



TOWN OF LAKE COWICHAN
CONSOLIDATED FINANCIAL STATEMENTS
(Audited)
DECEMBER 31, 2022

Town of Lake Cowichan
Consolidated Financial Statements
For the Year Ended December 31, 2022

Independent Auditor's Report

Consolidated Financial Statements

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In preparing the consolidated financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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 Town'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 Town'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 Town 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.

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

April 25, 2023

Chartered Professional Accountants

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Town of Lake Cowichan (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the 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 Town as at December 31, 2022, and the results of its consolidated operations 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 Town 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 the 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.

Town of Lake Cowichan
Consolidated Statement of Financial Position
As at December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and short-term deposits (Note 2)	\$ 17,961,979	\$ 16,269,986
Accounts receivable (Note 3)	864,423	579,441
Redeemable Tax Sale Properties	-	28,123
	18,826,402	16,877,550
FINANCIAL LIABILITIES		
Accounts payable (Note 4)	781,409	364,872
Wages payable	35,113	42,142
Future payroll obligations (Note 5)	401,628	385,680
Deferred revenues and deposits (Note 6)	733,584	688,374
Community works fund (Note 7)	1,281,046	2,498,243
Restricted Revenues (Note 8)	2,206,570	2,010,077
Tax Sale Deposits	-	10,000
Municipal Finance Authority Loans (Note 9)	165,452	336,438
	5,604,802	6,335,826
NET FINANCIAL ASSETS	13,221,600	10,541,724
NON-FINANCIAL ASSETS		
Inventory	65,121	77,280
Prepaid items	133,889	123,279
Tangible capital assets (Note 10)	34,269,011	33,043,864
	34,468,021	33,244,423
ACCUMULATED SURPLUS (Note 11)	47,689,621	43,786,147
Commitments and Contingencies (Note 12)		

See accompanying notes to the Consolidated Financial Statements

Ronnie Gill, CPA, CGA
 Director of Finance

Town of Lake Cowichan
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2022

	Budget 2022 (Note 14)	2022	2021
REVENUES			
Taxation and grants-in-lieu of taxes (Schedule I)	\$ 2,454,980	\$ 2,458,317	\$ 2,345,099
Government grants and transfers (Schedule II)	511,900	640,822	510,937
Grants and Other (Schedule II)	1,799,870	1,843,659	140,146
Sales of services (Schedule III)	3,661,500	4,368,257	3,669,052
Return on investments	17,000	261,699	19,914
Contribution from Developers	-	-	5,297
Contributed tangible capital assets	-	-	1,285,062
Gain (loss) on disposal of tangible capital assets	-	-	(8,367)
	<u>8,445,250</u>	<u>9,572,754</u>	<u>7,967,140</u>
EXPENSES			
General government services	694,800	750,805	852,770
Protective services	612,600	976,723	956,091
Public Works - transportation	535,000	661,699	702,364
Garbage and Recycling Services	431,000	412,771	410,766
Parks and Recreational Services (Schedule IV)	897,900	1,118,406	1,028,085
Sewer services	498,000	555,573	585,739
Water services	906,400	1,193,303	1,116,946
	<u>4,575,700</u>	<u>5,669,280</u>	<u>5,652,761</u>
SURPLUS FOR THE YEAR	3,869,550	3,903,474	2,314,379
ACCUMULATED SURPLUS			
Beginning of year	43,786,147	43,786,147	41,471,768
ACCUMULATED SURPLUS, end of year	<u>47,655,697</u>	<u>47,689,621</u>	<u>43,786,147</u>

