



TOWN OF LAKE COWICHAN
CONSOLIDATED FINANCIAL STATEMENTS

(Audited)

DECEMBER 31, 2024

Town of Lake Cowichan
Consolidated Financial Statements
For the Year Ended December 31, 2024

Independent Auditor's Report

Consolidated Financial Statements

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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, 2024, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows 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, 2024, and the results of its consolidated operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Town as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

Nanaimo, British Columbia

May 6, 2025

MNP LLP

Chartered Professional Accountants

MNP
LLP

Town of Lake Cowichan
Consolidated Statement of Financial Position
As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and short-term deposits (Note 3)	\$ 25,868,014	\$ 22,278,043
Accounts receivable (Note 4)	907,710	816,863
Redeemable Tax Sale Properties	-	48,434
	26,775,724	23,143,340
FINANCIAL LIABILITIES		
Accounts payable (Note 5)	374,286	719,485
Wages payable	47,843	37,539
Future payroll obligations (Note 6)	409,060	436,869
Deferred revenues and deposits (Note 7)	979,585	712,726
Community works fund (Note 8)	234,597	234,469
Restricted Revenues (Note 9)	2,948,519	2,571,611
Municipal Finance Authority Loans	-	32,893
Asset Retirement Obligation (Note 10)	373,200	373,200
Tax Sale Deposits	-	63,817
	5,367,090	5,182,609
NET FINANCIAL ASSETS	21,408,634	17,960,731
NON-FINANCIAL ASSETS		
Inventory	104,483	85,435
Prepaid items	168,230	174,298
Tangible capital assets (Note 11)	37,950,643	37,386,855
	38,223,356	37,646,588
ACCUMULATED SURPLUS (Note 12)	59,631,990	55,607,319
Commitments and Contingencies (Note 13)		

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, 2024

	Budget		
	2024	2024	2023
	(Note 16)		
REVENUES			
Taxation and grants-in-lieu of taxes (Schedule I)	\$ 3,723,040	\$ 3,723,390	\$ 3,588,596
Government grants and transfers (Schedule II)	685,525	723,970	2,425,845
Grants and Other (Schedule II)	1,779,583	840,499	1,722,008
Sales of services (Schedule III)	3,292,728	3,601,683	3,693,886
Return on investments	200,000	1,040,675	908,026
Contributed tangible capital assets	-	625,498	1,999,368
	<u>9,680,876</u>	<u>10,555,715</u>	<u>14,337,729</u>
EXPENSES			
General government services	840,500	1,060,702	998,964
Protective services	708,800	861,827	1,051,091
Public Works - transportation	503,000	601,881	612,943
Garbage and Recycling Services	540,000	521,102	507,941
Parks and Recreational Services (Note 14)	1,069,800	1,228,810	1,224,577
Sewer services	578,000	927,746	774,620
Water services	983,000	1,328,976	1,249,895
	<u>5,223,100</u>	<u>6,531,044</u>	<u>6,420,031</u>
SURPLUS FOR THE YEAR	4,457,776	4,024,671	7,917,698
ACCUMULATED SURPLUS			
Beginning of year	55,607,319	55,607,319	47,689,621
ACCUMULATED SURPLUS, end of year	<u>60,065,095</u>	<u>59,631,990</u>	<u>55,607,319</u>

