

**District of Ucluelet**  
**Financial Statements**  
*December 31, 2021*

**District of Ucluelet  
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*For the year ended December 31, 2021*

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## Management's Responsibility

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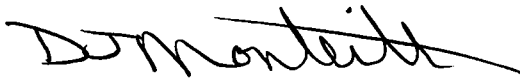
The accompanying consolidated financial statements of the District of Ucluelet (the "District") are the responsibility of management and have been prepared in compliance with applicable legislation, and in accordance with generally accepted accounting standards for local governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MNP LLP; independent external auditors appointed by the District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the District's consolidated financial statements.

May 31, 2022



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Donna Monteith  
Chief Financial Officer

To the Mayor and Council of District of Ucluelet:

## Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2021, and the results of its consolidated operations, changes in its net financial assets and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

## Other Information

Management is responsible for the other information, consisting of an annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 District'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 District'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 consolidated 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 District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the District to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Nanaimo, British Columbia

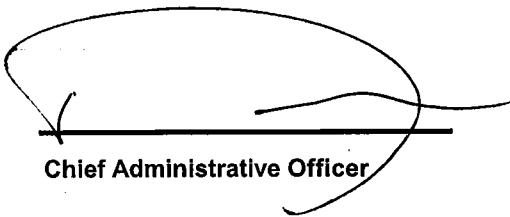
May 31, 2022

*MNP LLP*

Chartered Professional Accountants

**District of Ucluelet**  
**Consolidated Statement of Financial Position**  
*As at December 31, 2021*

	2021	2020
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 5,701,168	\$ 5,036,975
Investments (Note 2)	8,242,966	8,208,742
Accounts receivable (Note 3)	520,439	716,635
Investment in Government Business Enterprise (Note 4)	1,723,371	738,305
	\$ 16,187,944	\$ 14,700,657
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 812,345	\$ 1,689,659
Refundable deposits (Note 6)	221,064	97,500
Deferred revenue (Note 7)	2,151,297	1,078,420
Prepaid property taxes and utilities	75,526	69,090
Development cost charges (Note 8)	1,038,469	824,943
Equipment financing (Note 9)	143,825	183,811
Debt (Note 10)	1,754,565	1,849,048
	\$ 6,197,091	\$ 5,792,471
<b>Net Financial Assets</b>	<b>\$ 9,990,853</b>	<b>\$ 8,908,186</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 11, Schedule 1)	\$ 40,979,160	\$ 41,265,691
Inventory of supplies	20,944	20,944
Prepaid expenses	83,988	66,008
	\$ 41,084,092	\$ 41,352,643
<b>Accumulated Surplus (Note 12)</b>	<b>\$ 51,074,945</b>	<b>\$ 50,260,829</b>
<b>Commitments and contingencies (Note 17)</b>		
<b>Significant event (Note 20)</b>		

  
 \_\_\_\_\_  
 Chief Administrative Officer

The accompanying notes are an integral part of these consolidated financial statements

**District of Ucluelet**  
**Consolidated Statement of Operations**

*For the year ended December 31, 2021*

	2021 Budget (Note 18)	2021	2020
<b>Revenue</b>			
Taxation, net (Note 14)	\$ 3,418,406	\$ 3,426,783	\$ 3,335,494
Sale of services	2,022,412	1,838,444	1,762,572
Other revenue from own sources	46,800	372,999	346,837
Investment income	38,500	48,562	61,814
Grants and contributions	8,227,063	1,061,452	1,506,312
Ministry and Regional District Tax	250,000	545,737	366,338
Earnings from Investment in Government Business Enterprise (Note 4)	-	985,066	466,140
	\$ 14,003,181	\$ 8,279,043	\$ 7,845,507
<b>Expenses</b>			
General government services	\$ 1,682,430	\$ 1,278,282	\$ 1,286,764
Protective services	385,067	564,529	418,048
Transportation services	1,316,144	1,432,303	1,199,419
Planning and environmental services	790,726	452,855	606,475
Recreation and cultural services	2,147,540	2,316,108	1,926,767
Water utility	1,224,437	709,383	643,553
Sewer utility	948,400	711,467	597,202
	\$ 8,494,744	\$ 7,464,927	\$ 6,678,228
<b>Annual surplus</b>	5,508,437	814,116	1,167,279
<b>Accumulated surplus, Beginning of the year</b>	50,260,829	50,260,829	49,093,550
<b>Accumulated surplus, End of the year</b>	\$ 55,769,266	\$ 51,074,945	\$ 50,260,829

