



**TOWN OF LAKE COWICHAN
CONSOLIDATED FINANCIAL STATEMENTS**

(Audited)

DECEMBER 31, 2021

Town of Lake Cowichan
Consolidated Financial Statements
For the Year Ended December 31, 2021

Independent Auditor's Report

Consolidated Financial Statements

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To 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, 2021, 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, 2021, 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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Duncan, British Columbia

May 10, 2022

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, sans-serif font, followed by 'LLP' in a smaller, similar font.

Chartered Professional Accountants

Town of Lake Cowichan
Consolidated Statement of Financial Position
As at December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and short-term deposits (Note 2)	\$ 16,269,986	\$ 14,228,078
Accounts receivable (Note 3)	579,441	695,997
Redeemable Tax Sale Properties	28,123	-
	16,877,550	14,924,075
FINANCIAL LIABILITIES		
Accounts payable (Note 4)	364,872	271,895
Wages payable	42,142	36,654
Future payroll obligations (Note 5)	385,680	360,078
Deferred revenues and deposits (Note 6)	688,374	475,387
Community works fund (Note 7)	2,498,243	2,103,966
Restricted Revenues (Note 8)	2,010,077	1,758,531
Tax Sale Deposits	10,000	-
Municipal Finance Authority Loans (Note 9)	336,438	526,630
	6,335,826	5,533,141
NET FINANCIAL ASSETS	10,541,724	9,390,934
NON-FINANCIAL ASSETS		
Inventory	77,280	60,157
Prepaid items	123,279	93,711
Tangible capital assets (Note 10)	33,043,864	31,926,966
	33,244,423	32,080,834
ACCUMULATED SURPLUS (Note 11)	\$ 43,786,147	\$ 41,471,768
Commitments and Contingencies (Note 12)		
Significant Event (Note 17)		

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, 2021

	Budget		
	2021	2021	2020
	(Note 14)		
REVENUES			
Taxation and grants-in-lieu of taxes (Schedule I)	\$ 2,346,656	\$ 2,345,099	\$ 2,289,639
Government grants and transfers (Schedule II)	507,900	510,937	1,653,911
Grants and Other (Schedule II)	3,639,199	140,146	49,295
Sales of services (Schedule III)	3,015,959	3,669,052	3,028,235
Return on investments	50,000	19,914	76,729
Contribution from Developers	-	5,297	7,334
Contributed tangible capital assets	-	1,285,062	-
Gain (loss) on disposal of tangible capital assets	-	(8,367)	(16,314)
	<u>9,559,714</u>	<u>7,967,140</u>	<u>7,088,829</u>
EXPENSES			
General government services	1,041,100	1,001,263	656,067
Protective services	555,800	807,598	705,962
Public Works - transportation	488,500	702,364	732,970
Garbage and Recycling Services	427,000	410,766	408,715
Parks and Recreational Services (Schedule IV)	782,900	1,028,085	917,774
Sewer services	468,000	585,739	564,149
Water services	893,000	1,116,946	1,157,116
	<u>4,656,300</u>	<u>5,652,761</u>	<u>5,142,753</u>
SURPLUS FOR THE YEAR	<u>4,903,414</u>	<u>2,314,379</u>	<u>1,946,076</u>
ACCUMULATED SURPLUS			
Beginning of year	41,471,768	41,471,768	39,525,692
ACCUMULATED SURPLUS, end of year	<u>\$ 46,375,182</u>	<u>\$ 43,786,147</u>	<u>\$ 41,471,768</u>