See accompanying notes to the Consolidated Financial Statements

Town of Lake Cowichan
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

	2022	2021
OPERATIONS		
Surplus for the year	\$ 3,903,474	\$ 2,314,379
Non-cash charges to operations		
Amortization	1,272,407	1,213,466
Contributed tangible capital assets	-	(1,285,062)
Loss on disposal of tangible capital assets	-	8,367
Cash from Operations	5,175,881	2,251,150
CHANGE IN WORKING CAPITAL BALANCES		
Accounts receivable	(284,982)	116,556
Inventory	12,159	(17,123)
Prepaid items	(10,610)	(29,568)
Redeemable Tax Sale Properties	28,123	(28,123)
Accounts payable	416,537	92,977
Wages payable	(7,029)	5,488
Future payroll obligations	15,948	25,602
Deferred revenue	45,210	212,987
Community works fund	(1,217,197)	394,277
Restricted Revenues	196,493	251,546
Tax sale deposits	(10,000)	10,000
Cash provided by operating transactions	4,360,533	3,285,769
CAPITAL		
Acquisition of tangible capital assets	(2,497,554)	(1,103,668)
Proceeds on disposal of tangible capital assets	-	49,999
	(2,497,554)	(1,053,669)
FINANCING		
Municipal Finance Authority loan payments	(170,986)	(190,192)
NET CHANGE IN CASH AND SHORT TERM DEPOSITS	1,691,993	2,041,908
CASH AND SHORT TERM DEPOSITS, beginning of year	16,269,986	14,228,078
CASH AND SHORT TERM DEPOSITS, end of year	17,961,979	16,269,986
Cash and short term deposits:		
Cash	\$ 279,139	\$ 230,296
Short term deposits	17,682,840	16,039,690
	17,961,979	16,269,986

Interest paid during the year amounted to \$9,049 (2021 - \$7,280).
See accompanying notes to the Consolidated Financial Statements

Town of Lake Cowichan
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2022

	Budget 2022 (Note 14)	2022	2021
SURPLUS FOR THE YEAR	\$ 3,869,550	\$ 3,903,474	\$ 2,314,379
Amortization of tangible capital assets	-	1,272,407	1,213,466
Change in inventories and prepaid expenses	-	1,549	(46,691)
Disposal of tangible capital assets	-	-	58,366
Acquisition of tangible capital assets	(4,827,000)	(2,497,554)	(2,388,730)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(957,450)	2,679,876	1,150,790
NET FINANCIAL ASSETS, beginning of year	10,541,724	10,541,724	9,390,934
NET FINANCIAL ASSETS, end of year	9,584,274	13,221,600	10,541,724

See accompanying notes to the Consolidated Financial Statements

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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.

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.

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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.

Non-Financial Assets

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

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, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

<u>Tangible Capital Asset</u>	<u>Useful Life - Years</u>
Land improvements	15 to 25
Buildings	20 to 50
Equipment and vehicles	5 to 25
Engineering structures	30 to 60
Roads and footbridges	20 to 80
Underground services	20 to 80

Amortization is charged commencing on the date the asset is acquired or available for use. 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.

Financial Instruments

The Town's financial instruments consist of cash and short-term deposits, accounts receivable, accounts payable, deposits, 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.

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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% (2021 – 2%)
- discount rate is 3.45% (2021 – 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 tangible capital 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.

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, 2022.

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. As at December 31, 2022, the Town has not recorded any liability for contaminated sites as no such sites exist.

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

1. Significant Accounting Policies (continued)

Recent Accounting Pronouncements

PS 3280 Asset Retirement Obligations, issued August 2018, establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets and is effective for the Town as of January 1, 2023. A liability will be recognized when, as at the financial reporting date:

- a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) The past transaction or event giving rise to the liability has occurred;
- c) It is expected that future economic benefits will be given up; and
- d) A reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

Management is in the process of assessing the impact of adopting this standard on the Town's financial results.

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*.

	2022	2021
General cash and short-term deposits	\$ 13,746,413	\$ 11,433,405
Restricted revenues	2,206,570	2,010,077
Capital reserves	2,008,996	2,826,504
	<hr/> 17,961,979	<hr/> 16,269,986

3. Accounts Receivable

	2022	2021
Property taxes	\$ 411,157	\$ 347,246
Water trade receivables	57,325	49,759
Sewer trade receivables	75,542	42,942
Other	320,399	139,494
	<hr/> 864,423	<hr/> 579,441

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

4. Accounts Payable

	2022	2021
Trade accounts and accrued liabilities	\$ 739,026	\$ 341,022
Regional and local governments	42,383	23,850
	781,409	364,872

5. Future Payroll Obligations

	2022	2021
Vacation leave accrual	\$ 316,314	\$ 302,083
Sick leave payable	85,314	83,597
	401,628	385,680

Total sick leave paid out during the year amounted to \$54,298 (2021 - \$32,975).