The accompanying notes are an integral part of these consolidated financial statements

**District of Ucluelet**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended December 31, 2021*

	<i>2021 Budget (Note 18)</i>	<b>2021</b>	<i>2020</i>
<b>Annual surplus</b>	\$ 5,508,437	<b>\$ 814,116</b>	\$ 1,167,279
Acquisition of tangible capital assets	(8,809,102)	<b>(1,014,296)</b>	(1,619,534)
Loss on disposal of tangible capital assets	-	<b>113</b>	15,651
Amortization of tangible capital assets	1,167,665	<b>1,300,714</b>	1,184,015
Change in prepaid expenses	-	<b>(17,980)</b>	8,753
<b>Increase (decrease) in Net Financial Assets</b>	<b>(2,133,000)</b>	<b>1,082,667</b>	756,164
<b>Net Financial Assets, Beginning of the year</b>	<b>8,908,186</b>	<b>8,908,186</b>	8,152,022
<b>Net Financial Assets, End of the year</b>	<b>\$ 6,775,186</b>	<b>\$ 9,990,853</b>	\$ 8,908,186

The accompanying notes are an integral part of these consolidated financial statements



**District of Ucluelet**  
**Consolidated Statement of Cash Flows**  
*For the year ended December 31, 2021*

	2021	2020
<b>Operating Transactions</b>		
Annual surplus	\$ 814,116	\$ 1,167,279
Non-cash items included in surplus:		
Amortization of tangible capital assets	1,300,714	1,184,015
Loss on disposal of tangible capital assets	113	15,651
Earnings from investment in Government Business Enterprise	(985,066)	(466,140)
Actuarial adjustment on debt	(22,169)	(13,326)
	<b>\$ 1,107,708</b>	<b>\$ 1,887,479</b>
<b>Change in non-cash working capital balances related to operations</b>		
Accounts receivable	\$ 196,196	\$ (4,870)
Accounts payable and accrued liabilities	(877,314)	874,897
Refundable deposits	123,564	(51,835)
Deferred revenue	1,072,877	437,557
Prepaid property taxes and utilities	6,436	27,415
Development cost charges	213,526	49,736
Prepaid expenses	(17,980)	8,753
	<b>\$ 1,825,013</b>	<b>\$ 3,229,132</b>
<b>Capital Transactions</b>		
Acquisition of tangible capital assets	\$ (1,014,296)	\$ (1,619,534)
<b>Investment Transactions</b>		
Decrease (increase) in investments	\$ (34,224)	\$ (64,951)
Dividends received from Government Business Enterprise	-	458,000
	<b>(34,224)</b>	<b>393,049</b>
<b>Financing activities</b>		
Proceeds from equipment financing	\$ -	\$ 200,000
Debt repaid	(112,300)	(88,503)
	<b>\$ (112,300)</b>	<b>\$ 111,497</b>
Net change in cash and cash equivalents	<b>664,193</b>	<b>2,114,144</b>
Cash and cash equivalents, Beginning of the year	<b>5,036,975</b>	<b>2,922,831</b>
Cash and cash equivalents, End of the year	<b>\$ 5,701,168</b>	<b>\$ 5,036,975</b>

The accompanying notes are an integral part of these consolidated financial statements

The District of Ucluelet (the “District”) is a municipality in the Province of British Columbia and operates under the provisions of the Local Government Act and the Community Charter of British Columbia. The District’s principal activities include the provision of local government services to residents of the incorporated area.

**1. Significant accounting policies**

The consolidated financial statements of the District are prepared by management in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. Significant accounting policies adopted by the District are as follows:

**(a) Reporting entity**

The consolidated financial statements reflect the combination of all the assets, liabilities, revenues, expenses, and accumulated surplus of the District. Inter-departmental balances and transactions have been eliminated.

