



Town of Lake Cowichan

Annual Report

For the Year Ended December 31, 2015

Table of Contents

Introduction

Mayor and Council	3
Our Vision	4
Organizational Structure	5
Message from the Mayor	6
Report from Chief Administrative Officer	8
About the Town of Lake Cowichan	9
Departments	10-12
Corporate Objective	13-20
Director of Finance Report	21

Consolidated Financial Statements 22

Independent Auditors' Report	23
Statement of:	
Financial Position	24
Operations & Accumulated Surplus	25
Cash Flows	26
Changes in Net Financial Assets	27
Notes to the Financial Statements	28-41
Schedules I to VI	42-46

Other Financial Information 47

Permissive Property Tax Exemptions	48
Development Cost Charges and Other	48
Water Consumption Data & Tipping Costs	49
Payments for Goods and Services	50
Revenues and Expenses by Percentage	51
Taxation Revenue Collections	52
Taxation Revenue by Property Class	53
Home Owner Grant Claims	53
Other information	54-55

Contact Us 56

Prepared by the
Town of Lake Cowichan
June 16, 2016





Mayor and Council



Mayor Ross Forrest

Chair of Ohtaki Twinning



Councillor Bob K. Day

Chair of Economic and
Sustainable
Development



Councillor Tim McGonigle

Chair of Finance and
Administration



Councillor Carlyne Austin

Chair of Public Works and
Environmental Services



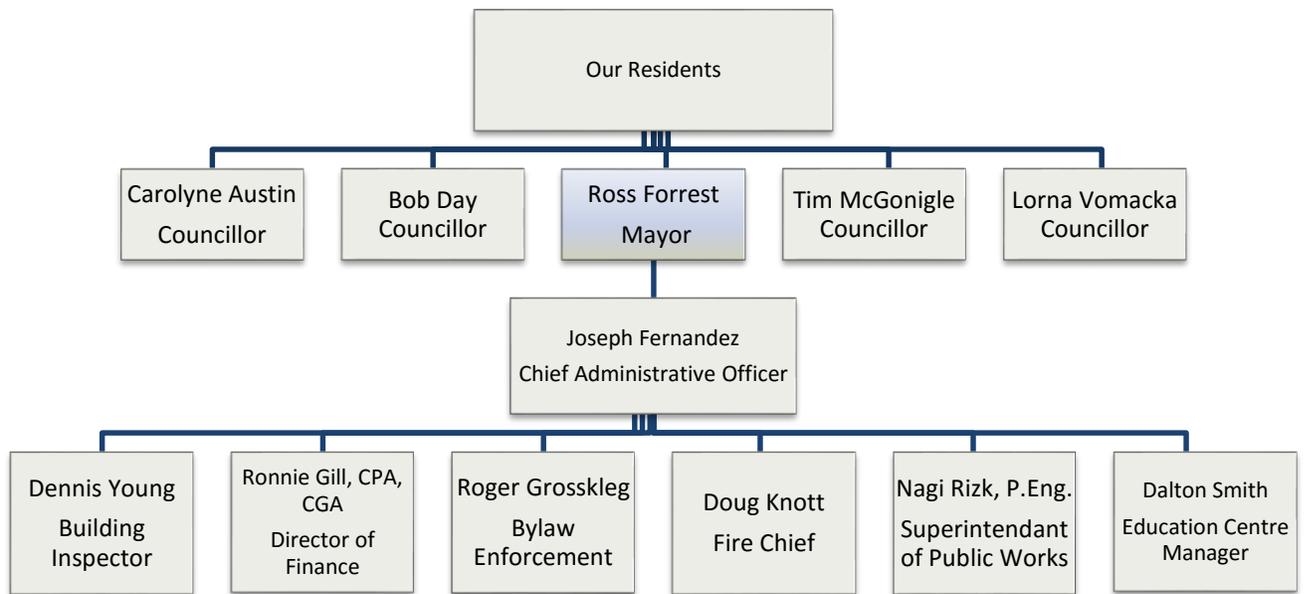
Councillor Lorna Vomacka

Chair of Parks and
Recreation Committee

A winter landscape featuring a snow-covered path in the foreground, a calm lake reflecting the sky, and snow-laden evergreen trees. In the background, there are snow-capped mountains under a blue sky with scattered white clouds. The overall scene is peaceful and scenic.

Our vision is to create a vibrant, healthy, sustainable community that exists in harmony with the natural environment, enjoys a balanced economy, supports all generations and provides the opportunities to satisfy diverse social needs.

Organizational Structure



Message from the Mayor



Raising of the totem pole at Ts'uubaa-asatx Square.

Ross Forrest and Aaron Hamilton

Another year has passed, however the goals and objectives of Town Council remain unchanged. Our decisions are made with the sole intent of enhancing our community, helping it become a safer and more desirable place to live. The ultimate intent "is to create a vibrant, healthy, sustainable community that exists in harmony with the natural environment, enjoys a balanced economy, supports all generations and provides opportunities to satisfy diverse social needs". It is understood that not all of our decisions will please everyone. We do our level best, however, to ensure our decisions are based on what we feel will have the most positive impact on our Town as a whole.

The Town has made downtown revitalization a priority with the re-pavement of Darnell and South Shore Roads, the addition of a traffic circle at the North Shore and South Shore Road intersection and the construction of Ts'uubaa-asatx Square beside the newly constructed library.

The Lake Cowichan First Nation generously gifted a totem pole that was carved on-site by Ron Hamilton, and was later placed in the Town Square. The pole raising ceremony held on November 15, 2015 was a memorable and emotional event for all residents and the Lake Cowichan First Nation.

With assistance from UBCM Gas Tax Funding in the amount of \$1,148,520 for phase one of the Waste Water Treatment Plant Upgrade, the Town was able to construct the third cell of the Grants Lake Sewage lagoon.

I am encouraged by the steady growth of our community, both through infrastructure improvements and more importantly growth through public interest and participation at local events. We have outstanding citizens in our community and I would like to take this opportunity to thank them and my fellow councillors. I look forward to a successful 2016.


Mayor Ross Forrest



Mayor Ross Forrest, Ron Hamilton, (the late) Chief Cyril Livingstone and Aaron Hamilton

Report from Chief Administrative Officer



We are again pleased to present an annual report that summarizes the achievements of the Mayor and Council in 2015. The Community Charter requires that the public have an opportunity to review the achievements of Council over the past year. To help in that review process, it is critical that the audited financial statements of the fiscal year be included. The 2015 audited financial statements therefore also form part and parcel of this report. These together summarize the accomplishments of the Town over past year.

The state of the Town's finances again is excellent. The Town continues to make infrastructure improvements in a fiscally responsible and sustainable manner. However, mandated demands placed on it by senior governments and agencies require that the Town plan for major infrastructure upgrades in the water and sewer service systems.

Parcel taxes and provincial and federal grants are expected to help finance those capital improvements. Fiscal challenges are not unique to this municipality and financially responsible decisions will have to be made to ensure the continued viability of our fair town.

An age friendly study was conducted in 2015 and the results are being incorporated in the various land use bylaws as are rainwater management standards. Rainwater standards were developed as a result of an Integrated Rainwater Management study that was conducted with gas tax funding.

The Town of Lake Cowichan has embarked on an urban renewal programme that has seen the replacement of tired and aging infrastructure. The downtown has seen new streets and pedestrian pathways and a brand new town square, features that have resulted in community pride. There is a desire to see a mix of uses that would further establish a vibrant downtown. In that mix a grant application was made under the Canada 150 Community Infrastructure Programme that resulted in the approval of a grant of \$500,000 towards the enhancement of playing fields which is intended to diversify physical activity opportunity at Centennial Park.

The Advisory Planning Commission has been advising council on the required updates to land use matters and has been actively involved in wayfinding signage requirements for the Town.

The Mayor and Council continue to exercise good financial management while keeping tax increases to a minimum. The staff and employees of the Town have made 2015 another successful year.

A handwritten signature in black ink, appearing to read "Joseph A. Fernandez".

Joseph A. Fernandez, CAO

About the Town of Lake Cowichan



Photo by Ken Karpick



Photo by Gloria Walker



Lake Cowichan is a beautiful and vibrant community of approximately 3,000 people that is centrally located on Vancouver Island. Lake Cowichan is an hour's drive from Victoria, British Columbia's capital city.

The Town is located by Cowichan Lake, one of the largest freshwater lakes on Vancouver Island and is the gateway to twenty-six miles of spectacular swimming, boating, hiking, fishing and camping opportunities.

The Cowichan River flows from Cowichan Lake through town. There are numerous hiking trails and nature walks in the area including the Cowichan River Footpath and the Trans Canada Trail.

The Town of Lake Cowichan manages the Education Centre and Lakeview Park campground. Both facilities are located on Cowichan Lake.

Lake Cowichan Information

Incorporated	1944
Population	3021
Elevation	180 m (590 ft)
Coordinates	48 49'33"N 124 03'1"W
Record high	38.0 C, 100.4 F
Average high	14.3 C, 57.7 F
Daily mean	9.9 C, 49.6 F
Average low	5.3 C, 41.5 F
Record low	-17.8 C, 0.0 F

- Cowichan Valley Regional District
- Cowichan Valley School District 79

Departments

Corporate Administration and Finance

The Town office is the nerve center of the activities of Council, Finance, Public Works, Bylaw Enforcement, Building Inspection, Planning, Lakeview Park and the Cowichan Lake Education Centre. The Chief Administrative Officer oversees all departments and department heads and is also the officer responsible for corporate administration of the municipality. The CAO reports directly to the Mayor and Council.