See accompanying notes to the Consolidated Financial Statements

Town of Lake Cowichan
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2021

	2021	2020
OPERATIONS		
Surplus for the year	\$ 2,314,379	\$ 1,946,076
Non-cash charges to operations		
Amortization	1,213,466	1,036,198
Contributed tangible capital assets	(1,285,062)	-
Loss on disposal of tangible capital assets	8,367	16,314
Cash from Operations	2,251,150	2,998,588
CHANGE IN WORKING CAPITAL BALANCES		
Accounts receivable	116,556	(143,190)
Inventory	(17,123)	4,923
Prepaid items	(29,568)	13,637
Redeemable Tax Sale Properties	(28,123)	7,692
Accounts payable	92,977	(39,348)
Wages payable	5,488	234
Future payroll obligations	25,602	25,809
Deferred revenue	212,987	212,345
Community works fund	394,277	207,238
Restricted Revenues	251,546	162,989
Tax sale deposits	10,000	(7,692)
Cash provided by operating transactions	3,285,769	3,443,225
CAPITAL		
Acquisition of tangible capital assets	(1,103,668)	(1,005,684)
Proceeds on disposal of tangible capital assets	49,999	27,000
	(1,053,669)	(978,684)
FINANCING		
Municipal Finance Authority loan payments	(190,192)	(201,387)
NET CHANGE IN CASH AND SHORT TERM DEPOSITS	2,041,908	2,263,154
CASH AND SHORT TERM DEPOSITS, beginning of year	14,228,078	11,964,924
CASH AND SHORT TERM DEPOSITS, end of year	\$ 16,269,986	\$ 14,228,078
Cash and short term deposits:		
Cash	\$ 230,296	\$ 161,708
Short term deposits	16,039,690	14,066,370
	\$ 16,269,986	\$ 14,228,078

Interest paid during the year amounted to \$7,280 (2020 - \$15,135).
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, 2021

	Budget 2021 (Note 14)	2021	2020
SURPLUS FOR THE YEAR	\$ 4,903,414	\$ 2,314,379	\$ 1,946,076
Amortization of tangible capital assets	-	1,213,466	1,036,198
Change in inventories and prepaid expenses	-	(46,691)	18,560
Disposal of tangible capital assets	-	58,366	43,314
Acquisition of tangible capital assets	(7,387,500)	(2,388,730)	(1,005,684)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(2,484,086)	1,150,790	2,038,464
NET FINANCIAL ASSETS, beginning of year	9,390,934	9,390,934	7,352,470
NET FINANCIAL ASSETS, end of year	\$ 6,906,848	\$ 10,541,724	\$ 9,390,934

See accompanying notes to the Consolidated Financial Statements

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

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, 2021

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, 2021

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% (2020 – 2%)
- discount rate is 3.45% (2020 – 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, 2021.

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, 2021, 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, 2021

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*.

	2021	2020
General cash and short-term deposits	\$ 11,433,405	\$ 9,508,634
Restricted revenues	2,010,077	1,758,531
Capital reserves	2,826,504	2,960,913
	<hr/> \$16,269,986	<hr/> \$14,228,078

3. Accounts Receivable

	2021	2020
Property taxes	\$ 347,246	\$ 448,821
Water trade receivables	49,759	63,873
Sewer trade receivables	42,942	52,893
Other	139,494	130,410
	<hr/> \$ 579,441	<hr/> \$ 695,997

4. Accounts Payable

	2021	2020
Trade accounts and accrued liabilities	\$ 341,022	\$ 246,381
Regional and local governments	23,850	25,514
	<hr/> \$ 364,872	<hr/> \$ 271,895

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

5. Future Payroll Obligations

	2021	2020
Vacation leave accrual	\$ 302,083	\$ 284,977
Sick leave payable	83,597	75,101
	<u>\$ 385,680</u>	<u>\$ 360,078</u>

Total sick leave paid out during the year amounted to \$32,975 (2020 - \$47,743).

6. Deferred Revenues and Deposits

	2021	2020
Prepaid property taxes and utilities	\$ 139,862	\$ 113,445
Developers' deposits	520,141	329,133
Other deposits and unearned revenues	28,371	32,809
	<u>\$ 688,374</u>	<u>\$ 475,387</u>

7. Community Works Fund

	2021	2020
Balance, beginning of year	\$2,103,966	\$1,896,728
Funds received	390,841	190,978
Interest earned	3,436	16,260
Balance, end of year	<u>\$2,498,243</u>	<u>\$2,103,966</u>

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, 2021

8. Restricted Revenues

	2021	2020
Land acquisition	\$ 103,173	\$ 103,015
Parkland dedication	145,598	90,452
Road development charge	469,951	412,401
Sewer development charge	278,206	249,899
Water development charge	1,013,149	902,764
	\$2,010,077	\$1,758,531

9. Municipal Finance Authority Loans

	Monthly Payment	Expiry Date	2021	2020
Fire hall	\$10,706	Sept. 30, 2023	\$ 212,994	\$ 338,851
Fire truck #6	\$ 3,998	Sept. 30, 2024	123,444	169,924
Fire truck #10			-	17,855
			\$ 336,438	\$ 526,630

Principal payments:	2022	\$173,854	
	2023	133,351	
	2024	29,233	
		\$336,438	

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, 2021 was 0.96% (2020 – 1.21%). Interest paid on the loans during the year amounted to \$4,050 (2020 - \$11,139).