The District’s business partnerships, jointly owned and controlled by the District but not dependent on the District for their continuing operations, are included in the consolidated financial statements using the modified equity method.

The modified equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the District. Thus, the District’s investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post acquisition losses and distributions received.

Entities accounted for by the modified equity basis include:

- Barkley Community Forest Limited Partnership (50% ownership)
- Ucluelet Economic Development Corporation (wholly owned)

The District administers certain trust assets on behalf of external parties which are excluded from the financial statements.

**(b) Basis of presentation**

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

**(c) Government transfers**

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability.

**(d) Property tax revenue**

Property tax revenue is recognized on an accrual basis using the approved tax rates and the anticipated assessment related to the current year.

**(e) Deferred revenue**

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired, thereby extinguishing the related liability.

**1. Significant accounting policies (continued)**

(f) **Development cost charges**

Development cost charges are amounts which are restricted by government legislation or agreement with external parties. When qualifying expenditures are incurred development cost charges are recognized as revenue in amounts which equal the associated expenses.

(g) **Cash and cash equivalents**

Cash and cash equivalents include short-term, highly liquid investments with a term to maturity of 90 days or less at acquisition.

(h) **Deposits and repayments**

Receipts restricted by third parties are deferred and recorded as deposits and are refundable under certain circumstances. Deposits and prepayments are recognized as revenue when qualifying expenditures are incurred.

(i) **Employee future benefits**

The District and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and other benefits are available to the District's employees. The costs of these benefits are estimated based on accumulated sick leave and best estimates of future usage and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(j) **Investment income**

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue, development cost charges and deposits and prepayments is added to the investment and forms part of the liability balance.

(k) **Debt**

Debt is recorded net of related payments and actuarial earnings.

(l) **Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

a. **Tangible capital assets**

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to the acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

<b>Asset</b>	<b>Useful life - years</b>
Buildings	10 - 60
Vehicles and Equipment	5 - 25
Other structures	15 - 50
Roads	20 - 60
Drainage structures	30 - 50
Water structures	10 - 50
Sewer structures	10 - 50

**1. Significant accounting policies (continued)**

Amortization is charged annually, including the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the District's ability to provide goods and services or when the value of the future economic benefits associated with the asset are less than the book value of the asset.

- b. Contributions of tangible capital assets  
Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue.
- c. Natural resources  
Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.
- d. Works of art and cultural historic assets  
Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.
- e. Interest capitalization  
The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.
- f. Leased tangible capital assets  
Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as operating leases and the related payments are charged to expenses as incurred.
- g. Inventory of supplies  
Inventory of supplies held for consumption are recorded at lower of cost and replacement cost.

**(m) Contaminated sites**

A liability for remediation of contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts the responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2021.

At each financial reporting date, the District reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when made. As at December 31, 2021, the District has not recorded any liability for contaminated sites as no such sites exist.

**(n) Use of estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Significant areas requiring the use of management estimates relate to the collectability of accounts receivable, accrued liabilities, employee future benefits, provisions for contingencies and amortization, useful lives, and salvage values for determining tangible capital asset values. Actual results could differ from these estimates.

**2. Investments**

Investments include funds invested in Guaranteed Investment Certificates and Money Market funds with CIBC Wood Gundy and the Municipal Finance Authority of B.C. The investments are carried at market value which is equal to the carrying value.

**3. Accounts receivable**

	2021	2020
Property taxes	\$ 147,796	\$ 149,908
Due from other governments	39,425	54,380
User fee and other	333,218	512,347
	<b>\$ 520,439</b>	<b>\$ 716,635</b>

**4. Investment in Government Business Enterprise**

The Barkley Community Forest Limited Partnership is a limited partnership owned by the District and Toquaht Nation as limited partners and Barkley Community Forest Corporation as the general partner. The objective and purpose of the partnership is to hold one or more Community Forest Agreements and to carry on such business and activities as may be desirable and permitted under the Community Forest Agreements.

The following table provides condensed supplementary financial information for the limited partnership at December 31, 2021.

