>REVENUE</b>		
Sewer rates and charges	\$ 136,839	\$ 116,825
Parcel tax	13,048	-
Conditional grants	10,000	36,907
Sanidump fees	4,695	1,300
	<b>164,582</b>	<b>155,032</b>
<b>EXPENDITURES</b>		
Materials and services	49,055	27,738
Wages and benefits	114,276	89,029
Capital expenditures	54,708	36,907
	<b>218,039</b>	<b>153,674</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>( 53,457)</b>	<b>1,358</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>20,693</b>	<b>27,335</b>
Transfer from Sewer Reserve Fund	54,708	-
Transfer to Sewer Reserve Fund	( 33,073)	( 22,513)
Transfer from General Operating Fund - Village own connection and use	10,159	8,788
Transfer from General Operating Fund - Allocation from campground	1,778	5,725
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 808</b>	<b>\$ 20,693</b>

**VILLAGE OF KASLO**  
**SCHEDULE 11 - RESERVE FUNDS**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2021**  
**(Unaudited)**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments	\$ 1,865,816	\$ 1,459,021
Due from General Operating Fund	26,797	-
	<b>1,892,613</b>	<b>1,459,021</b>
<b>LIABILITIES</b>		
Due to General Operating Fund	-	43,850
	<b>\$ 1,892,613</b>	<b>\$ 1,415,171</b>
<b>RESERVE FUNDS</b>		
Aerodrome	\$ 109,619	\$ 95,278
Buildings, Vehicles, and Equipment	21,313	20,943
City Hall National Historic Site	54,219	48,363
Community Works	545,822	377,215
Contingency	120,831	76,379
Greenhouse Gas Emissions Reduction	2,383	24,987
Kaslo and Area D Arena Property	169,105	55,459
Kaslo Public Arts	812	1,688
Kemball Memorial Centre	12,198	22,188
Library	101,111	-
Recreation, Parks, and Open Spaces	150,007	131,554
Sick Leave Bank and Settlement	73,257	73,147
Transportation	116,874	75,252
Sewer Infrastructure	110,815	130,271
Water Infrastructure	304,247	282,447
	<b>\$ 1,892,613</b>	<b>\$ 1,415,171</b>

**VILLAGE OF KASLO**  
**SCHEDULE 12 - RESERVE FUND**  
**STATEMENT OF TRANSACTIONS**  
For the Year Ended December 31, 2021  
(Unaudited)

	Balance, Beginning of Year	Contributions	Transfers to Other Funds	Interest Earned	Balance, End of Year
Aerodrome	\$ 95,278	\$ 14,661	\$( 2,000)	\$ 1,680	\$ 109,619
Buildings, Vehicles, and Equipment	20,943	-	-	370	21,313
City Hall National Historic Site	48,363	5,000	-	856	54,219
Community Works	377,215	196,373	( 35,513)	7,747	545,822
Contingency	76,379	43,850	-	602	120,831
Greenhouse Gas Emissions Reduction	24,987	2,375	( 24,990)	11	2,383
Kaslo and Area D Arena Property	55,459	113,250	-	396	169,105
Kaslo Public Arts	1,688	1,500	( 2,380)	4	812
Kemball Memorial Centre Library	22,188	10,000	( 20,000)	10	12,198
Library	-	100,220	-	891	101,111
Recreation, Parks, Open Spaces	131,554	27,783	( 10,000)	670	150,007
Sick Leave Bank and Settlement	73,147	-	-	110	73,257
Transportation	75,252	40,099	-	1,523	116,874
Sewer Infrastructure	130,271	33,073	( 54,708)	2,179	110,815
Water Infrastructure	282,447	16,815	-	4,985	304,247
	<b>\$ 1,415,171</b>	<b>\$ 604,999</b>	<b>\$( 149,591)</b>	<b>\$ 22,034</b>	<b>\$ 1,892,613</b>

**VILLAGE OF KASLO**  
**SCHEDULE 13 - COVID-19 SAFE RESTART GRANT**  
**STATEMENT OF TRANSACTIONS**  
For the Year Ended December 31, 2021  
(Unaudited)

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	2021
<b>COVID-19 SAFE RESTART GRANT REVENUE</b>	<b><u>\$ 480,000</u></b>
<b>EXPENDITURES</b>	<b><u>74,385</u></b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b><u>\$ 405,615</u></b>

The Village has expended \$74,385 of the Provincial Covid-19 safe restart grant funding in the current year. The full amount received during 2020 was recognized in revenue with government transfers - conditional. The remaining unspent funds have been appropriated within the accumulated surplus of the general operating fund to carry forward for use in the subsequent year.

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