See accompanying notes to the Consolidated Financial Statements

Town of Lake Cowichan
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024

	2024	2023
OPERATIONS		
Surplus for the year	\$ 4,024,671	\$ 7,917,698
Non-cash charges to operations		
Amortization	1,420,537	1,295,371
Loss on disposal	99,758	-
Contributed tangible capital assets	(625,498)	(1,999,368)
Cash from Operations	4,919,468	7,213,701
CHANGE IN WORKING CAPITAL BALANCES		
Accounts receivable	(90,847)	47,560
Prepaid items	6,068	(40,409)
Inventory	(19,048)	(20,314)
Redeemable Tax Sale Properties	48,434	(48,434)
Accounts payable	(345,199)	(61,924)
Wages payable	10,304	2,426
Future payroll obligations	(27,809)	35,241
Deferred revenue	266,859	(20,858)
Community works fund	128	(1,046,577)
Restricted Revenues	376,908	365,041
Tax sale deposits	(63,817)	63,817
Cash provided by operating transactions	5,081,449	6,489,270
CAPITAL		
Acquisition of tangible capital assets	(1,458,585)	(2,040,647)
FINANCING		
Municipal Finance Authority loan payments	(32,893)	(132,559)
NET CHANGE IN CASH AND SHORT TERM DEPOSITS	3,589,971	4,316,064
CASH AND SHORT TERM DEPOSITS, beginning of year	22,278,043	17,961,979
CASH AND SHORT TERM DEPOSITS, end of year	25,868,014	22,278,043
Cash and short term deposits:		
Cash	\$ 509,011	\$ 370,129
Short term deposits	25,359,003	21,907,914
	25,868,014	22,278,043

Interest paid during the year amounted to \$9,346 (2023 - \$11,779).
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, 2024

	Budget 2024 (Note 16)	2024	2023
SURPLUS FOR THE YEAR	\$ 4,457,776	\$ 4,024,671	\$ 7,917,698
Amortization of tangible capital assets	-	1,420,537	1,295,371
Change in inventories and prepaid expenses	-	(12,980)	(60,723)
Acquisition of tangible capital assets	(5,224,488)	(1,984,325)	(4,413,215)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(766,712)	3,447,903	4,739,131
NET FINANCIAL ASSETS, beginning of year	17,960,731	17,960,731	13,221,600
NET FINANCIAL ASSETS, end of year	17,194,019	21,408,634	17,960,731

See accompanying notes to the Consolidated Financial Statements

Town of Lake Cowichan
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2024

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 in which the performance obligation to the customer is satisfied.

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, 2024

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	15 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.

Town of Lake Cowichan
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2024

1. Significant Accounting Policies (continued)

Financial Instruments

The Town recognizes financial instruments when the Town becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value.

At initial recognition, the Town may irrevocably elect to subsequently measure any financial instrument at fair value. The Town has made such an election during the year.

The Town subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the operating annual surplus. Conversely, transactions costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net measurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

The Town has not presented a statement remeasurement gains and losses as it does not have any items giving rise to remeasurement gains or losses.

Change in Accounting Policy

Effective January 1, 2024, the Town adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 Revenue. The new standard establishes when to recognize and how to measure revenue and provides the relevant financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated. Under the new standard, revenue is differentiated between arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations. There was no material impact on the financial statements from the adoption of the new accounting standard.

Town of Lake Cowichan
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2024

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% (2023 – 2%)
- discount rate is 3.45% (2023 – 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, contingencies and recognition of assets retirement obligations. 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, 2024.

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, 2024, 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, 2024

1. Significant Accounting Policies (continued)

Asset Retirement Obligations

PS 3280 Asset Retirement Obligations establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets.

An asset retirement obligation is recognized when, as at the financial reporting date, there is a legal obligation for the Town to incur costs in relation to a specific tangible capital asset, the past transaction or event causing the liability has already occurred and economic benefits will need to be given up in order to remediate the liability and a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date.

The liability represents the undiscounted cash flows estimated to be incurred to remediate the asset as the timing of remediation is uncertain. The carrying amount of the liability is reassessed annually and updated as new information becomes available. Changes in estimates are recorded prospectively and the liability is derecognized when retirement activities are completed. At remediation, the Town will derecognize the liability that was established. Gains or losses may be recognized upon settlement as a result of difference in actual liability as compared to estimated liability.

The asset retirement cost is capitalized as part of the carrying value of the assets to which it is associated and depreciated over the useful life of the asset in accordance with the Town's tangible capital asset policy in Note 1. At remediation, the Town will derecognize the liability that was established.