	2021	2020
<b>Financial position</b>		
Assets	\$ 4,519,020	\$ 1,660,883
Liabilities		
Current	\$ 600,746	\$ 25,000
Silviculture accrual	471,532	159,272
	<b>1,072,278</b>	<b>184,272</b>
Equity		
Retained earnings	3,446,742	1,476,611
	<b>\$ 4,519,020</b>	<b>\$ 1,660,883</b>
<b>Operations</b>		
Revenue	\$ 2,588,909	\$ 1,698,161
Expenses	618,778	765,881
	<b>\$ 1,970,131</b>	<b>\$ 932,280</b>

The District's share of income from the government business enterprise was a total of \$985,066 (2020 - \$466,140). During 2021, the District received nil (2020 - \$458,000) dividends from the government business enterprise, which was recorded as a reduction in its investment in the prior year. No other transactions occurred between the two entities.

**District of Ucluelet**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2021**

**5. Accounts payable and accrued liabilities**

	2021	2020
Trade accounts payable	\$ 490,016	\$ 515,216
Salaries and wages payable	118,041	137,529
Employee future benefits	112,414	70,326
Due to other governments	74,901	949,615
Accrued interest	16,973	16,973
	<b>\$ 812,345</b>	<b>\$ 1,689,659</b>

**6. Refundable deposits**

	2021	2020
Damage deposits	\$ 113,150	\$ 97,500
Developer performance deposits	107,914	-
	<b>\$ 221,064</b>	<b>\$ 97,500</b>

**7. Deferred revenue**

Deferred revenue consists of the following balances:

	Opening balance	Interest	Receipts	Revenue Recognized	Ending balance
Resort Municipality Initiative	\$ 1,010,621	\$ 4,248	\$ 361,398	\$ 317,920	\$ 1,058,347
Other	67,799	-	1,088,882	63,731	1,092,950
	<b>\$ 1,078,420</b>	<b>\$ 4,248</b>	<b>\$ 1,450,280</b>	<b>\$ 381,651</b>	<b>\$ 2,151,297</b>

**8. Development cost charges**

Development cost charges represent funds received from developers and deposited into a separate fund for capital expenditures. The District records these funds as a liability upon receipt which is then recognized as revenue when the related costs are incurred.

	Opening balance	Interest	Receipts	Revenue recognized	Ending balance
Roads	\$ 79,035	\$ 329	\$ 42,614	-	\$ 121,978
Storm water	210,140	745	-	-	210,885
Sewer	219,933	836	54,756	-	275,525
Water	126,251	536	76,654	-	203,441
Parks	189,584	721	36,335	-	226,640
	<b>\$ 824,943</b>	<b>\$ 3,167</b>	<b>\$ 210,359</b>	<b>\$ -</b>	<b>\$ 1,038,469</b>

**9. Equipment financing**

The District is party to an equipment loan financed through the Municipal Finance Authority for the acquisition of vehicles. The loan has a term of five years and bears interest at a rate of 1.22%. The vehicles under this loan have a carrying value of \$166,771 (2020 - \$196,201) and are recorded as non-financial assets in the consolidated financial statements.

Principal payments on the debt for the next four years are as follows:

2022	\$	40,051
2023		40,376
2024		40,943
2025		22,455

**10. Debt**

The District obtains debenture debt through the Municipal Finance Authority (MFA), pursuant to security issuing bylaws under authority of the Local Government Act, to finance capital expenditures.

	Interest Rate	Original Amount	Repayments and actuarial earnings	Balance 2021	Balance 2020
MFA issue 1074	2.90%	\$ 1,948,000	\$ 561,589	\$ 1,386,411	\$ 1,452,987
MFA issue 1195	2.65%	475,000	106,846	368,154	396,061
		\$ 2,423,000	\$ 668,435	\$ 1,754,565	\$ 1,849,048

As a condition of the borrowing through MFA, a portion of the debenture proceeds is retained by the MFA as a debt reserve fund. As at December 31, 2021, the cash balance of the District's debt reserve funds was \$30,778 (2020 - \$30,263). Debt reserve funds are not recorded elsewhere in the consolidated financial statements.

The loan agreements with the Alberni-Clayoquot Regional District and the MFA provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect to such borrowings, the resulting deficiency becomes a liability of the District.

Principal payments on debt for the next five years are as follows:

2022	\$	77,734
2023		77,734
2024		77,734
2025		77,734
2026		77,734

Interest paid during the year was \$76,610 (2020 - \$76,610).