6. Deferred Revenues and Deposits

	2022	2021
Prepaid property taxes and utilities	\$ 166,908	\$ 139,862
Developers' deposits	527,856	520,141
Other deposits and unearned revenues	38,820	28,371
	733,584	688,374

7. Community Works Fund

	2022	2021
Balance, beginning of year	\$2,498,243	\$2,103,966
Funds received	199,862	390,841
Funds expended	(1,470,588)	-
Interest earned	53,528	3,436
Balance, end of year	1,281,046	2,498,243

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.

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

8. Restricted Revenues

	2022	2021
Land acquisition	\$ 105,168	\$ 103,173
Parkland dedication	166,669	145,598
Road development charge	519,958	469,951
Sewer development charge	303,667	278,206
Water development charge	1,111,108	1,013,149
	2,206,570	2,010,077

9. Municipal Finance Authority Loans

	Monthly Payment	Expiry Date	2022	2021
Fire hall	\$10,706	Sept. 30, 2023	\$ 87,667	\$ 212,994
Fire truck #6	3,998	Sept. 30, 2024	77,785	123,444
			165,452	336,438
Principal payments:				
	2023	132,805		
	2024	32,647		
		165,452		

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, 2022 was 4.04% (2021 – 0.96%). Interest paid on the loans during the year amounted to \$5,357 (2021 - \$4,050).

Town of Lake Cowichan
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2022

10. Tangible Capital Assets

	Opening Balance	Additions	Transfers Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Transfers Disposals	Closing Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Land	\$ 5,343,554	-	-	\$ 5,343,554	-	-	-	-	\$5,343,554	\$5,343,554
Land improvements	2,092,390	-	-	2,092,390	359,748	93,373	-	453,121	1,639,269	1,732,642
Buildings	5,396,618	89,950	-	5,486,568	3,357,413	155,235	-	3,512,648	1,973,920	2,039,205
Equipment and vehicles	4,828,036	157,702	-	4,985,738	2,400,498	287,131	-	2,687,629	2,298,109	2,427,538
Engineering structures	12,154,124	-	-	12,154,124	1,615,293	378,950	-	1,994,243	10,159,881	10,538,831
Roads and services	8,343,670	152,096	8,230	8,503,996	3,226,816	191,375	-	3,418,191	5,085,805	5,116,854
Underground services	8,219,743	53,339	-	8,273,082	3,102,824	166,343	-	3,269,167	5,003,915	5,116,919
Construction in Progress	728,321	2,044,467	(8,230)	2,764,558	-	-	-	-	2,764,558	728,321
	47,106,456	2,497,554	-	49,604,010	14,062,592	1,272,407	-	15,334,999	34,269,011	33,043,864

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

11. Accumulated Surplus

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

Surpluses	2022	2021
Invested in capital assets	\$34,103,559	\$32,707,426
Operating surplus	11,577,066	8,252,217
	<u>45,680,625</u>	<u>40,959,643</u>
Reserves		
Capital equipment	3,948	3,874
Covid Restart Grant* (See details below)	261,708	420,879
Fire equipment	189,363	187,263
Fire Hall	318,512	312,468
Municipal Hall	265,229	1,061,002
Public Works equipment	773,775	664,035
Parks Capital Improvement	34,113	28,379
Snow Removal	45,696	34,166
Transportation - Roads	106,056	104,043
Sewer General	1,790	1,756
Water General	8,806	8,639
	<u>2,008,996</u>	<u>2,826,504</u>
	<u>47,689,621</u>	<u>43,786,147</u>

*Covid Restart Grant	2022	2021
Opening balance	\$ 420,879	\$ 695,590
Interest earned	8,165	1,048
Covid expenses	(87,336)	(75,759)
Revenue shortfall Cowichan Lake Education Centre	(80,000)	(200,000)
Ending Balance	<u>261,708</u>	<u>420,879</u>

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

12. Commitments and Contingencies

a.) Pension Liability

The Town 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, 2021, the plan has about 227,000 active members and approximately 118,000 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 valuation for the Municipal Pension Plan as at December 31, 2021 indicated a \$3.761 billion funding surplus for the basic pension benefits on a going concern basis.