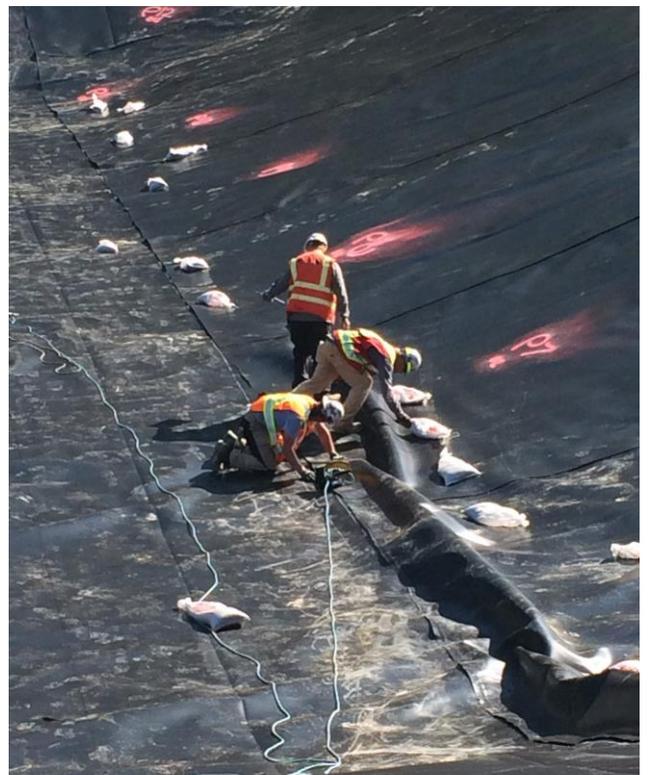
Finance Department is managed by the Director of Finance, who supervises the office staff. The office staff provide administrative support and process accounts receivable, accounts payable, property tax, utility bills, payroll and perform all other day to day functions of a municipal office.



Public Works, Parks and Engineering Services

The Department is responsible for the operation, maintenance and capital improvements of roads, parks, water and sewer utility systems that provide our community with:

- Quality water for drinking and adequate water pressure for fire-fighting purposes;
- Adequate collection and treatment facilities for sanitary sewage;
- Adequate drainage of storm water;
- Review of engineering design of proposed subdivisions;
- Collection and disposal of garbage, organics and recyclables; and
- Maintaining roads, sidewalks, curb and gutter.



Departments

Fire and Rescue Services

The Lake Cowichan Fire Department is comprised of the Fire Chief, twenty-nine volunteer members and three junior members. In addition to the important emergency response requirements, the Fire Department is very active in the community in promoting fire prevention and suppression programs including school education.

The Fire Department assists the Cowichan Valley Regional District with fire protection services in the electoral areas adjacent to the Town.



- Fire Chief Doug Knott was presented with the 35 year bar for his years of service as a volunteer on the Lake Cowichan Fire Department
- \$30,000 was raised by the Lake Cowichan Fire Department for muscular dystrophy in 2015

Departments

Lakeview Park Campground

One of the Town's greatest gems is Lakeview Park. The campground has blossomed into one of the biggest tourist draws to our area besides the lake itself. With a sandy public beach and its location just a short walk from downtown Lake Cowichan, the campground sells itself. Long weekends are always filled to capacity and weekdays are just as busy during July and August of each year.

The campsite has hot showers, sites with electrical and water hookups, a protected swimming area, hiking trails, a small children's play area and boat moorage. The Park is family oriented with planned events such as movie nights. The beach is very sandy and has a very gradual drop off from the shoreline, setting up very well for small children.



Cowichan Lake Outdoor Education and Conference Centre

Nestled among 42 acres of Douglas fir forest with 600 feet of secluded shoreline on one of Vancouver Island's largest freshwater lakes, the Centre is a full service outdoor learning and conference centre. This centre is strategically located at the West Coast gateway to the majestic landscape of Carmanah-Walbran Provincial Park and the popular Juan de Fuca Marine Trail. It is also a gateway to the spectacular rugged terrain of Clayoquot Sound's Pacific Rim National Park where hikers and backpackers gather to undertake the challenge of the world-renowned West Coast Trail.

The Centre offers rustic hostel-type facilities which can accommodate up to 100 visitors. It features a central lodge with a large fireplace and dining facility with mixed housing including two log cabins, two motel style units and a sectional dormitory with four bunks in each room and shared washroom facilities.

Staff includes an on-site program coordinator with special outdoor education qualifications, as well as grounds keeping, maintenance, security, housekeeping and food preparation staff, who all work as a team to ensure that each visitor has a rewarding experience.

Corporate Objectives

- Leadership and informed decision-making;
- Excellence in customer service;
- Prudent management of assets and resources;
- Effective financial reporting;
- Transportation improvements;
- Water and sewer utility services improvements;
- Improved parks, playgrounds and trails; and
- Establishment of walkway and cycling strategy.



Community Award of Merit for use of wood presented by Mayor Forrest to Steven Hurcombe, representative of Vancouver Island Regional Library from the Canadian Wood Council on October 27, 2015

Photo by Lexi Baines



Vancouver Island North MP John Duncan announced that the Town's Canada 150 grant application had been accepted for the proposed improvements to Centennial Park. A grant of \$500,000 was awarded towards the ball field improvements from the Federal Government.

"The Town received the maximum amount, making it by far the largest grant awarded on Vancouver Island. The project is expected to take two years to complete, and is planned to be unveiled in 2017, to commemorate Canada's Sesquicentennial."

Photo and editorial by: Drew McLachlan

Leadership and informed Decision Making

2015 Success Indicators

- Ensure timely compliance with directives that are issued through Council and Committees of Council;
- Reasoned decisions are the outcome of regularly scheduled meetings of Council;
- Using the Official Community Plan as a tool for future planning and development;
- Invite public feedback on municipal services, projects and initiatives; and
- Mentor and train new employees.

2015 Accomplishments

- Continued water conservation education programs;
- In conjunction with neighboring communities unified the watering restrictions and guidelines;
- Tendered and constructed the third cell at the Grants Lake sewage lagoon;
- Complete the Age Friendly Community Plan; and
- Implemented email notification program for local businesses and residents for emergency notifications.

Future Success Indicators

- Continue with downtown renewal, revitalization and infrastructure upgrades;
 - Apply for grant funding to continue subsidized planned improvements; and
 - Encourage public input in the decision-making process through advertising, use of the municipal web-site and social media.



Amphitheatre and library located at Ts'uubaa-asatx Town Square.

Excellence in Customer Service Objective

2015 Success Indicators

- Respond to public complaints in a timely fashion;
- Provide public with access to Council agendas, minutes and bylaws and other relevant information on the municipal website;
- Provide planning, building, inspection, bylaw enforcement and fire protection services; and
- Provide emergency fire protection services and promote fire prevention and education programs.

2015 Accomplishments

- Held two Town Hall meetings for public input;
- New washroom facilities at Central and Lakeview Park constructed under the Job Creation Program;
- Continued wayfinding sign strategy with placement of new sign at Saywell Park; and
- Continue to provide information to public using:
 - Facebook/Email
 - Website
 - Bulletin board
 - Wye entrance
 - Electronic board at LCS

Future Success Indicators

- Design and construct new municipal complex;
- Continue with scheduled Town public meetings;
- Encourage public to attend Council and Committee meetings; and
- Review and plan for replacement and financing of municipal assets.

New sign placed at Saywell Park as part of the Town's way-finding strategy.



Effective Financial Reporting and Management of Assets and Resources

2015 Success Indicators

- Provide timely financial reports and updates to the Finance and Admin. Committee on a monthly basis;
- Keep Council apprised of annual operational and capital expenditure requirements and ensure budget limits are not exceeded;
- Ensure that idle cash is invested with the Municipal Finance Authority and the local financial institution for maximum interest returns
- Ensure inventory listings are current and that capital assets are appropriately protected by the appropriate risk management measures; and
- Advise where reserve fund allocations are appropriate and how capital projects may be financed.

2015 Accomplishments

- Applied for grants under the Gas Tax Priorities Fund for Water Filtration (6.9M) and the second phase of the sewer plant upgrade;
- Capital expenditures and budgeted capital improvements have been completed;
- The adequacy of reserve funds maintained by budgetary transfers;
- Consolidated financial statements prepared in-house and all reporting requirements met; and
- The Town acquired three properties through the tax sale process.

Future Success Indicators

- Continue to properly plan for future growth by establishment of 5-year financial plan;
- Plan and budget infrastructure replacement strategies;
- Establish appropriate reserve funds and fund annual transfers; and
- Establish land acquisition and management strategy.



Pat Foster was bestowed with the Town's highest honor, Freeman of the Town at the September Regular Council meeting.

Photo by Dennis Skalicky

Transportation Improvements Objective

2015 Success Indicators

- Plan for traffic and road improvements at various locations on a planned basis;
- Plan for pedestrian traffic and safety improvements; and
- Upgrade and replace transportation infrastructure as required.

2015 Accomplishments

- New speed reader board added at entrance to Lake Cowichan to slow traffic through Town; and
- Accessed ICBC funding for the pedestrian activated flashers at Ohtaki Park crosswalk and \$4,500 for speed reader board placed at entrance to Town.

Future Success Indicators

- Plan and design new sign strategy for Lake Cowichan; and
- Apply for Provincial funding for Downtown revitalization and work on revitalization plans.

The Insurance Corporation of BC contributed \$10,000 towards the crosswalk safety improvements at Ohtaki Park crosswalk.



Water and Sewer Utility Improvements Objective

2015 Success Indicators

- Ensure quality and safety of drinking water for its users and ensure sufficient capacity for fire-fighting needs;
- Provide sufficient safe drinking water to meet the needs of a growing population;
- Provide adequate garbage and recycling services for all users;
- Ensure adequate collection and treatment capacity for sanitary sewage;
- Meet or exceed Federal and Provincial standards and regulations regarding the quality and quantity of effluent discharged in the Cowichan River; and
- Protect natural waterways from contaminants caused by human activities.