Town of Lake Cowichan
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

10. Tangible Capital Assets

	Opening Balance	Additions	Transfers Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Transfers Disposals	Closing Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Land	\$ 5,343,554	-	-	\$ 5,343,554	\$ -	\$ -	-	\$ -	\$5,343,554	\$ 5,343,554
Land improvements	2,054,444	37,946	-	2,092,390	269,039	90,709	-	359,748	1,732,642	1,785,405
Buildings	5,314,743	51,274	30,601	5,396,618	3,196,872	160,541	-	3,357,413	2,039,205	2,117,870
Equipment and vehicles	4,557,125	372,418	(101,507)	4,828,036	2,178,185	265,453	(43,140)	2,400,498	2,427,538	2,378,940
Engineering structures	11,609,562	544,562	-	12,154,124	1,253,288	362,005	-	1,615,293	10,538,831	10,356,274
Roads and services	7,788,251	555,419	-	8,343,670	3,052,326	174,490	-	3,226,816	5,116,854	4,735,925
Underground services	7,536,723	683,020	-	8,219,743	2,942,556	160,268	-	3,102,824	5,116,919	4,594,167
Construction in Progress	614,831	365,376	(251,886)	728,321	-	-	-	-	728,321	614,831
	\$44,819,233	\$2,610,015	\$ (322,792)	\$47,106,456	\$12,892,266	\$1,213,466	\$ (43,140)	\$14,062,592	\$33,043,864	\$31,926,966

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

11. Accumulated Surplus

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

Surpluses	2021	2020
Invested in capital assets	\$32,707,426	\$31,400,336
Operating surplus	8,252,217	7,110,519
	<hr/> 40,959,643	<hr/> 38,510,855
Reserves		
Capital equipment	3,874	3,868
Covid Restart Grant* (See details below)	420,879	695,590
Fire equipment	187,263	100,090
Fire Hall	312,468	197,167
Municipal Hall	1,061,002	1,009,448
Public Works equipment	664,035	891,516
Parks Capital Improvement	28,379	26,480
Snow Removal	34,166	9,054
Transportation - Roads	104,043	17,322
Sewer General	1,756	1,753
Water General	8,639	8,625
	<hr/> 2,826,504	<hr/> 2,960,913
	<hr/> \$43,786,147	<hr/> \$41,471,768

*Covid Restart Grant	2021	2020
Opening balance	\$ 695,590	\$ -
Funds received	-	1,158,000
Interest earned	1,048	-
Covid expenses	(75,759)	(112,410)
Revenue shortfall Cowichan Lake Education Centre	(200,000)	(350,000)
Ending Balance	<hr/> \$ 420,879	<hr/> \$ 695,590

Town of Lake Cowichan
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

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, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2.866 billion funding surplus for the basic pension benefits on a going concern basis. The Town of Lake Cowichan paid \$97,121 (2020 - \$97,414) for employer contributions while employees contributed \$85,432 (2020 - \$85,346) to the Plan in fiscal 2021.

The next valuation will be as at December 31, 2021 with results available in 2022.

Employers participating in the plan record their pension expense as the amount of 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.) Commitments

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

The Town has entered into an agreement with Copcan Civil Limited Partnership for an addition and renovations to the Municipal Hall at a cost of \$2,695,000.

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

12. Commitments and Contingencies (continued)

c.) Contingent Liability

There were outstanding claims made against the Town of Lake Cowichan as at December 31, 2021 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.

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.

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:

	2021	2020
Cash held in trust	\$ 5,465	\$ 3,981
Care Fund equity	5,465	3,981

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

14. Budget Amounts

Financial Plan Bylaw 1056-2021 was adopted by Council on April 27, 2021. 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	(99,386)	(978,900)	(306,500)	(1,384,786)
Add: Capital expenditures	3,487,500	3,500,000	400,000	7,387,500
Add: Principal debt repayments	192,700	-	-	192,700
Less: Transfers from reserve funds	(1,292,000)	-	-	(1,292,000)
Adjusted Annual Surplus	\$ 2,288,814	\$ 2,521,100	\$ 93,500	\$ 4,903,414

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.

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

16. Comparative Amounts

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

17. Significant Event

The global outbreak of COVID-19 pandemic continues to have a significant impact on organizations and businesses through the restrictions put in place by the Canadian and provincial governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. The Cowichan Lake Education Centre operations have been severely impacted. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, staff shortages, and increased government regulations, all of which will negatively impact the Town's financial condition.