2. Financial Instruments

Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency, credit, liquidity or other price risks arising from financial instruments.

3. 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*.

	2024	2023
General cash and short-term deposits	\$ 19,036,612	\$ 15,746,714
Restricted revenues	2,948,520	2,571,611
Capital reserves	3,882,882	3,959,718
	<u>25,868,014</u>	<u>22,278,043</u>

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

4. Accounts Receivable

	2024	2023
Property taxes	\$ 450,718	\$ 435,378
Water trade receivables	63,033	60,467
Sewer trade receivables	53,071	49,485
Provincial and Federal Grant receivable - Wastewater plant	194,235	-
Other	146,653	271,533
	<hr/> 907,710	<hr/> 816,863

5. Accounts Payable

	2024	2023
Trade accounts and accrued liabilities	\$ 355,677	\$ 709,525
Regional and local governments	18,609	9,960
	<hr/> 374,286	<hr/> 719,485

6. Future Payroll Obligations

	2024	2023
Vacation leave accrual	\$ 348,806	\$ 340,081
Sick leave payable	60,254	96,788
	<hr/> 409,060	<hr/> 436,869

Total sick leave paid out during the year amounted to \$54,968 (2023 - \$49,252).

7. Deferred Revenues and Deposits

	2024	2023
Prepaid property taxes and utilities	\$ 172,368	\$ 168,237
Developers' deposits	427,516	474,681
CMHC Housing Accelerator fund	182,368	-
Development Approval Process Review grant	149,008	-
Next Gen 911 funding	22,500	-
Other deposits and unearned revenues	25,825	69,808
	<hr/> 979,585	<hr/> 712,726

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

8. Community Works Fund

	2024	2023
Balance, beginning of year	\$234,469	\$1,281,046
Funds received	214,811	208,943
Funds expended	(218,088)	(1,295,781)
Interest earned	3,405	40,261
<u>Balance, end of year</u>	<u>234,597</u>	<u>234,469</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.

9. Restricted Revenues

	2024	2023
Land acquisition	\$ 115,796	\$ 110,481
Parkland dedication	347,188	261,302
Road development charge	654,231	595,657
Sewer development charge	417,977	343,273
Water development charge	1,395,280	1,260,898
Parks development charge	7,913	-
Stormwater development charge	10,134	-
<u></u>	<u>2,948,519</u>	<u>2,571,611</u>

10. Asset Retirement Obligation

Asbestos and other designated hazardous materials represent a health hazard upon disturbance and as a result carry a legal obligation to remove them when a facility undergoes a significant renovation or demolition. The Town owns and operates several facilities that are known to have asbestos and as a result recognized an obligation related to the removal of the hazardous materials under PS 3280 Asset Retirement Obligations. An asset retirement obligation associated with asbestos within several facilities owned by the Town that will need to be abated upon retirement. There is no known timeframe for the remediation of the asset retirement obligations as of December 31, 2024.

Town of Lake Cowichan
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2024

11. Tangible Capital Assets

	Opening Balance	Additions	Transfers and Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Transfers and Disposals	Closing Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Land	\$ 5,343,554	25,500	30,600	\$ 5,399,654	-	-	-	-	\$5,399,654	\$5,343,554
Land improvements	2,129,010	27,721	-	2,156,731	546,799	97,266	-	644,065	1,512,666	1,582,211
Buildings	9,821,681	480,888	58,309	10,360,878	3,675,845	245,179	-	3,921,024	6,439,854	6,145,836
Equipment and vehicles	5,155,786	376,721	-	5,532,507	2,960,267	280,156	-	3,240,423	2,292,084	2,195,519
Engineering structures	12,178,028	-	-	12,178,028	2,373,245	379,001	-	2,752,246	9,425,782	9,804,783
Roads and services	9,621,211	500,087	-	10,121,298	3,594,484	219,164	-	3,813,648	6,307,650	6,026,727
Underground services	9,455,319	359,994	-	9,815,313	3,444,858	199,771	-	3,644,629	6,170,684	6,010,461
Construction in Progress	277,767	313,169	(188,667)	402,269	-	-	-	-	402,269	277,764
	53,982,356	2,084,080	(99,758)	55,966,678	16,595,498	1,420,537	-	18,016,035	37,950,643	37,386,855