2015 Accomplishments

- Tendered and constructed Phase 1 of the sewage treatment upgrade. This included construction of a third cell, headworks and liner and removal of sludge from cell 1 to cell 3.
- Continued with low flush toilet rebate program;
- Meet Federal and Provincial standards with respect to discharge of sewage effluent; and
- Made application under the Gas Tax Priorities Fund for a water filtration system.

Future Success Indicators

- Undertake water main system upgrades including fire hydrant replacement;
- Apply for grants to replace and upgrade water and sewer system infrastructure; and
- Continue water conservation strategies to promote water conservation in Lake Cowichan.



Improved Parks and Playgrounds and the Establishment of a Walkway

2015 Success Indicators

- Provide sufficient funding to make parks and playgrounds accessible and enjoyable to the public;
- Expend funds to complete improvements to the recreation facilities; and
- Ensure that the Provincial regulations respecting the Riparian Areas are complied with as development occurs adjacent to them.

2015 Accomplishments

- New dug outs added to the Little League ball field at Centennial Park in partnership with the baseball association;
- Community garden and food forest established at Centennial Park;
- Three summer students hired to assist with maintaining and improving parks and playgrounds;
- Four summer students hired at Lakeview Park campground; and
- Successful grant application for upgrades to Centennial Park ballfields.

Future Success Indicators

- Continue with planning for long-term use of Centennial Park and surrounding area for multiple recreational use;
- Require developers to construct developed playgrounds in new residential subdivisions; and
- Upgrade playground equipment as required in parks in Lake Cowichan.



New washrooms constructed at Central Park under the Canada Job Creation Program.



Director of Finance Report



It is my pleasure to present the annual report and consolidated financial statements for the Town of Lake Cowichan for the year ended December 31, 2015.

The financial statements include all Town Departments, the Cowichan Lake Outdoor Education and Conference Centre and the Lakeview Park Campground.

The audit firm of MNP LLP conducted the financial statement audit for the Town of Lake Cowichan. The Town received a clean, unqualified audit opinion. The audit opinion states that

the statements present fairly, in all material respects, the financial position of the Town and results of operations, changes in net financial assets and cash flows in accordance with Public Sector accounting standards.

The statement of financial position lists all assets and liabilities at December 31, 2015. The financial assets exceeded the financial liabilities indicating a positive cash position. The total cash and short term deposits increased by \$1.3 million and no new debt was incurred in 2015.

The accumulated surplus increased by \$2.9 million, of which \$1.722 million was invested in capital assets, \$313,000 increase in reserves and another \$853,000 increase to the operating surplus.

The Waste Water Treatment plant upgrade was the largest capital project undertaken in 2015. The total spent on the project was \$1,511,362 in 2015. The Town was able to access Federal Gas Tax Funding in the amount of \$1,351,200 to assist with the expenses.

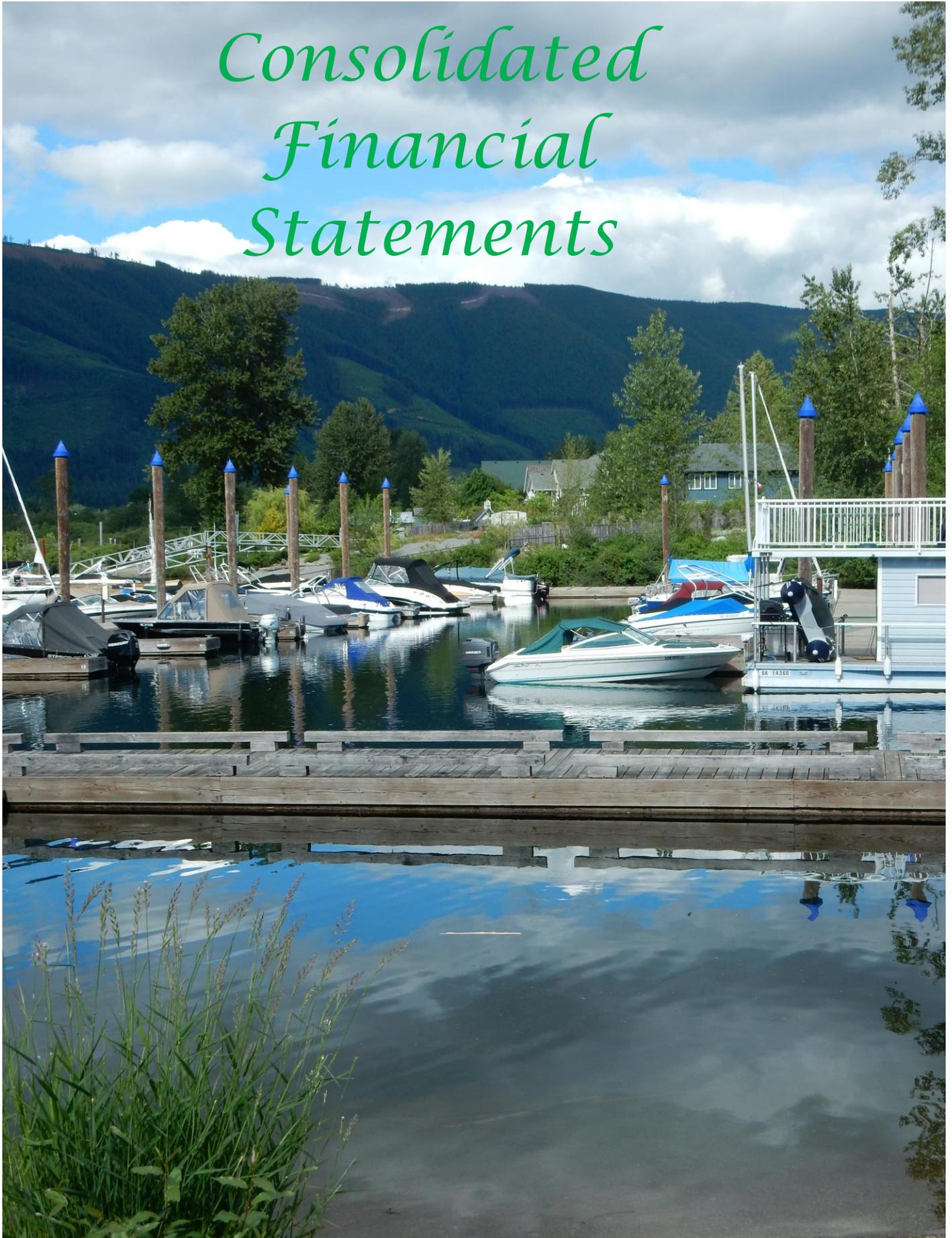
The Town continues to leverage grant funding wherever possible to subsidize the capital infrastructure investment. Canada Job Creation Program funding was successfully secured to complete the washroom renovations at Lakeview Park, renovations at the museum and construct new washrooms at Central Park. The JCP program through the years has provided local employment and supplemented Town revenues to improve public facilities in the Town, the Cowichan Lake Education Centre and Lakeview Park.

The Town continues operations in excellent financial health while providing capital improvements. The improvements to Centennial Park ball fields and the municipal office will be designed and constructed in the near future.

A handwritten signature in black ink, appearing to read 'Ronnie Gill'.

Ronnie Gill, CPA, CGA
Director of Finance

Consolidated Financial Statements



Independent Auditors' Report

To the Mayor and Council of the Town of Lake Cowichan:

We have audited the consolidated statement of financial position of the Town of Lake Cowichan as at December 31, 2015 and the consolidated statements of operations and accumulated surplus and related schedules, cash flows and changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Lake Cowichan as at December 31, 2015 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Duncan, British Columbia

April 26, 2016

MNP LLP

Chartered Professional Accountants

**Consolidated Statement of Financial Position
As at December 31, 2015**

	2015	2014
FINANCIAL ASSETS		
Cash and short term deposits (Note 2)	\$ 8,661,741	\$ 7,360,855
Accounts receivable (Note 3)	996,338	835,460
Redeemable Tax Sale Properties	24,563	64,571
	<u>9,682,642</u>	<u>8,260,886</u>
FINANCIAL LIABILITIES		
Accounts payable (Note 5)	315,674	323,846
Wages payable	18,350	12,544
Future payroll obligations (Note 6)	362,207	361,837
Deferred revenues and deposits (Note 8)	203,414	178,029
Community works fund (Note 10)	911,776	733,038
Tax Sale Deposits	24,801	12,695
Restricted Revenues (Note 11)	1,287,739	1,253,259
Municipal Finance Authority Loans (Note 7)	987,239	1,109,044
Capital lease (Note 7)	189,371	224,024
	<u>4,300,571</u>	<u>4,208,316</u>
NET FINANCIAL ASSETS	<u>5,382,071</u>	<u>4,052,570</u>
NON FINANCIAL ASSETS		
Inventory	47,702	52,135
Prepaid items	54,336	56,496
Tangible capital assets (Note 4)	22,210,055	20,644,417
	<u>22,312,093</u>	<u>20,753,048</u>
ACCUMULATED SURPLUS (Note 12)	<u>27,694,164</u>	<u>24,805,618</u>
Commitments and Contingencies (Note 9)		

See accompanying notes to the Consolidated Financial Statements



Ronnie Gill, CPA, CGA
Director of Finance

**Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2015**

	Budget		
	2015	2015	2014
	(Note 14)		
REVENUES			
Taxation and grants-in-lieu of taxes (Schedule I)	\$ 1,924,960	\$ 1,920,215	\$ 1,866,560
Government grants and transfers (Note 13)	474,836	474,974	302,816
Sales of services (Sched II)	2,051,842	2,134,924	2,027,541
Other revenue from own sources (Schedule III)	506,100	572,657	512,748
Return on investments	20,000	53,754	60,440
Other Grants (Note 13)	1,840,497	1,442,656	369,940
Contributed tangible capital assets	-	340,000	-
Gain on disposal	-	-	870
	6,818,235	6,939,180	5,140,915
EXPENSES			
General government services	614,050	562,317	578,571
Protective services	422,600	528,706	488,801
Public Works - transportation	548,000	601,481	660,512
Garbage and Recycling Services	359,500	370,081	350,916
Parks and Recreational Services (Schedule IV)	847,200	972,249	911,613
Sewer services	394,000	469,620	345,194
Water services	475,550	546,180	522,906
	3,660,900	4,050,634	3,858,513
SURPLUS FOR THE YEAR	3,157,335	2,888,546	1,282,402
ACCUMULATED SURPLUS			
Beginning of year	24,805,618	24,805,618	23,523,216
ACCUMULATED SURPLUS, end of year	27,962,953	27,694,164	24,805,618