**11. Tangible capital assets**

(a) Contributed tangible capital assets

Contributed tangible capital assets of nil (2020 – nil) were recognized during the year.

(b) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset has been recognized at a nominal value.

(c) Write-down of tangible capital assets

No write-down of tangible capital assets occurred during the year.

(d) Work in progress

During the year there were net transfers from work in progress of \$2,948,482 (2020 - \$865,537 net additions). Amortization of work in progress commences in the year the asset is transferred to tangible capital assets and is put into service.

**12. Accumulated surplus**

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2021	2020
Investment in tangible capital assets	\$ 39,080,774	\$ 39,232,562
Reserves ( <i>Note 13</i> )	6,258,399	6,460,368
Unrestricted surplus	5,735,772	4,567,899
	<b>\$ 51,074,945</b>	<b>\$ 50,260,829</b>

**13. Reserves**

		Opening balance	Interest allocated	Contributions	Funding	Ending balance
Barkley Community Reserve	\$	2,966,019	\$ 11,849	\$ -	\$ 174,803	\$ 2,803,065
Community Works Fund		1,250,929	5,196	260,880	237,885	1,279,120
COVID-19 Safe Restart fund		550,514	1,797	-	227,605	324,706
Small Craft Harbours		340,806	1,384	45,000	53,994	333,196
Affordable Housing		745,780	3,383	152,064	-	901,227
Land sale		62,513	157	-	-	62,670
Social Recreation		121,843	309	-	-	122,152
Park Dedication		11,723	27	9,000	-	20,750
Parking		322,974	730	-	-	323,704
Sewer debt		19,496	90	-	-	19,586
Equipment		56,144	139	-	-	56,283
		11,627	313	-	-	11,940
	<b>\$</b>	<b>6,460,368</b>	<b>\$ 25,374</b>	<b>\$ 466,944</b>	<b>\$ 694,287</b>	<b>\$ 6,258,399</b>



**13. Reserves (continued)**

The Community Works Fund (Gas Tax) is provided by the Government of Canada. The use of the funding is established by a funding agreement between the District and the Union of British Columbia Municipalities. Gas Tax funding may be used toward designated public transit, community energy, water, wastewater, solid waste, and capacity building projects, as specified in the funding agreements.

The COVID-19 Safe Restart Grant for Local Governments was provided to local governments to assist with the increased operating costs and revenue short-falls as a result of the COVID-19 pandemic. The COVID-19 Safe Restart Grant may be used towards specific eligible costs for funding such as addressing revenue short-falls, facility reopening and operating costs, emergency planning and response costs, bylaw enforcement and protective services, computer and other technology costs, and services for vulnerable persons.

The District of Ucluelet received \$764,000 in COVID-19 Safe Restart Grant in 2020 and reports the balance in a reserve fund until it is used to fund eligible costs.

	2021	2020
Opening balance of unspent funding	\$ 550,514	\$ -
Add: funding received during the year	-	764,000
Add: interest	1,797	-
Less: amount spent on projects		
Lost recreation and other revenue	141,058	206,627
Information technology	-	6,859
Temporary part-time janitor	14,660	-
RCMP reservist/Bylaw officer	37,888	-
Temporary sanitation labourer	33,999	-
	<b>\$ 324,706</b>	<b>\$ 550,514</b>

**14. Taxation**

Taxation revenue, reported on the consolidated statement of operations, is comprised of the following:

	2021	2020
Municipal purposes		
General	\$ 3,083,572	\$ 3,003,600
Utility	46,114	44,810
Parcel taxes	244,695	248,160
Grants in lieu of taxes	52,402	38,924
	<b>3,426,783</b>	<b>3,335,494</b>
Taxes levied for other authorities		
School authorities	1,552,895	1,195,862
RCMP	180,265	178,710
Regional Hospital	171,241	168,947
Regional District	381,216	365,384
BC Assessment Authority	37,954	36,164
Vancouver Island Regional Library	122,169	120,115
Municipal Finance Authority	178	167
	<b>2,448,918</b>	<b>2,065,349</b>
Total taxes collected	<b>\$ 5,872,701</b>	<b>\$ 5,400,843</b>

**15. Trust funds**

Trust funds administered by the District have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations. The District holds trust funds under British Columbia law for the purposes of maintaining a public cemetery.