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

12. Accumulated Surplus

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

Surpluses	2024	2023
Invested in capital assets	\$37,577,443	\$36,980,762
Operating surplus	18,171,665	14,668,511
	55,749,108	51,649,273
Reserves		
Capital equipment	4,474	4,148
Covid Restart Grant* (See details below)	57,812	182,053
Fire equipment	463,511	289,580
Fire Hall	365,353	334,605
Growing Communities Grant* (See details below)	985,919	1,591,703
Municipal Hall	444,817	328,991
Public Works equipment	1,278,992	986,958
Parks Capital Improvement	37,561	35,837
Snow Removal	116,002	81,626
Transportation - Roads	116,774	111,414
Sewer General	1,971	1,880
Water General	9,696	9,251
	3,882,882	3,958,046
	59,631,990	55,607,319

*Covid Restart Grant	2024	2023
Opening balance	\$ 182,053	\$ 261,708
Interest earned	8,758	13,222
Covid expenses	(132,999)	(72,877)
Revenue shortfall Cowichan Lake Education Centre	-	(20,000)
Ending Balance	57,812	182,053

*Growing Communities Grant	2024	2023
Funds received	\$ 1,591,703	\$ 1,936,000
Interest earned	76,572	67,551
Roads and sidewalks	(158,292)	(275,378)
Washroom/concession building and park improvements	(481,957)	(75,947)
Equipment and energy efficient heating	(42,107)	(60,523)
Ending Balance	985,919	1,591,703

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

13. 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, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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 \$108,061 (2023 - \$102,452) for employer contributions while employees contributed \$99,936 (2023 - \$94,749) to the Plan in fiscal 2024.

The next valuation will be as at December 31, 2024.

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, 2024 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, 2024

13. 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.

14. Parks and Recreational Services

	Budget		
	2024	2024	2023
Cowichan Lake Education Centre	\$ 468,000	\$ 516,413	\$ 484,354
Information Centre	49,000	42,185	45,070
Lakeview Park	243,800	233,767	235,735
Parks and Playgrounds	272,000	399,266	403,496
Buildings and Other	37,000	37,179	55,922
	<hr/> 1,069,800	<hr/> 1,228,810	<hr/> 1,224,577

15. 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:

	2024	2023
Cash held in trust	\$ 10,875	\$ 9,263
Care Fund equity	<hr/> 10,875	<hr/> 9,263

Town of Lake Cowichan

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

16. Budget Amounts

Financial Plan Bylaw 1102-2024 was adopted by Council on May 14, 2024. 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	(907,712)	-	67,000	(840,712)
Add: Capital expenditures	3,174,488	1,750,000	300,000	5,224,488
Add: Principal debt repayments	33,000	-	-	33,000
Less: Debt	-	-	-	-
Less: Transfers from reserve funds	41,000	-	-	41,000
Adjusted Annual Surplus	2,340,776	1,750,000	367,000	4,457,776

17. Consolidated Segment Reporting

The Town of Lake Cowichan provides a variety of services to its residents. The segment disclosures reported on Schedules IV and V, 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 and 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.