See accompanying notes to the Consolidated Financial Statements

**Consolidated Statement of Cash Flow
For the Year Ended December 31, 2015**

	2015	2014
OPERATIONS		
Surplus for the year	\$ 2,888,546	\$ 1,282,402
Non-cash charges to operations		
Amortization	728,753	663,739
Contribution of tangible capital assets	(340,000)	-
	388,753	663,739
Cash from operations	3,277,299	1,946,141
CHANGE IN WORKING CAPITAL BALANCES		
Accounts receivable	(160,878)	194,217
Inventory	4,434	(14,124)
Prepaid items	2,160	367
Redeemable Tax Sale Properties	40,008	(48,065)
Accounts payable	(8,172)	(34,298)
Tax sale deposits	12,106	12,695
Wages payable	5,806	(26,011)
Future payroll obligations	370	50,845
Deferred revenue	25,386	(180,252)
Community works fund	178,738	51,070
Restricted Revenues	34,480	13,506
Cash provided by operating transactions	3,411,737	1,966,091
CAPITAL		
Acquisition of tangible capital assets	(1,954,392)	(1,522,898)
FINANCING		
Proceeds from borrowing	-	1,201,646
Municipal Finance Authority Loans	(121,805)	(92,600)
Capital lease payments	(34,654)	(1,129,767)
	(156,459)	(20,721)
NET CHANGE IN CASH AND SHORT TERM DEPOSITS	1,300,886	422,472
CASH AND SHORT TERM DEPOSITS, beginning of year	7,360,855	6,938,383
CASH AND SHORT TERM DEPOSITS, end of year	8,661,741	7,360,855
Cash and short term deposits:		
Cash	2,572,498	1,323,190
Short term deposits	6,089,243	6,037,665
	8,661,741	7,360,855

Interest paid during the year amounted to \$20,501 (2014 - \$27,817).

See accompanying notes to the Consolidated Financial Statements

**Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2015**

	Budget		
	2015	2015	2014
	(Note 14)		
SURPLUS FOR THE YEAR	\$ 3,157,335	\$ 2,888,546	\$ 1,282,402
Amortization of tangible capital assets	-	728,753	663,739
Change in inventories and prepaid expenses	-	6,594	(13,757)
Acquisition of tangible capital assets	(3,968,748)	(1,954,392)	(1,522,898)
Contributed tangible capital assets	-	(340,000)	-
INCREASE IN NET FINANCIAL ASSETS	(811,413)	1,329,501	409,486
NET FINANCIAL ASSETS, beginning of year	4,052,570	4,052,570	3,643,084
NET FINANCIAL ASSETS, end of year	3,241,157	5,382,071	4,052,570

See accompanying notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2015

The Town of Lake Cowichan was incorporated under the provisions of the British Columbia Municipal Act in 1944. Its principal activities are the provision of local government services to the Town, as governed by the Community Charter and the Local Government Act.

The notes to the consolidated financial statements are an integral part of these financial statements. They provide detailed information and explain the significant accounting and reporting policies and principles that form the basis for these statements. They also provide relevant supplementary information and explanations which cannot be expressed in the consolidated financial statements.

1. Significant Accounting Policies

The consolidated financial statements are prepared by management in accordance with Public Sector Accounting Standards, as recommended by the CPA Canada Public Sector Accounting Board. The following is a summary of the Town's significant policies:

(a) Basis of Presentation

The consolidated financial statements reflect the assets, liabilities, reserves, surpluses or deficits, revenues and expenses and financial position of the Town. These consolidated financial statements include the operations of the General, Water, Sewer, Capital and Reserve Funds.

(b) Basis of Accounting

Revenue Recognition

Revenue is recorded on the accrual basis and is recorded in the period in which the transaction or event occurred that gave rise to the revenue. Expenses are recorded in the period the goods and services are acquired and a liability is incurred.

Property tax and parcel taxes are recognized in the year levied. User fees including water, sewer and garbage are recognized as revenue in the period to which they relate or when the commodity or service has been received by the user.

Receipts that are restricted by legislation or by an agreement with external parties are recorded as deferred revenues until the qualifying expenses are incurred, at which time revenue is recognized.

Developer contributions are recognized when the related expense is incurred and when the collection is reasonably assured. The Town recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Town recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized when received or receivable.

Notes to the Consolidated Financial Statements Continued For the Year Ended December 31, 2015

1. Significant Accounting Policies (continued)

Interest and penalties are recognized when earned. Allocations of interest are made to the reserve funds.

Short-term deposits

Short-term deposits are held with the Municipal Finance Authority in the Money Market fund and are carried at cost, which approximates market value.

Inventory

Inventory is valued at the lower of cost and net realizable value, determined on a first-in-first-out basis.

Tangible Capital Assets

Tangible capital assets are recorded at cost in the year of acquisition or construction. The cost, less residual value, is amortized on a straight line basis over the estimated useful life of the assets as follows:

Land improvements	15 years
Buildings	20 to 40 years
Equipment and vehicles	5 to 25 years
Engineering structures	30 to 60 years
Roads and footbridges	20 to 80 years
Underground services	20 to 80 years
Vehicle under capital lease	20 years

One half the annual amortization is recorded in the year of acquisition. Assets under construction are not amortized until the assets are available for use.

Donated or contributed tangible capital assets are recorded as revenue at the fair market value at the date of receipt.

Notes to the Consolidated Financial Statements Continued For the Year Ended December 31, 2015

1. Significant Accounting Policies (continued)

Future Payroll Obligations

The Town has adopted PS 3255 of the CPA Canada handbook which requires municipalities to recognize estimated sick leave benefits.

The Town provides sick leave to employees based on their banked sick time and to a maximum of six months of sick leave benefits for non-unionized staff.

The estimated sick leave liability has been calculated by management based on the following assumptions:

- annual inflation rate is 2%;
- discount rate is 3.45%;
- probability of compensated sick leave being used is 50% for management staff and 100% for public works and administration employees.

Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Significant areas requiring the use of management estimates relate to the determination of accrued sick benefits, collectability of accounts receivable, provisions and contingencies. Amortization is calculated using estimated useful life of the asset. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial Instruments

The Town's financial instruments consist of cash and short-term deposits, account receivable, accounts payable, MFA loans and wages payable. The carrying amount of these financial instruments approximates their fair value because they are short term in nature or bear interest at market rates. Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from these financial instruments.

PS 3260 Liability for Contaminated Sites

A liability for remediation of a 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 Town of Lake Cowichan 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, 2015.

Notes to the Consolidated Financial Statements Continued For the Year Ended December 31, 2015

1. Significant Accounting Policies (continued)

At each financial reporting date, the Town 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 Town 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 they are made. The change in accounting policy for the reporting of a liability for contaminated sites is disclosed in note 17.

Recent accounting pronouncements

PS 2200 Related Party Disclosures

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The Town does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3210 Assets

In June 2015, new PS 3320 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation and voluntary contributions.

The public is often the beneficiary of the goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

Notes to the Consolidated Financial Statements Continued For the Year Ended December 31, 2015

1. Significant Accounting Policies (continued)

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about asset not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Town does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3320 Contingent Assets

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the basis for any estimates of extent made.

When a reasonable estimate can be made, disclosures should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Town does not expect application of the new Standard to have a material effect on the consolidated financial statements.

Notes to the Consolidated Financial Statements Continued For the Year Ended December 31, 2015

1. Significant Accounting Policies (continued)

PS 3380 Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, and only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent and timing.

The Standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Town does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3430 Restructuring Transactions

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and de-recognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Notes to the Consolidated Financial Statements Continued

For the Year Ended December 31, 2015

1. Significant Accounting Policies (continued)

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier adoption is encouraged. The Town does not expect application of the new Standard to have a material effect on the consolidated financial statements.

2. Cash and Short Term Deposits

The restricted statutory reserve funds include, but are not limited to, reserves that can only be used for expenses as permitted by the Development Cost Charges Bylaw and the relevant sections of the *Local Government Act or Community Charter*.

	2015	2014
Property taxes	\$5,615,007	\$4,661,922
General cash and short term deposits	1,287,739	1,253,259
Restricted revenues	1,758,995	1,445,674
Capital reserves	8,661,741	7,360,855

3. Accounts Receivable

	2015	2014
Property taxes	\$539,806	\$493,254
Water trade receivables	66,136	70,758
Sewer trade receivables	55,938	55,829
Other	334,458	215,619
	996,338	835,460

Notes to the Consolidated Financial Statements Continued
For the Year Ended December 31, 2015

4. CAPITAL ASSETS

									2015	2014
	Opening Balance	Additions	Transfers Disposals	Closing Balance	Accumulated Amortization	Amortization	Transfers Disposals	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,718,589	381,874	(2,615)	\$ 5,097,848	\$ -	\$ -	-	\$ -	\$ 5,097,848	\$ 4,718,577
Land improvements	132,720	-	-	132,720	20,536	8,848	-	29,384	103,336	112,184
Buildings	4,820,651	114,534	(9,111)	4,926,074	2,272,841	148,231	(9,111)	2,411,961	2,514,113	2,547,813
Equipment and vehicles	2,663,872	15,207	-	2,679,079	893,384	190,690	-	1,084,074	1,595,005	1,770,491
Fire truck under capital lease	425,093	-	-	425,093	138,155	21,255	-	159,410	265,683	286,937
Engineering structures	1,891,802	1,536,914	349,417	3,778,133	549,325	60,134	-	609,459	3,168,674	1,342,478
Roads and services	7,378,983	178,843	-	7,557,826	2,041,818	164,849	-	2,206,667	5,351,159	5,337,170
Underground services	6,045,711	-	-	6,045,711	2,078,590	134,746	-	2,213,336	3,832,375	3,967,121
Construction in Progress	561,647	69,632	(349,417)	281,862	-	-	-	-	281,862	561,647
	28,639,068	2,297,004	(11,726)	30,924,346	7,994,649	728,753	(9,111)	8,714,291	22,210,055	20,644,417

Notes to the Consolidated Financial Statements Continued
For the Year Ended December 31, 2015

5. Accounts Payable

	2015	2014
Trade accounts and accrued liabilities	\$ 309,757	\$ 311,536
Regional and local governments	5,917	12,310
	<u>315,674</u>	<u>323,846</u>

6. Future Payroll Obligations

	2015	2014
Vacation leave accrual	\$ 276,116	\$ 279,804
Sick leave payable	86,091	82,033
	<u>362,207</u>	<u>361,837</u>

Total sick leave paid out during the year amounted to \$52,573 (2014 - \$21,401).