	2021	2020
Opening balance	\$ 26,267	\$ 25,656
Interest earned	60	611
Ending balance	\$ 26,327	\$ 26,267

**16. Pension plan**

The District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the plan has about 220,000 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.

The most recent actuarial 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 District paid \$207,974 (2020 - \$205,108) for employer contributions to the plan in fiscal 2021.

**17. Commitments and contingencies**

- (a) Debt issued by the Alberni Clayoquot Regional District (ACRD), under provisions of the Local Government Act, is a direct, joint and several liability of the ACRD and each member municipality within the ACRD, including the District.
- (b) In the normal course of a year, claims for damages are made against the District. The District records an accrual in respect to legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The District is self-insured for general liability claims through membership in the Municipal Insurance Association of British Columbia. Under this program, member municipalities are to share jointly for general liability claims against any member in excess of \$5,000. Should the Association pay out claims in excess of premiums received, it is possible that the District, along with the other participants, would be required to contribute towards the deficit.

**18. Budget**

The budget presented in these consolidated financial statements includes both operating and capital budgets. The District of Ucluelet budget was approved by Council on April 27, 2021, with the adoption of the Five-Year Financial Plan (2021 – 2025) Bylaw No 1289, 2021. The chart below reconciles the approved budget to the budget figures reported in these financial statements. Cemetery expenses are included in the budget but excluded from the annual surplus because these funds are held in trust and not reported in the consolidated financial statements of the District (Note 15).

	2021 Budget
Consolidated Budgeted Surplus, per District of Ucluelet Financial Plan Bylaw 1289	\$ -
Add	
Acquisition of tangible capital assets	8,809,102
Debt repayment	171,106
Transfers to reserves	55,000
Net cemetery expenses	9,867
Less	
Proceeds of borrowing	-
Transfers from reserves	(2,368,973)
Amortization	(1,167,665)
Consolidated Budgeted Deficit, per Consolidated Statement of Operations	\$ 5,508,437

**19. Segmented information**

The District is a diversified municipal organization that provides a wide range of services to its citizens. District services are provided by departments and their activities reported separately. Certain functions that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**General government services**

The general government operations provide the functions of corporate administration and legislative services and any other functions categorized as non-departmental.

**Protective services**

Protective services are comprised of three different functions, including the District's emergency management agency, fire, and regulatory services. The emergency management agency prepares the District to be more prepared and can respond to, recover from, and be aware of, the devastating effects of a disaster or major catastrophic event that will impact the community. The fire department is responsible for providing critical, life-saving services in preventing or minimizing the loss of life and property from fire and natural or man-made emergencies. The mandate of the regulatory services function is to promote, facilitate and enforce general compliance with the provisions of bylaws that pertain to the health, safety and welfare of the community and provide a full range of planning services related to zoning, development permits, variance permits, and current regulatory issues.

**Transportation services**

Transportation services is responsible for a wide variety of transportation functions such as roads and streets. As well, services are provided around infrastructure, transportation planning, pedestrian and cycling issues, harbour facilities, and on-street parking regulations, including street signs and painting.

**19. Segment information (continued)**

**Planning and environmental services**

Planning works to achieve the District's community planning goals through the official community plan, and other policy initiatives. Environmental services were established to assist the Emergency, Planning, Public Works, and Recreation Departments with programs associated with the maintenance or improvement of the natural ecosystem.

**Recreation and cultural services**

Parks is responsible for the maintenance and development of all park facilities. Cultural services facilitate the provision of recreation and wellness programs and services.

**Water and Sewer utilities**

The water and sewer utilities operate and distribute the water and sewer networks. They are responsible for the construction and maintenance of the water and sewer distribution systems, including mains and pump stations.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. Taxation revenue is recognized as general government revenue and has not been allocated to other segments.