The Town of Lake Cowichan paid \$86,091 (2021 - \$97,121) for employer contributions while employees contributed \$79,618 (2021 - \$85,432) to the Plan in fiscal 2022.

The next valuation will be as at December 31, 2024 with results available in 2025.

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.

b.) Contingent Liability

There were outstanding claims made against the Town of Lake Cowichan as at December 31, 2022 for incidents that arose in the ordinary course of operations. In the opinion of management and legal counsel, the outcomes of the lawsuits, now pending, are not determinable. As the outcomes are not determinable at this time, no amount has been accrued in the financial statements. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

12. Commitments and Contingencies (continued)

c.) 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.

13. Funds Held in Trust

These funds account for assets that must be administered as directed by statute and are for the columbaria constructed in 2018. In accordance with PSAB recommendations on financial statement presentation for local governments, trust funds are not included in the Town's Consolidated Financial Statements. A summary of these assets is shown below:

	2022	2021
Cash held in trust	\$ 7,718	\$ 5,465
Care Fund equity	7,718	5,465

14. Budget Amounts

Financial Plan Bylaw 1073-2022 was adopted by Council on April 26, 2022. 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 consolidated financial statements as presented:

	General Fund	Sewer Utility	Water Utility	Consolidated Funds
Financial Plan Bylaw surplus	\$ -	\$ -	\$ -	\$ -
Transfers to (from) surplus	2,750	63,000	(54,100)	11,650
Add: Capital expenditures	3,996,000	450,000	381,000	4,827,000
Add: Principal debt repayments	170,900	-	-	170,900
Less: Transfers from reserve funds	(1,140,000)	-	-	(1,140,000)
Adjusted Annual Surplus	3,029,650	513,000	326,900	3,869,550

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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 Amounts

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

Town of Lake Cowichan
For the Year Ended December 31, 2022

Schedule I

Taxation and Grants-in-Lieu of Taxes

	Budget		
	2022	2022	2021
Property taxes	\$ 2,398,980	\$ 2,401,670	\$ 2,289,015
Utilities	49,500	50,227	49,262
Federal Grants-in-lieu	6,500	6,420	6,822
	2,454,980	2,458,317	2,345,099
Collections for other Governments			
British Columbia Assessment Authority	36,640	36,680	29,987
Cowichan Valley Regional District	1,361,456	1,361,456	1,223,153
Municipal Finance Authority	201	202	141
Police Tax Levy	199,950	200,181	187,756
Regional Hospital District	380,321	380,321	339,808
School Tax Levy	1,326,085	1,326,802	1,158,430
Vancouver Island Regional Library	163,581	163,581	155,218
	3,468,234	3,469,223	3,094,493
Total Property Taxes and Collections	5,923,214	5,927,540	5,439,592
Less: transfers to other Governments	3,468,234	3,469,223	3,094,493
Net Taxation Revenue	2,454,980	2,458,317	2,345,099

Town of Lake Cowichan
For the Year Ended December 31, 2022
Schedule II

Government Grants and Transfers

	Budget 2022	2022	2021
Small Community Protection Grant	\$ 510,000	\$ 639,000	\$ 509,000
Other	1,900	1,822	1,937
	511,900	640,822	510,937

Grants and Other

Active Transportation Grant	-	-	23,788
Climate Action	-	66,082	-
Community Works Funds	1,560,000	1,470,588	-
CRI Firesmart Community Funding	89,871	136,655	58,982
Destination BC	15,000	15,000	10,000
Emergency Operations Centre	25,000	-	-
Other	-	5,500	-
Province of BC	99,999	122,829	6,855
Poverty Reduction Grant	-	25,000	24,700
Stormwater Planning Grant	10,000	-	-
Summer Student Grant	-	2,005	15,821
	1,799,870	1,843,659	140,146