7. Municipal Finance Authority Debt

a) Fire Truck under Capital Lease

The capital lease for the fire truck is with the Municipal Finance Authority, as disclosed in note 4, and is payable in monthly payments of \$2,976 including interest at 1.25%, expiring October 28, 2018.

	2015	2014
Fire truck #10 under capital lease	\$ 189,371	\$ 224,024
Future minimum lease payments:		
2016	\$ 38,205	
2017	38,205	
2018	121,457	
	<u>197,867</u>	
Less: amounts representing imputed interest	<u>8,496</u>	
Present value of obligation under capital lease	<u>189,371</u>	

Interest paid on the lease during the year amounted to \$3,551 (2014 - \$14,545).

Notes to the Consolidated Financial Statements Continued
For the Year Ended December 31, 2015

7. Municipal Finance Authority Debt (continued)

b) Loans

	Monthly Payment	Expiry Date	2015	2014
Fire hall	\$10,294	March 31, 2020	\$ 902,379	\$ 994,184
Fire truck #7	variable	July 15, 2019	84,860	114,860
			987,239	1,109,044
Principal payments:	2016	112,004		
	2017	113,565		
	2018	115,105		
	2019	201,530		
	2020	445,035		
		987,239		

Interest on loans is charged at a variable rate that is based on the CDOR rate (Canadian dollar offered rate). The variable rate is set periodically by MFA and at December 31, 2015 was 1.4%. Interest paid on the loans during the year amounted to \$15,100 (2014 - \$11,126).

8. Deferred Revenues and Deposits

	2015	2014
Prepaid property taxes and utilities	\$ 32,840	\$ 34,388
Developers' deposits	101,598	61,298
Other deposits and unearned revenues	68,976	82,343
	203,414	178,029

9. Commitments and Contingencies

a.) Pension Liability

The employer 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 the 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, 2014, the plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 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 is then adjusted to the extent there is amortization of any funding deficit.

Notes to the Consolidated Financial Statements Continued For the Year Ended December 31, 2015

9. Commitments and Contingencies (continued)

The most recent valuation for the Municipal Pension Plan as at December 31, 2012 indicated a \$1.370 billion funding deficit for the basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2015 with results available in 2016.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan.

The Town of Lake Cowichan paid \$111,100 (2014 - \$111,540) for employer contributions while employees contributed \$87,205 (2014 - \$87,445) to the Plan in fiscal 2015.

b.) **Commitment**

In 2003, the Town received from the Province of B.C. title to lands on which the Cowichan Lake Education Centre and the Lakeview Park campsite are located. In exchange for the land, the Town agreed to extend and provide municipal services to the adjacent lands at the Town's cost. These future costs cannot be determined until subdivision applications are made at which point engineered estimates shall be required.

c.) **Contingent Liability**

A claim is outstanding against the Town as at December 31, 2015. In the opinion of management and legal counsel, the outcome of the claim, now pending, is not determinable. As the outcome is not determinable at this time, no amount has been accrued in the financial statements. Should any loss result from the resolution of this claim, such loss will be charged to the operations in the year of resolution.

d.) **Reciprocal Insurance Exchange Agreement**

The Municipality is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by Section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any Subscriber. Under the Reciprocal Insurance Exchange Agreement, the Municipality is assessed a premium and specific deductible for its claims based on population. The obligation of the Municipality with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several, and not joint and several. The Municipality irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other Subscribers against liability losses and costs which the other Subscribers may suffer.

Notes to the Consolidated Financial Statements Continued
For the Year Ended December 31, 2015

10. Community Works Fund

	2015	2014
Balance, beginning of year	\$ 733,038	\$ 681,969
Funds received	172,160	169,483
Funds spent	-	(128,777)
Interest earned	6,578	10,363
Balance, end of year	911,776	733,038

Transfer of Federal Gas Tax Revenues is provided by the Government of Canada. Gas tax funds received may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the Community Works Fund agreement administered by the Union of British Columbia Municipalities.

11. Restricted Revenues

	2015	2014
Land acquisition	\$ 51,295	\$ 27,288
Parkland dedication	13,834	13,716
Road development charge	325,968	323,207
Sewer development charge	187,779	186,189
Water development charge	708,863	702,859
	1,287,739	1,253,259

12. Accumulated Surplus

The accumulated surplus consists of surpluses and reserves as shown below:

	2015	2014
Surpluses		
Invested in capital assets	\$ 21,033,445	\$ 19,311,349
Operating surplus	4,901,724	4,048,595
	25,935,169	23,359,944
Reserves		
Capital equipment	3,640	3,609
Fire equipment	81,658	11,560
Fire Hall	185,565	169,121
Municipal Hall	708,470	652,892
Public Works equipment	735,426	567,528
Parks Capital Improvement	18,165	15,115
Transportation - Roads	16,303	16,164
Sewer General	1,650	1,636
Water General	8,118	8,049
	1,758,995	1,445,674
	27,694,164	24,805,618

Notes to the Consolidated Financial Statements Continued
For the Year Ended December 31, 2015

13. Grants and Other

	2015	2014
Government Grants and Transfers		
Small Community Protection Grant	\$ 473,037	\$ 295,342
Other	1,937	7,474
	<u>474,974</u>	<u>302,816</u>
Other and Capital Grants		
Age Friendly Grant	19,715	-
BC Hydro	500	6,000
Gas Tax funds	-	128,776
Insurance Corporation of BC	20,800	29,500
Integrated Storm Water Management	4,681	74,156
Job Creation Program	30,122	-
Ministry of Transportation	5,000	-
Other	4,138	15,991
Renfrew Town Square	-	115,517
Risk Management Grant	6,500	-
STP Upgrades Phase 1	1,351,200	-
	<u>1,442,656</u>	<u>369,940</u>

14. Budget Amounts

Financial Plan Bylaw 962-2015 was adopted by Council on April 28, 2015. The Financial Plan is prepared on a cash basis with anticipated capital expenditures rather than amortization. Transfers to and from reserves and surplus are treated as revenue or expense. The financial plan is the basis for the budget figures presented in these financial statements. Below is a reconciliation of the surplus on the financial plan to the surplus on the financial statements as presented:

	General Fund	Sewer Utility	Water Utility	Consolidated Funds
Financial Plan Bylaw surplus	-	-	-	-
Transfers to (from) surplus	-	(365,000)	(19,413)	(384,413)
Add: Capital expenditures	1,741,758	1,920,000	306,990	3,968,748
Add: Principal debt repayments	152,000	-	-	152,000
Less: Transfers from reserve funds	(579,000)	-	-	(579,000)
Adjusted Annual Surplus	<u>2,014,758</u>	<u>1,555,000</u>	<u>287,577</u>	<u>3,157,335</u>

Notes to the Consolidated Financial Statements Continued For the Year Ended December 31, 2015

15. Consolidated Segment Reporting

The Town of Lake Cowichan provides a variety of services to its residents. The segment disclosures reported on Schedules V and VI, are grouped and reported under services areas/departments that are responsible for the provision of services. They are as follows:

General Government – comprises of all administrative services including corporate administration, planning and zoning, property tax and utility levies and all aspects of financial services and reporting.

Protective Services – includes fire and rescue, building inspection, bylaw enforcement and emergency and public health services.

Public Works/Transportation – comprises of general public works, roads and construction, storm drainage, facility management, fleet operations and engineering planning.

Garbage and Recycling – provision of residential curbside garbage collection and recycling services.

Parks and Recreation – includes the planning, management and maintenance of parks, trails and green spaces and includes the operations of Lakeview Park Campground and the Cowichan Lake Education Centre.

Sewer/Water Services – comprises of planning, design, construction, operations and maintenance of the Town's infrastructure of water distribution and sewer collection systems.

Reserve Funds – reports interest income on reserve funds.

16. Comparative Figures

The prior years' figures have been restated, where applicable, to conform to the current presentation.

17. Change in Accounting Policy

Effective January 1, 2015, the Town adopted the recommendations in PS 3260 Liabilities for Contaminated Sites, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations the Town is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in Note 1, Significant Accounting Policies.

There was no effect in the Town's financial statements from adopting the above-noted change in accounting policy.