**20. Significant event**

In early 2020, there was an outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, municipality operations and isolation/quarantine orders. In the current year the effects of COVID-19 on the District included staff vacancies, supply chain issues, escalating costs, and delays of capital projects. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the District as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographical spread of the disease and the duration of the outbreak, including the duration of travel restrictions, office closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Schedule 1

**District of Ucluelet**  
**Consolidated Schedule of Tangible Capital Assets**

*Year ended December 31, 2021*

2021	Land	Buildings	Vehicles and equipment	Other structures	Roads	Drainage structures	Water structures	Sewer Structures	Work in progress	Total 2021
<b>Cost</b>										
Opening balance	\$ 14,718,568	\$ 11,014,552	\$ 3,438,325	\$ 3,674,962	\$ 8,041,384	\$ 1,609,012	\$ 6,218,483	\$ 9,188,270	\$ 3,821,425	\$ 61,724,981
Add: Additions	-	14,568	-	143,887	323,215	-	108,277	24,131	400,218	1,014,296
Less: Disposals	-	-	(18,288)	-	-	-	-	-	-	(18,288)
Less: Write-downs	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	1,575	559,484	-	184,791	2,602,850	(3,348,700)	-
Closing balance	14,718,568	11,029,120	3,420,037	3,820,424	8,924,083	1,609,012	6,511,551	11,815,251	872,943	62,720,989
<b>Accumulated Amortization</b>										
Opening Balance	-	3,082,699	2,137,360	2,166,101	4,227,071	758,697	3,066,289	5,021,073	-	20,459,290
Add: Amortization	-	229,233	151,955	170,154	213,885	36,584	214,840	284,063	-	1,300,714
Less: Write- downs	-	-	(18,175)	-	-	-	-	-	-	(18,175)
Less: Disposals	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	3,311,932	2,271,140	2,336,255	4,440,956	795,281	3,281,129	5,305,136	-	21,741,829
<b>Net Book Value</b>	\$ 14,718,568	\$ 7,717,188	\$ 1,148,897	\$ 1,484,169	\$ 4,483,127	\$ 813,731	\$ 3,230,422	\$ 6,510,115	\$ 872,943	\$ 40,979,160

2020	Land	Buildings	Vehicles and equipment	Other structures	Roads	Drainage structures	Water structures	Sewer Structures	Work in progress	Total 2020
<b>Cost</b>										
Opening balance	\$ 14,718,568	\$ 11,004,081	\$ 2,982,021	\$ 3,602,097	\$ 7,866,781	\$ 1,609,012	\$ 6,218,210	\$ 9,164,441	\$ 2,955,888	\$ 60,121,099
Add: Additions	-	10,471	455,705	72,865	8,827	-	273	-	1,071,393	1,619,534
Less: Disposals	-	-	-	-	-	-	-	-	(15,652)	(15,652)
Less: Write-downs	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	599	-	165,776	-	-	23,829	(190,204)	-
Closing balance	14,718,568	11,014,552	3,438,325	3,674,962	8,041,384	1,609,012	6,218,483	9,188,270	3,821,425	61,724,981
<b>Accumulated Amortization</b>										
Opening Balance	-	2,853,102	2,002,933	2,003,607	4,033,486	722,114	2,860,813	4,799,220	-	19,275,275
Add: Amortization	-	229,597	134,427	162,494	193,585	36,583	205,476	221,853	-	1,184,015
Less: Write- downs	-	-	-	-	-	-	-	-	-	-
Less: Disposals	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	3,082,699	2,137,360	2,166,101	4,227,071	758,697	3,066,289	5,021,073	-	20,459,290
<b>Net Book Value</b>	\$ 14,718,568	\$ 7,931,853	\$ 1,300,965	\$ 1,508,861	\$ 3,814,313	\$ 850,315	\$ 3,152,194	\$ 4,167,197	\$ 3,821,425	\$ 41,265,691