Town of Lake Cowichan
For the Year Ended December 31, 2022
Schedule III

Sales of services

	Budget		
	2022	2022	2021
GENERAL REVENUE FUND			
Garbage fees	\$ 418,000	\$ 442,310	\$ 415,514
Cowichan Lake Education Centre	216,000	350,111	232,768
Lakeview Park fees	231,000	239,078	247,442
CVRD fire protection	331,000	348,898	330,670
Fire service	-	1,471	5,187
Wildfire Recoveries	-	100,358	171,549
Administration recoveries	3,300	3,528	3,348
Public Works revenues	-	17,594	35,630
Lease revenues	65,000	64,809	64,807
Penalties and interest on taxes	60,000	72,892	73,313
	1,324,300	1,641,049	1,580,228
Licences and Permits			
Business licences	19,500	20,675	19,900
Building permit and fees	44,000	145,768	132,828
Dog licences and fines	2,700	3,170	2,690
Other	26,700	62,983	54,554
	92,900	232,596	209,972
WATERWORKS UTILITY REVENUE FUND			
User fees	685,000	697,623	653,731
Parcel tax	537,300	537,600	351,600
Penalties and interest	5,000	5,162	5,194
Connection and service charges	6,000	137,338	46,168
	1,233,300	1,377,723	1,056,693
SEWER UTILITY REVENUE FUND			
User fees	565,000	575,157	538,687
Parcel tax	438,000	438,000	257,850
Penalties and interest	4,000	4,187	4,112
Connection and service charges	4,000	99,545	21,510
	1,011,000	1,116,889	822,159
	3,661,500	4,368,257	3,669,052

Town of Lake Cowichan
For the Year Ended December 31, 2022

Schedule IV

Parks and Recreational Services Expenses

	Budget		
	2022	2022	2021
GENERAL REVENUE FUND			
Cowichan Lake Education Centre	\$ 359,700	\$ 475,832	\$ 406,691
Information Centre	53,400	39,557	36,911
Lakeview Park	224,800	226,453	222,520
Parks and playgrounds	226,000	350,155	325,590
Buildings and other	34,000	26,409	36,373
	897,900	1,118,406	1,028,085

Town of Lake Cowichan
For the Year Ended December 31, 2022
Schedule V

Consolidated Segment Disclosures

	General Government	Protective Services	Public Works Transportation	Garbage & Recycling	Parks and Recreation	Sewer Services	Water Services	Reserve	2022 Consolidated	2022 Budget
REVENUE										
Taxation & grants in lieu of taxes	\$ 2,458,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,458,317	\$ 2,454,980
Government grants and transfers	640,822	-	-	-	-	-	-	-	640,822	511,900
Utility charges and parcel taxes	-	-	-	442,310	-	1,013,157	1,235,223	-	2,690,690	2,337,200
Services and fees	383,174	450,727	17,594	-	589,189	99,545	137,338	-	1,677,567	1,324,300
Interest and penalties	196,903	-	-	-	-	4,187	5,162	55,447	261,699	17,000
Grants	1,567,170	136,655	122,829	-	17,005	-	-	-	1,843,659	1,799,870
	<u>5,246,386</u>	<u>587,382</u>	<u>140,423</u>	<u>442,310</u>	<u>606,194</u>	<u>1,116,889</u>	<u>1,377,723</u>	<u>55,447</u>	<u>9,572,754</u>	<u>8,445,250</u>
EXPENSES										
Administration	(281,700)	14,700	(226,000)	46,000	43,000	161,000	243,000	-	-	-
Audit and legal	28,526	-	-	-	-	-	-	-	28,526	66,000
Advertising, promotion and rebates	4,949	204	271	-	386	-	-	-	5,810	11,700
Conferences, travel and memberships	34,656	50,421	200	-	-	175	3,447	-	88,899	59,200
Contracted services	166,611	158,785	55,901	121,508	89,120	42,919	97,156	-	732,000	663,600
Discounts	-	-	-	28,640	-	43,710	53,272	-	125,622	119,000
Fuel	-	16,088	66,276	-	-	-	-	-	82,364	15,500
Insurance	115,017	9,736	23,630	-	158	-	-	-	148,541	135,600
Interest	3,693	5,357	-	-	-	-	-	-	9,050	9,500
Materials	40,960	169,699	65,927	4,748	211,954	38,744	82,277	-	614,309	539,950
Telephone	12,199	6,208	6,462	-	6,005	-	2,203	-	33,077	38,200
Utilities	3,149	49,024	93,497	-	65,610	37,847	74,536	-	323,663	328,700
Wages, benefits and equipment charges	612,305	310,560	208,686	211,875	518,618	120,489	222,479	-	2,205,012	2,588,750
	<u>740,365</u>	<u>790,782</u>	<u>294,850</u>	<u>412,771</u>	<u>934,851</u>	<u>444,884</u>	<u>778,370</u>	<u>-</u>	<u>4,396,873</u>	<u>4,575,700</u>
Amortization	10,440	185,941	366,849	-	183,555	110,689	414,933	-	1,272,407	-
TOTAL EXPENSES	<u>750,805</u>	<u>976,723</u>	<u>661,699</u>	<u>412,771</u>	<u>1,118,406</u>	<u>555,573</u>	<u>1,193,303</u>	<u>-</u>	<u>5,669,280</u>	<u>4,575,700</u>
SURPLUS	<u>4,495,581</u>	<u>(389,341)</u>	<u>(521,276)</u>	<u>29,539</u>	<u>(512,212)</u>	<u>561,316</u>	<u>184,420</u>	<u>55,447</u>	<u>3,903,474</u>	<u>3,869,550</u>