Schedule I - Net Taxation Revenue
For the year ended December 31, 2015

	Budget		
	2015	2015	2014
Property taxes	\$ 1,875,650	\$ 1,871,701	\$ 1,817,278
Utilities	43,000	42,918	43,087
Federal Grants-in-lieu	6,310	5,596	6,195
	<u>1,924,960</u>	<u>1,920,215</u>	<u>1,866,560</u>
Collections for other Governments			
British Columbia Assessment Authority	25,526	24,987	25,521
Cowichan Valley Regional District	958,861	958,861	919,913
Municipal Finance Authority	79	81	79
Police Tax Levy	133,407	137,228	133,348
Regional Hospital District	220,317	220,317	200,159
School Tax Levy	943,710	958,868	941,435
Vancouver Island Regional Library	119,314	119,314	116,126
	<u>2,401,214</u>	<u>2,419,656</u>	<u>2,336,581</u>
Total Property Taxes and Collections	4,326,174	4,339,871	4,203,141
Less: transfers to other Governments	2,401,214	2,419,656	2,336,581
Net Taxation Revenue	<u>1,924,960</u>	<u>1,920,215</u>	<u>1,866,560</u>

Schedule II - Sales of services
For the year ended December 31, 2015

	Budget		
	2015	2015	2014
GENERAL REVENUE FUND			
Garbage fees	\$ 366,000	\$ 368,636	\$ 338,949
Lakeview Park fees	153,000	182,747	166,612
Fire service	-	19,634	1,000
Summer student grants	-	-	5,540
CVRD fire protection	189,012	189,012	165,532
Administration recoveries	3,100	3,099	3,077
Public Works revenues	-	4,917	2,676
Lease revenues	60,930	60,929	60,759
	772,042	828,974	744,145
WATERWORKS UTILITY REVENUE FUND			
User fees	516,000	521,729	516,327
Parcel tax	167,200	167,100	167,400
Connection and service charges	2,100	16,282	6,570
	685,300	705,111	690,297
SEWER UTILITY REVENUE FUND			
User fees	430,000	434,229	424,098
Parcel tax	164,000	163,900	164,200
Connection and service charges	500	2,710	4,801
	594,500	600,839	593,099
	2,051,842	2,134,924	2,027,541

Schedule III - Other Revenue from Own Sources

For the year ended December 31, 2015

	Budget		
	2015	2015	2014
GENERAL REVENUE FUND			
Business licences	\$ 17,000	\$ 17,750	\$ 17,375
Delivery vehicle licenses	-	786	779
Building permit and other fees	13,200	19,304	16,580
Dog licences and fines	4,000	4,220	4,685
Penalties and interest on taxes	60,000	75,768	82,528
Cowichan Lake Education Centre	395,200	422,890	368,965
Other	5,700	21,016	10,294
	495,100	561,734	501,206
WATERWORKS UTILITY REVENUE FUND			
Penalties and interest	6,500	6,028	6,563
SEWER UTILITY REVENUE FUND			
Penalties and interest	4,500	4,895	4,979
	506,100	572,657	512,748

Schedule IV – Parks and Recreational Services

For the year ended December 31, 2015

	Budget		
	2015	2015	2014
GENERAL REVENUE FUND			
Information Centre	\$ 13,600	\$ 17,024	\$ 16,617
Seniors' Centre	1,000	2,711	773
Lakeview Park	152,900	163,998	145,970
Parks and playgrounds	207,600	235,755	205,002
Cougar sign	3,000	2,687	1,499
Entrance sign	10,000	12,622	7,844
Communities in Bloom	3,000	379	1,418
Other buildings	14,400	9,241	12,983
	405,500	444,417	392,106
Cowichan Lake Education Centre	441,700	527,832	519,507
	847,200	972,249	911,613

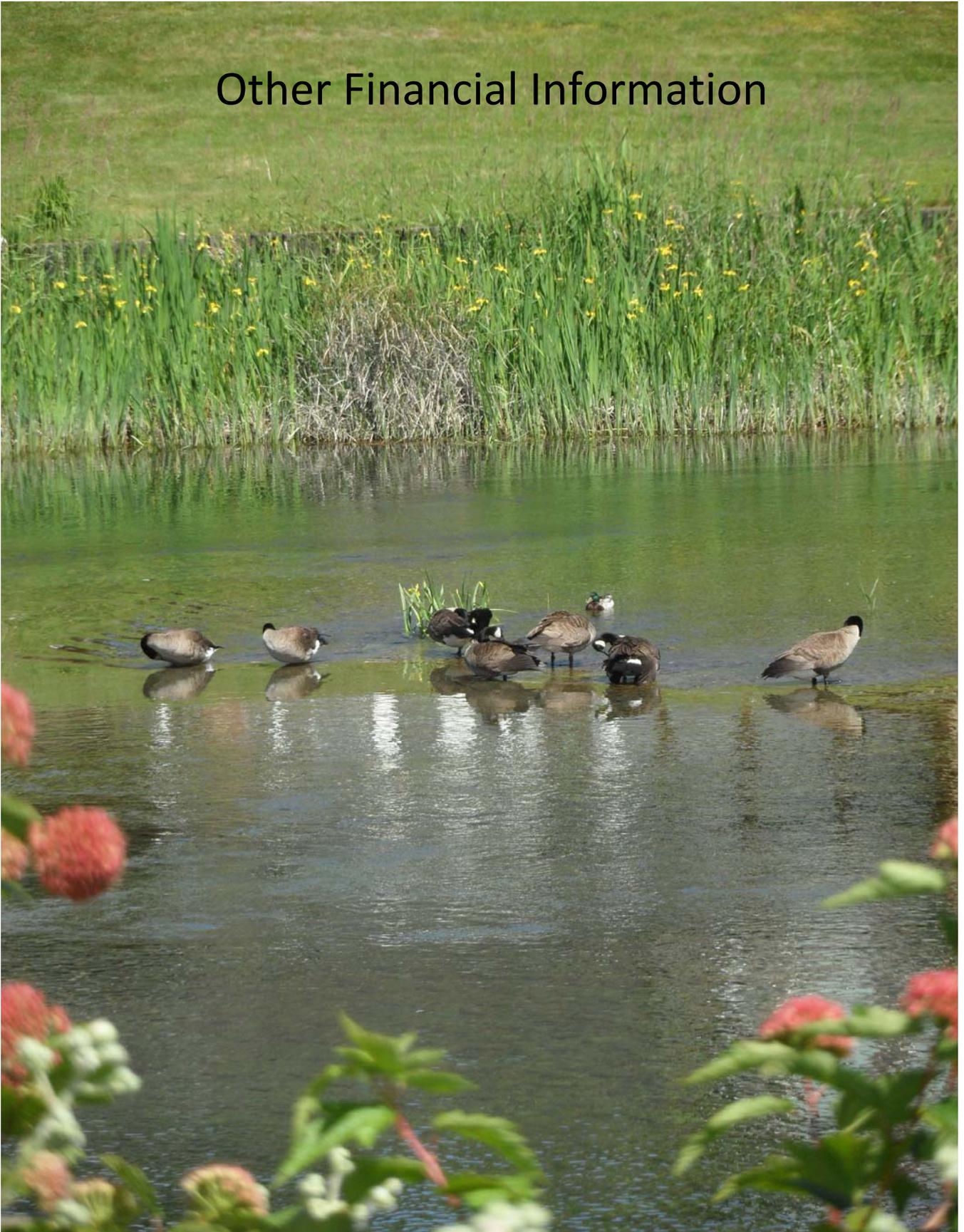
Schedule V
Consolidated Segment Disclosures

	General Government	Protective Services	Public Works Transportation	Garbage & Recycling	Parks and Recreation	Sewer Services	Water Services	Reserve	2015 Consolidated	2015 Budget
REVENUE										
Taxation & grants in lieu of taxes	\$ 1,920,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,920,215	\$ 1,924,960
Government grants and transfers	474,974	-	-	-	-	-	-	-	474,974	474,836
Utility charges and parcel taxes	-	-	-	368,636	-	600,839	705,111	-	1,674,586	1,643,200
Services and fees	64,028	189,012	4,917	-	182,747	-	-	-	440,704	439,742
Revenue from own sources	42,061	19,634	-	-	422,290	-	-	-	483,985	395,200
Interest and penalties	117,173	-	-	-	-	4,895	6,028	12,350	140,446	91,000
Grants	61,334	-	-	-	30,122	1,351,200	-	-	1,442,656	1,840,497
Other	361,014	-	-	-	600	-	-	-	361,614	8,800
	3,040,799	208,646	4,917	368,636	635,759	1,956,934	711,139	12,350	6,939,180	6,818,235
EXPENSES										
Administration	(209,700)	7,500	(144,900)	38,500	38,700	122,300	147,600	-	-	-
Audit and legal	33,008	-	-	-	-	-	-	-	33,008	41,000
Advertising, promotion and rebates	4,512	905	-	-	-	838	838	-	7,093	19,150
Conferences, travel and memberships	33,300	17,114	779	-	38	30	4,241	-	55,502	83,800
Contracted services	89,742	36,463	73,488	93,111	106,419	60,378	16,795	-	476,396	416,850
Discounts	-	-	-	22,568	-	29,977	36,215	-	88,760	88,000
Fuel	-	7,904	39,260	-	68	-	-	-	47,232	12,400
Insurance	49,638	8,987	22,513	-	209	-	-	-	81,347	84,200
Interest	1,850	18,651	-	-	-	-	-	-	20,501	51,000
Materials	25,947	110,650	62,558	7,826	127,954	23,444	35,306	-	393,685	362,280
Telephone	10,914	4,733	5,088	-	10,721	-	763	-	32,219	31,600
Utilities	8,614	23,457	72,888	-	64,025	52,682	38,017	-	259,683	264,050
Wages, benefits and equipment charges	510,904	163,227	160,876	208,076	515,419	105,028	162,925	-	1,826,455	2,206,570
	558,729	399,591	292,550	370,081	863,553	394,677	442,700	-	3,321,881	3,660,900
Amortization	3,588	129,115	308,931	-	108,696	74,943	103,480	-	728,753	-
TOTAL EXPENSES	562,317	528,706	601,481	370,081	972,249	469,620	546,180	-	4,050,634	3,660,900
SURPLUS	2,478,482	(320,060)	(596,564)	(1,445)	(336,490)	1,487,314	164,959	12,350	2,888,546	3,157,335