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

Schedule I

Taxation and Grants-in-Lieu of Taxes

	Budget		
	2021	2021	2020
Property taxes	\$ 2,289,656	\$ 2,289,015	\$ 2,232,765
Utilities	51,000	49,262	49,995
Federal Grants-in-lieu	6,000	6,822	6,879
	<u>2,346,656</u>	<u>2,345,099</u>	<u>2,289,639</u>
Collections for other Governments			
British Columbia Assessment Authority	29,990	29,987	28,693
Cowichan Valley Regional District	1,223,153	1,223,153	1,197,159
Municipal Finance Authority	141	141	131
Police Tax Levy	187,778	187,756	182,477
Regional Hospital District	339,808	339,808	339,850
School Tax Levy	1,160,312	1,158,430	1,046,497
Vancouver Island Regional Library	155,218	155,218	150,202
	<u>3,096,400</u>	<u>3,094,493</u>	<u>2,945,009</u>
Total Property Taxes and Collections	5,443,056	5,439,592	5,234,648
Less: transfers to other Governments	3,096,400	3,094,493	2,945,009
Net Taxation Revenue	<u>\$ 2,346,656</u>	<u>\$ 2,345,099</u>	<u>\$ 2,289,639</u>

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

Schedule II

Government Grants and Transfers

	Budget		
	2021	2021	2020
Small Community Protection Grant	\$ 506,000	\$ 509,000	\$ 493,974
Other	1,900	1,937	1,937
Covid Restart Grant	-	-	1,158,000
	\$ 507,900	\$ 510,937	\$ 1,653,911

Grants and Other

Active Transportation Grant	\$ 25,000	\$ 23,788	\$ -
Asset Management BC	-	-	15,000
Centennial Park Grant	207,500	-	-
Community Works Funds	275,000	-	-
CRI Firesmart Community Funding	271,700	58,982	23,707
Destination BC	10,000	10,000	-
Emergency Operations Centre	25,000	-	-
Province of BC	589,999	6,855	6,500
Poverty Reduction Grant	25,000	24,700	-
Stormwater Planning Grant	10,000	-	-
Summer Student Grant	-	15,821	4,088
Sewer Treatment Facility	2,200,000	-	-
	\$ 3,639,199	\$ 140,146	\$ 49,295

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

Sales of services

	Budget		
	2021	2021	2020
GENERAL REVENUE FUND			
Garbage fees	\$ 411,500	\$ 415,514	\$ 400,718
Cowichan Lake Education Centre	120,000	232,768	44,700
Lakeview Park fees	197,000	247,442	199,864
CVRD fire protection	341,509	330,670	322,918
Fire service	-	5,187	31,943
Wildfire Recoveries	-	171,549	-
Administration recoveries	3,200	3,348	3,229
Public Works revenues	-	35,630	12,573
Lease revenues	64,800	64,807	64,800
Penalties and interest on taxes	50,000	73,313	77,004
	1,188,009	1,580,228	1,157,749
Licences and Permits			
Business licences	18,750	19,900	18,525
Building permit and fees	24,700	132,828	49,275
Dog licences and fines	2,700	2,690	2,715
Other	6,200	54,554	33,050
	52,350	209,972	103,565
WATERWORKS UTILITY REVENUE FUND			
User fees	629,000	653,731	620,158
Parcel tax	346,000	351,600	341,400
Penalties and interest	5,500	5,194	6,486
Connection and service charges	6,000	46,168	14,690
	986,500	1,056,693	982,734
SEWER UTILITY REVENUE FUND			
User fees	530,000	538,687	510,220
Parcel tax	253,600	257,850	250,200
Penalties and interest	4,500	4,112	5,403
Connection and service charges	1,000	21,510	18,364
	789,100	822,159	784,187
	\$ 3,015,959	\$ 3,669,052	\$ 3,028,235

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

Schedule IV

Parks and Recreational Services Expenses

	Budget		2021		2020
	2021				
GENERAL REVENUE FUND					
Cowichan Lake Education Centre	\$ 276,600	\$	406,691	\$	307,169
Information Centre	56,500		36,911		18,673
Lakeview Park	189,800		222,520		199,829
Parks and playgrounds	240,500		325,590		345,666
Buildings and other	19,500		36,373		46,437
	\$ 782,900	\$	1,028,085	\$	917,774