Town of Lake Cowichan
For the Year Ended December 31, 2021
Schedule VI

Consolidated Segment Disclosures

	General Government	Protective Services	Public Works Transportation	Garbage & Recycling	Parks and Recreation	Sewer Services	Water Services	Reserve	2021 Consolidated	2021 Budget
REVENUE										
Taxation & grants in lieu of taxes	\$ 2,345,099	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,345,099	\$ 2,346,656
Government grants and transfers	510,937	-	-	-	-	-	-	-	510,937	507,900
Utility charges and parcel taxes	-	-	-	415,514	-	818,047	1,051,499	-	2,285,060	2,177,100
Sales of services and fees	278,127	507,406	35,630	-	480,209	-	-	-	1,301,372	828,859
Interest and penalties	88,688	-	-	-	-	4,112	5,194	4,540	102,534	50,000
Grants	55,343	58,982	-	-	25,821	-	-	-	140,146	3,649,199
Contributed capital assets	483,343	-	-	-	-	119,300	682,419	-	1,285,062	-
Other	(8,367)	-	-	-	-	5,297	-	-	(3,070)	-
	3,753,170	566,388	35,630	415,514	506,030	946,756	1,739,112	4,540	7,967,140	9,559,714
EXPENSES										
Administration	(277,000)	14,000	(224,000)	45,000	43,000	158,000	241,000	-	-	-
Audit and legal	49,225	-	-	-	-	-	-	-	49,225	65,000
Advertising, promotion and rebates	4,076	54	526	-	368	-	-	-	5,024	10,700
Conferences, travel and memberships	11,550	20,408	790	-	-	2,129	1,714	-	36,591	59,800
Contracted services	301,773	248,757	94,943	118,508	71,875	71,654	76,065	-	983,575	1,013,600
Discounts	-	-	-	26,931	-	40,898	50,013	-	117,842	111,000
Fuel	-	9,212	51,520	-	-	-	-	-	60,732	12,800
Insurance	99,221	8,794	27,869	-	200	-	-	-	136,084	114,400
Interest	3,230	4,050	-	-	-	-	-	-	7,280	9,600
Materials	44,388	187,414	78,085	4,716	139,196	25,659	39,343	-	518,801	454,450
Telephone	11,293	6,577	7,061	-	8,965	-	2,286	-	36,182	38,700
Utilities	2,920	32,259	85,821	-	58,544	34,275	65,302	-	279,121	346,100
Wages, benefits and equipment charges	591,654	248,006	252,227	215,611	512,274	148,218	240,848	-	2,208,838	2,420,150
	842,330	779,531	374,842	410,766	834,422	480,833	716,571	-	4,439,295	4,656,300
Amortization	10,440	176,560	327,522	-	193,663	104,906	400,375	-	1,213,466	-
TOTAL EXPENSES	852,770	956,091	702,364	410,766	1,028,085	585,739	1,116,946	-	5,652,761	4,656,300
SURPLUS	2,900,400	(389,703)	(666,734)	4,748	(522,055)	361,017	622,166	4,540	2,314,379	4,903,414