Schedule VI
Consolidated Segment Disclosures

	General Government	Protective Services	Public Works Transportation	Garbage & Recycling	Parks and Recreation	Sewer Services	Water Services	Reserve	2014 Consolidated	2014 Budget
REVENUE										
Taxation & grants in lieu of taxes	\$ 1,866,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,866,560	\$ 1,865,700
Government grants and transfers	302,816	-	-	-	-	-	-	-	302,816	298,993
Utility charges and parcel taxes	-	-	-	338,945	-	593,099	690,297	-	1,622,341	1,551,300
Services and fees	63,836	165,532	2,676	-	166,614	-	-	-	398,658	379,032
Revenue from own sources	49,714	1,000	-	-	368,965	-	-	-	419,679	410,300
Interest and penalties	124,470	-	-	-	-	4,979	6,563	18,499	154,511	81,000
Grants	369,940	-	5,540	-	-	-	-	-	375,480	1,802,452
Other	-	-	870	-	-	-	-	-	870	-
	2,777,336	166,532	9,086	338,945	535,579	598,078	696,860	18,499	5,140,915	6,388,777
EXPENSES										
Administration	(210,230)	7,785	(129,110)	38,040	39,020	106,515	147,980	-	-	-
Audit and legal	17,869	-	-	-	-	-	-	-	17,869	41,000
Advertising, promotion and rebates	6,250	1,753	-	-	132	1,463	1,463	-	11,061	17,650
Conferences, travel and memberships	32,409	19,073	2,647	-	-	-	364	-	54,493	84,300
Contracted services	134,754	25,054	23,499	129,092	58,449	37,113	41,337	-	449,298	489,770
Discounts	-	-	-	22,808	-	29,848	36,023	-	88,679	86,000
Fuel	-	6,397	41,478	-	79	-	-	-	47,954	11,600
Insurance	53,623	8,823	19,318	-	604	-	-	-	82,368	83,700
Interest	2,145	25,671	-	-	-	-	-	-	27,816	47,200
Materials	27,557	82,831	75,748	6,257	128,080	6,697	27,790	-	354,960	357,900
Telephone	9,044	4,260	5,433	-	9,908	-	764	-	29,409	31,400
Utilities	8,140	26,363	79,356	-	73,741	29,790	31,452	-	248,842	240,650
Wages, benefits and equipment charges	493,422	151,686	261,010	154,719	500,805	77,690	142,693	-	1,782,025	2,108,700
	574,983	359,696	379,379	350,916	810,818	289,116	429,866	-	3,194,774	3,599,870
Amortization	3,588	129,105	281,133	-	100,795	56,078	93,040	-	663,739	-
TOTAL EXPENSES	578,571	488,801	660,512	350,916	911,613	345,194	522,906	-	3,858,513	3,599,870
SURPLUS	2,198,765	(322,269)	(651,426)	(11,971)	(376,034)	252,884	173,954	18,499	1,282,402	2,788,907

Other Financial Information



2015 Permissive Property Tax Exemptions

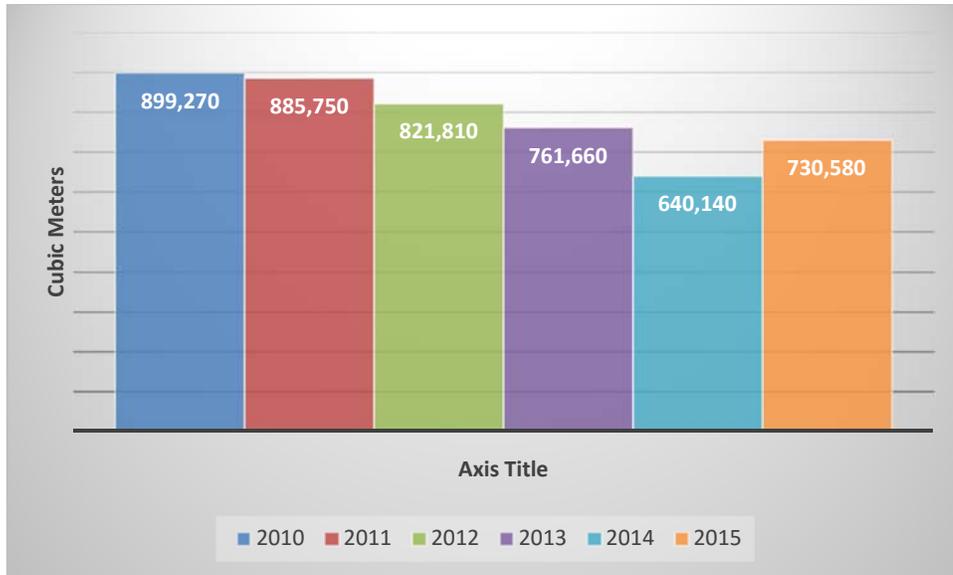
In accordance with Section 98(2)(b) of the *Community Charter*, the following is disclosure of properties exempted from municipal property tax for 2015:

Anglican Church	70 Cowichan Avenue	2,090
Bishop of Victoria	60 Fern Road	3,022
Catalyst Paper Corporation	North Shore (Boat Launch)	8,963
Cowichan Lake District Senior Assoc.	55 Coronation Street	13,053
Cowichan Lake Lions Club	131 Oak Lane	1,862
Island Corridor Foundation	Trails	1,542
Kaatza Historical Society	125 South Shore Road	6,807
Lake Cowichan Khalsa Diwan Society	9 Boundary Road	3,341
Pentecostal Assemblies of Canada	10 King George Street	10,077
Proline Properties Ltd. Gillespie Park	33 South Shore Road	1,377
Royal Canadian Legion Lake Cowichan	15 North Shore Road	1,317
Trustees of the Lake Cowichan Congregation of Jehovah's Witness	149 Neva Road	1,555
<u>Exempted 50%</u>		
King George Seniors Affordable Housing	20 South Shore Road	8,343
		63,349

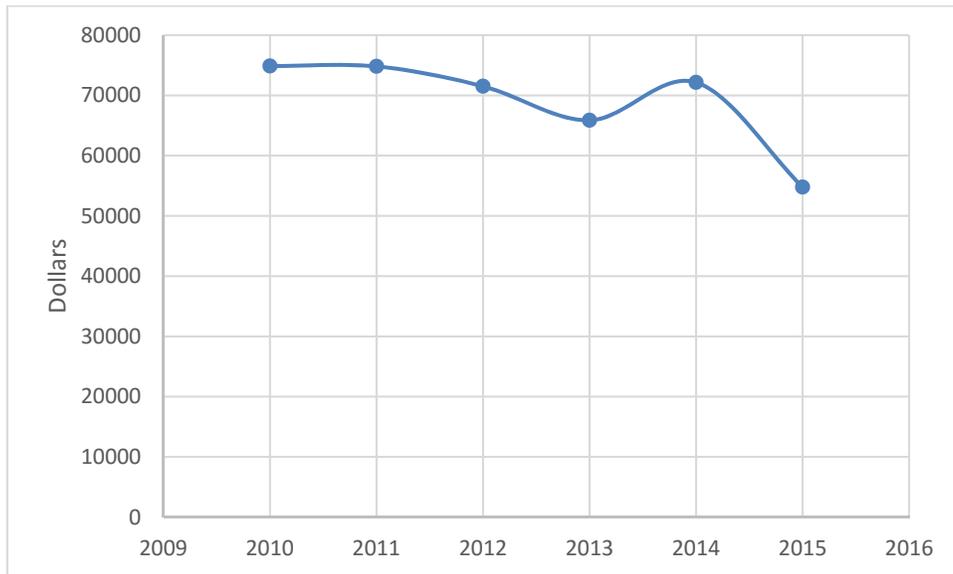
Development Cost Charges and Other

	2014	Additions	Interest	2015
DCC Roads	323,207	-	2,761	325,968
DCC Water	702,859	-	6,005	708,863
DCC Sewer	186,189	-	1,591	187,780
Land Acquisition Reserve	27,288	23,773	233	51,294
Parks Dedication Reserve	13,716	-	117	13,834
	1,253,259	23,773	10,706	1,287,739

Water Consumption Data



Tipping Costs



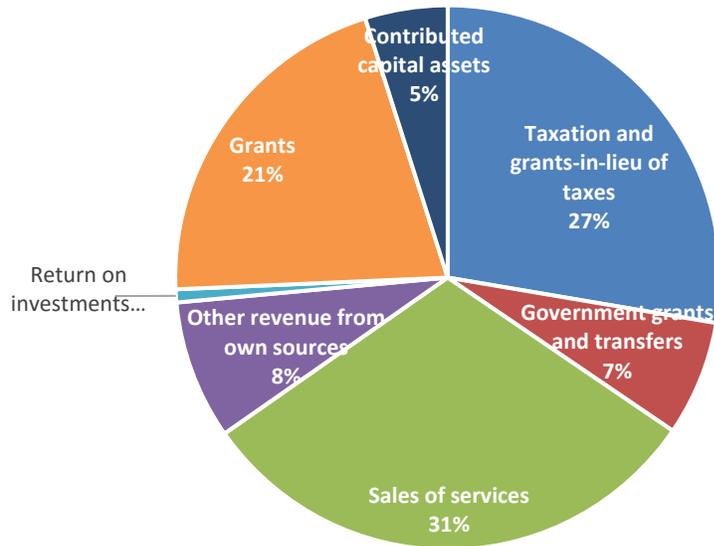
2015 Payments Made for Goods & Services Exceeding \$20,000