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)	-
	<u>3,753,170</u>	<u>566,388</u>	<u>35,630</u>	<u>415,514</u>	<u>506,030</u>	<u>946,756</u>	<u>1,739,112</u>	<u>4,540</u>	<u>7,967,140</u>	<u>9,559,714</u>
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	449,863	100,666	94,943	118,508	71,875	71,654	76,065	-	983,574	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	44,791	187,012	78,085	4,716	139,196	25,659	39,343	-	518,802	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
	<u>990,823</u>	<u>631,038</u>	<u>374,842</u>	<u>410,766</u>	<u>834,422</u>	<u>480,833</u>	<u>716,571</u>	<u>-</u>	<u>4,439,295</u>	<u>4,656,300</u>
Amortization	10,440	176,560	327,522	-	193,663	104,906	400,375	-	1,213,466	-
TOTAL EXPENSES	<u>1,001,263</u>	<u>807,598</u>	<u>702,364</u>	<u>410,766</u>	<u>1,028,085</u>	<u>585,739</u>	<u>1,116,946</u>	<u>-</u>	<u>5,652,761</u>	<u>4,656,300</u>
SURPLUS	<u>2,751,907</u>	<u>(241,210)</u>	<u>(666,734)</u>	<u>4,748</u>	<u>(522,055)</u>	<u>361,017</u>	<u>622,166</u>	<u>4,540</u>	<u>2,314,379</u>	<u>4,903,414</u>

Town of Lake Cowichan
For the Year Ended December 31, 2020
Schedule V

Consolidated Segment Disclosures

	General Government	Protective Services	Public Works Transportation	Garbage & Recycling	Parks and Recreation	Sewer Services	Water Services	Reserve	2020 Consolidated	2020 Budget
REVENUE										
Taxation & grants in lieu of taxes	\$ 2,289,639	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,289,639	\$ 2,283,064
Government grants and transfers	540,000	44,565	16,669	478	356,609	-	-	695,590	1,653,911	494,900
Utility charges and parcel taxes	-	-	-	400,718	-	779,340	976,248	-	2,156,306	2,070,750
Services and fees	171,594	322,918	12,573	-	244,564	-	-	-	751,649	482,018
Interest and penalties	136,735	-	-	-	-	4,847	6,486	16,998	165,066	110,000
Grants	21,500	23,707	-	-	4,088	-	-	-	49,295	2,964,960
Other	(16,314)	31,943	-	-	-	7,334	-	-	22,963	-
	3,143,154	423,133	29,242	401,196	605,261	791,521	982,734	712,588	7,088,829	8,405,692
EXPENSES										
Administration	(278,600)	14,000	(197,000)	43,500	25,100	158,000	235,000	-	-	-
Audit and legal	98,598	-	-	-	-	-	-	-	98,598	56,000
Advertising, promotion and rebates	4,228	118	1,020	-	350	-	-	-	5,716	12,700
Conferences, travel and memberships	5,479	19,477	560	-	-	184	550	-	26,250	59,500
Contracted services	107,393	106,883	113,215	115,853	84,374	42,349	155,392	-	725,459	723,560
Discounts	-	-	-	25,203	-	37,491	46,045	-	108,739	102,000
Fuel	-	6,236	41,302	-	-	206	-	-	47,744	13,300
Insurance	85,441	14,389	32,827	-	-	-	-	-	132,657	96,200
Interest	3,996	11,139	-	-	-	-	-	-	15,135	23,300
Materials	31,057	135,971	88,653	5,925	130,523	88,692	94,631	-	575,452	379,250
Telephone	10,746	5,232	6,716	-	10,312	-	2,932	-	35,938	34,200
Utilities	4,879	29,790	86,705	-	61,329	36,588	78,451	-	297,742	366,800
Wages, benefits and equipment charges	577,631	189,775	237,400	218,234	415,604	103,352	295,129	-	2,037,125	2,182,050
	650,848	533,010	411,398	408,715	727,592	466,862	908,130	-	4,106,555	4,048,860
Amortization	5,219	172,952	321,572	-	190,182	97,287	248,986	-	1,036,198	-
TOTAL EXPENSES	656,067	705,962	732,970	408,715	917,774	564,149	1,157,116	-	5,142,753	4,048,860
SURPLUS	2,487,087	(282,829)	(703,728)	(7,519)	(312,513)	227,372	(174,382)	712,588	1,946,076	4,356,832