18. 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, 2024

Schedule I

Taxation and Grants-in-Lieu of Taxes

	Budget		
	2024	2024	2023
Property taxes	\$ 2,668,750	\$ 2,666,508	\$ 2,544,414
Sewer and Water Parcel Tax	994,850	999,250	982,750
Utilities	52,440	51,190	55,691
Federal Grants-in-lieu	7,000	6,442	5,741
	<u>3,723,040</u>	<u>3,723,390</u>	<u>3,588,596</u>
Collections for other Governments			
British Columbia Assessment Authority	47,000	41,472	42,520
Cowichan Valley Regional District	1,700,000	1,818,146	1,630,535
Municipal Finance Authority	300	232	244
Police Tax Levy	300,000	256,707	252,718
Regional Hospital District	440,000	423,075	418,878
School Tax Levy	1,520,000	1,518,629	1,514,979
Vancouver Island Regional Library	218,416	218,416	180,068
	<u>4,225,716</u>	<u>4,276,677</u>	<u>4,039,942</u>
Total Property Taxes and Collections	7,948,756	8,000,067	7,628,538
Less: transfers to other Governments	4,225,716	4,276,677	4,039,942
Net Taxation Revenue	<u>3,723,040</u>	<u>3,723,390</u>	<u>3,588,596</u>

Town of Lake Cowichan
For the Year Ended December 31, 2024

Schedule II

Government Grants and Transfers

	Budget		
	2024	2024	2023
Small Community Protection Grant	\$ 490,000	\$ 528,500	\$ 488,000
Other	1,900	1,845	1,845
BC Climate Action	193,625	193,625	-
Growing Communities Grant	-	-	1,936,000
	<u>685,525</u>	<u>723,970</u>	<u>2,425,845</u>

Conditional Grants

Climate Action	-	-	66,082
Community Works Funds	210,900	218,088	1,295,780
CRI Firesmart Community Funding	-	319,026	277,146
Destination BC	20,000	15,000	20,000
Development Approval Process	166,195	17,188	-
Federal Grants	20,000	39,070	-
Fire Department equipment grant	74,488	29,142	30,000
Other	40,000	8,750	8,000
Province of BC	48,000	-	-
Poverty Reduction Grant	-	-	-
Sewer Treatment Facilities grant	1,200,000	194,235	-
	<u>1,779,583</u>	<u>840,499</u>	<u>1,697,008</u>

Town of Lake Cowichan
For the Year Ended December 31, 2024
Schedule III

Sales of services

	Budget		
	2024	2024	2023
Administration recoveries	\$ 3,500	\$ 3,777	\$ 3,768
Cowichan Lake Education Centre	430,000	485,238	445,993
CVRD fire protection	423,278	423,278	349,957
Fire service	-	2,730	4,714
Garbage fees	470,000	481,278	459,669
Lakeview Park fees	248,000	257,203	246,495
Lease revenues	66,800	65,798	64,809
Penalties and interest on taxes	60,000	92,803	92,384
Public Works revenues	-	8,350	9,061
Wildfire Recoveries	-	-	220,472
	1,701,578	1,820,455	1,897,322

Licences and Permits

Business licences	22,000	23,340	24,365
Building permit and fees	48,200	98,536	95,938
Dog licences and fines	2,700	3,695	2,920
Other	35,100	22,695	58,542
	108,000	148,266	181,765

Water and Sewer Utility Fees

Connection and service charges	90,150	142,326	149,764
Penalties and interest	9,000	11,536	10,813
User fees	1,384,000	1,479,100	1,454,222
	1,483,150	1,632,962	1,614,799
	3,292,728	3,601,683	3,693,886