Supplier Name	Amount Paid
Aon Reed Stenhouse Inc.	29,191
BC Assessment Authority	25,112
BC Hydro and Power Authority	231,582
CIDA Holdings	22,148
Corix Water Products Ltd. Partnership	22,170
Country Grocer – Lake Cowichan	30,957
Cowichan Valley Regional District	1,249,751
David Stalker Excavating	1,510,359
Duncan Paving Ltd.	75,510
Gordon Food Service	20,263
Guillevin International	35,904
I.C.B.C.	25,727
Island Irrigation & Landscaping	21,797
Jaykar Holdings Ltd.	48,774
Kerr Wood Leidal Associates Ltd.	50,599
Lake Cowichan Fire Department	21,458
Lake Cowichan Home Centre Ltd	35,048
Lowe Fabrication and Mobile Welding	31,935
Ministry of Provincial Revenue School Tax	200,883
MNP LLP	24,972
Municipal Insurance Association of BC	22,949
Municipal Pension Plan	205,277
Opus Daytonknight Consultants Ltd.	79,881
Pacific Blue Cross	49,011
Progressive Waste Solutions Inc.	40,020
Raylec Power LP	135,287
Receiver General for Canada - Payroll	387,383
Reliance Foundry	23,809
Revenue Services of British Columbia	26,609
Royal Bank Visa	26,185
Telus Communications Inc.	20,754
Union of British Columbia	319,614
van Hemert, James	36,091
Vancouver Island Regional Library	119,316
Workers Compensation Board	25,272
Payments made to vendors over \$20,000	5,231,598
Payments to vendors under \$20,000	822,484
Total Payments made in 2015	6,054,082

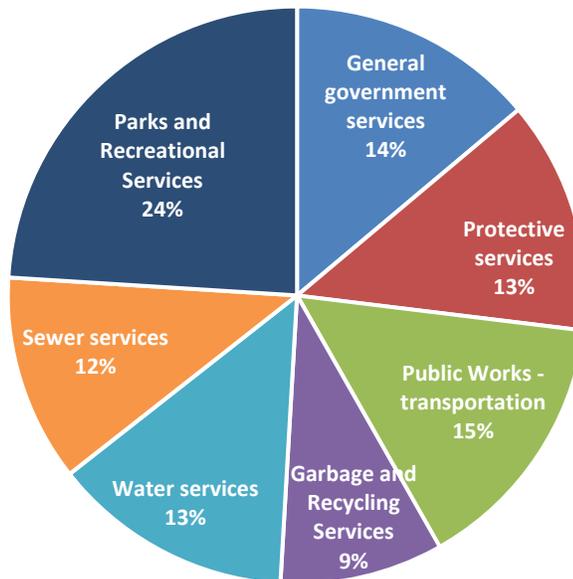
This schedule has been prepared on a cash basis and includes payments to vendors made in 2015.

The financial statements have been prepared on the accrual basis. As a result of timing differences and due to the inclusion of payments for capital improvements and payments to other taxing jurisdictions, this schedule will not agree to the financial statements.

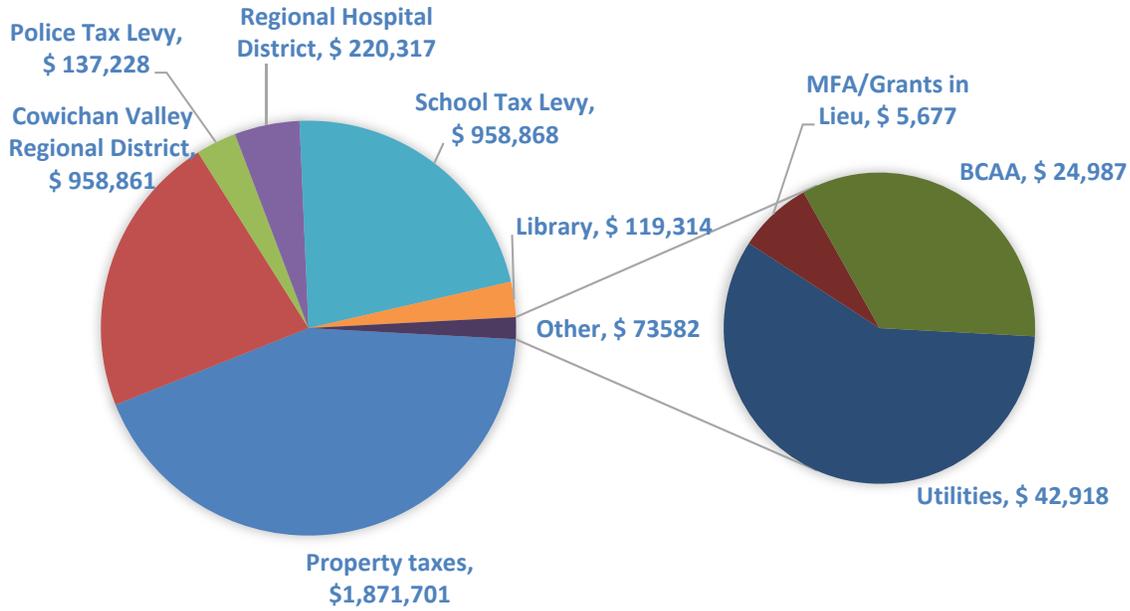
2015 Revenues by Percentage



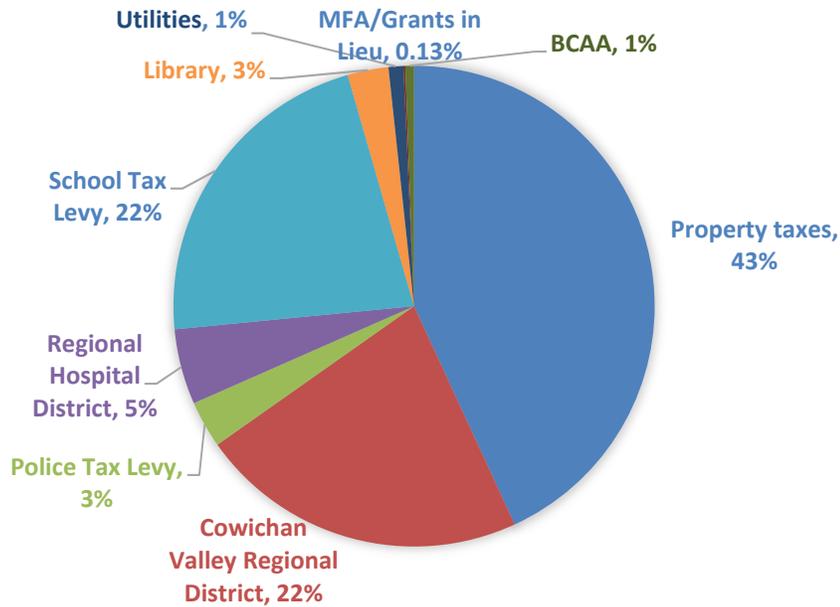
2015 Expenses by Percentage



Taxation Revenue



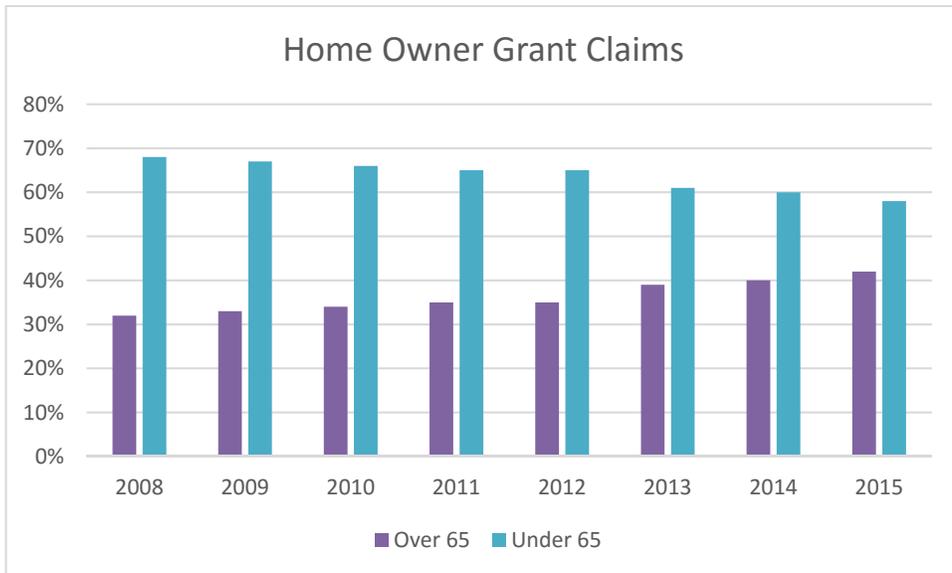
Taxation Revenue



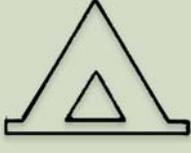
Property Tax Revenue by Class



Home Owner Grant Claims



Other Information

75 

Campsites at Lakeview

100% 

Increase in kids registered in reading programs

28% 

Garbage diverted to Organics

24% 

Savings in tipping costs

Other information

\$1,351,200

UBCM Gas Tax Funds
Largest grant
received by the Town
to date

148



Volunteer Fire Call Outs

30%



Decrease in
water usage

34



Building Permits
Issued

Contact Us

Town of Lake Cowichan

PO Box 860, 39 South Shore Road
Lake Cowichan BC V0R 2G0

Staff

Joseph Fernandez jfernandez@lakecowichan.ca
Ronnie Gill rgill@lakecowichan.ca
Nagi Rizk nagi.rizk@lakecowichan.ca
Dalton Smith clec@lakecowichan.ca

Council

Mayor Forest rforrest@lakecowichan.ca
Councillor Austin caustin@lakecowichan.ca
Councillor Day bobkday@lakecowichan.ca
Councillor McGonigle trlm@lakecowichan.ca
Councillor Vomacka lvomacka@lakecowichan.ca

Website: www.lakecowichan.ca

Town Office

Tel: 250.749.6681
Fax: 250.749.3900

Public Works

Tel: 250.749.6244
Fax: 250.746.6686

Cowichan Lake Education

250.749.6213
250.749.6525

Lakeview Park Campground

250.749.3350