Schedule 2

**District of Ucluelet**  
**Consolidated Schedule of Segment Disclosure by Service**  
*Year ended December 31, 2021*

	General Government Services	Protective Services	Transportation Services	Planning and Environmental Services	Recreation and Cultural Services	Water Utility	Sewer Utility	2021 Actual
<b>Revenue</b>								
Taxation, net	\$ 3,182,088	\$ -	\$ -	\$ -	\$ -	\$ 118,640	\$ 126,055	\$ 3,426,783
Sale of services	7,030	-	401,429	29,253	287,234	633,661	479,837	1,838,444
Grants and contributions	695,871	25,300	7,000	-	333,281	-	-	1,061,452
Investment income	48,562	-	-	-	-	-	-	48,562
Other revenue from own sources	1,058,153	26,532	-	228,378	545,737	42,609	2,393	1,903,802
	<b>4,991,704</b>	<b>51,832</b>	<b>408,429</b>	<b>257,631</b>	<b>1,166,252</b>	<b>794,910</b>	<b>608,285</b>	<b>8,279,043</b>
<b>Expenses</b>								
Salaries and wages	\$ 759,004	\$ 231,990	\$ 401,967	\$ 304,211	\$ 920,876	\$ 253,955	\$ 165,226	\$ 3,037,229
Contracted services	73,056	35,595	322,785	26,038	148,982	78,933	123,319	808,708
Materials and supplies	47,398	169,934	174,469	9,024	179,938	74,208	75,072	730,043
Interest and other	282,015	94,391	41,908	59,697	615,003	22,732	3,396	1,119,142
Audit and legal	56,922	-	-	53,885	-	-	-	110,807
Telephone and utilities	59,887	32,619	88,751	-	51,921	64,714	60,392	358,284
Amortization	-	-	402,423	-	399,388	214,841	284,062	1,300,714
	<b>1,278,282</b>	<b>564,529</b>	<b>1,432,303</b>	<b>452,855</b>	<b>2,316,108</b>	<b>709,383</b>	<b>711,467</b>	<b>7,464,927</b>
<b>Annual surplus (deficit)</b>	<b>\$ 3,713,422</b>	<b>\$ (512,697)</b>	<b>\$ (1,023,874)</b>	<b>\$ (195,224)</b>	<b>\$ (1,149,856)</b>	<b>\$ 85,527</b>	<b>\$ (103,182)</b>	<b>\$ 814,116</b>

	General Government Services	Protective Services	Transportation Services	Planning and Environmental Services	Recreation and Cultural Services	Water Utility	Sewer Utility	2020 Actual
<b>Revenue</b>								
Taxation, net	\$ 3,087,334	\$ -	\$ -	\$ -	\$ -	\$ 120,320	\$ 127,840	\$ 3,335,494
Sale of services	5,407	-	342,643	104,692	205,978	631,727	472,125	1,762,572
Grants and contributions	1,423,623	22,352	7,000	-	53,337	-	-	1,506,312
Investment income	61,814	-	-	-	-	-	-	61,814
Other revenue from own sources	567,759	17,439	-	213,954	366,338	6,990	6,835	1,179,315
	<b>5,145,937</b>	<b>39,791</b>	<b>349,643</b>	<b>318,646</b>	<b>625,653</b>	<b>759,037</b>	<b>606,800</b>	<b>7,845,507</b>
<b>Expenses</b>								
Salaries and wages	\$ 746,459	\$ 209,419	\$ 292,678	\$ 251,038	\$ 838,826	\$ 241,963	\$ 142,519	\$ 2,722,902
Contracted services	78,859	29,751	282,701	196,516	75,558	82,589	65,369	811,343
Materials and supplies	39,536	75,456	144,651	8,585	139,449	35,437	108,153	551,267
Interest and other	299,797	78,868	33,549	105,228	427,350	17,871	3,039	965,702
Audit and legal	67,219	-	384	45,108	-	-	-	112,711
Telephone and utilities	54,894	24,554	80,861	-	53,493	60,217	56,269	330,288
Amortization	-	-	364,595	-	392,091	205,476	221,853	1,184,015
	<b>1,286,764</b>	<b>418,048</b>	<b>1,199,419</b>	<b>606,475</b>	<b>1,926,767</b>	<b>643,553</b>	<b>597,202</b>	<b>6,678,228</b>
<b>Annual surplus (deficit)</b>	<b>\$ 3,859,173</b>	<b>\$ (378,257)</b>	<b>\$ (849,776)</b>	<b>\$ (287,829)</b>	<b>\$ (1,301,114)</b>	<b>\$ 115,484</b>	<b>\$ 9,598</b>	<b>\$ 1,167,279</b>