Town of Lake Cowichan
For the Year Ended December 31, 2024
Schedule IV

Consolidated Segment Disclosures

	General Government	Protective Services	Public Works Transportation	Garbage & Recycling	Parks and Recreation	Sewer Services	Water Services	Reserve	2024 Consolidated	2024 Budget
REVENUE										
Taxation & grants in lieu of taxes	\$ 2,724,140	\$ -	\$ -	\$ -	\$ -	\$ 448,750	\$ 550,500	\$ -	\$ 3,723,390	\$ 3,723,040
Government grants and transfers	723,970	-	-	-	-	-	-	-	723,970	685,525
Conditional Grants	56,258	348,168	-	218,088	23,750	194,235	-	-	840,499	1,779,583
Contributed tangible capital assets	-	-	429,688	-	-	99,864	95,946	-	625,498	-
Utility fees	-	-	-	481,278	-	675,914	803,186	-	1,960,378	1,913,000
Services and fees	217,840	426,008	8,350	-	742,441	68,600	73,726	-	1,536,965	1,310,728
Interest and penalties	943,147	-	-	-	-	5,036	6,500	190,332	1,145,015	269,000
	4,665,355	774,176	438,038	699,366	766,191	1,492,399	1,529,858	190,332	10,555,715	9,680,876
EXPENSES										
Administration	(317,000)	16,000	(281,000)	55,000	47,000	176,000	304,000	-	-	-
Audit and legal	47,990	-	-	-	-	-	-	-	47,990	70,000
Advertising, promotion and rebates	4,977	1,723	444	-	425	-	-	-	7,569	10,300
Conferences, travel and memberships	38,329	34,084	-	-	-	1,920	-	-	74,333	82,000
Contracted services	229,573	40,462	105,753	121,490	58,158	230,591	102,409	-	888,436	696,700
Discounts	-	-	-	30,946	-	49,553	61,266	-	141,765	139,000
Fuel	-	13,121	68,527	-	122	-	-	-	81,770	23,500
Insurance	159,527	7,801	27,261	-	155	-	-	-	194,744	187,200
Interest	8,625	722	-	-	-	-	-	-	9,347	7,000
Materials	91,464	143,602	148,620	(3,759)	222,158	72,817	54,142	-	729,044	715,850
Telephone	14,520	6,314	5,686	-	9,449	-	2,966	-	38,935	44,500
Utilities	1,735	48,914	88,294	-	70,434	43,657	82,537	-	335,571	346,800
Wages, benefits and equipment charges	669,776	358,526	37,688	317,425	650,308	230,162	297,118	-	2,561,003	2,900,250
	949,516	671,269	201,273	521,102	1,058,209	804,700	904,438	-	5,110,507	5,223,100
Amortization	111,186	190,558	400,608	-	170,601	123,046	424,538	-	1,420,537	-
TOTAL EXPENSES	1,060,702	861,827	601,881	521,102	1,228,810	927,746	1,328,976	-	6,531,044	5,223,100
SURPLUS (DEFICIT)	3,604,653	(87,651)	(163,843)	178,264	(462,619)	564,653	200,882	190,332	4,024,671	4,457,776

Town of Lake Cowichan
For the Year Ended December 31, 2023
Schedule V

Consolidated Segment Disclosures

	General Government	Protective Services	Public Works Transportation	Garbage & Recycling	Parks and Recreation	Sewer Services	Water Services	Reserve	2023 Consolidated	2023 Budget
REVENUE										
Taxation & grants in lieu of taxes	\$ 2,605,846	\$ -	\$ -	\$ -	\$ -	\$ 441,250	\$ 541,500	\$ -	\$ 3,588,596	\$ 2,602,305
Government grants and transfers	2,425,845	-	-	-	-	-	-	-	2,425,845	1,601,900
Conditional Grants	1,394,862	307,146	-	-	20,000	-	-	-	1,722,008	3,363,094
Utility fees	-	-	-	459,669	-	635,257	818,965	-	1,913,891	2,818,100
Services and fees	250,344	575,143	9,061	-	692,486	69,713	80,051	-	1,676,798	1,185,957
Interest and penalties	830,346	-	-	-	-	4,670	6,143	170,064	1,011,223	119,000
Contributed tangible capital assets	-	-	1,241,840	-	-	350,800	406,728	-	1,999,368	-
	<u>7,507,243</u>	<u>882,289</u>	<u>1,250,901</u>	<u>459,669</u>	<u>712,486</u>	<u>1,501,690</u>	<u>1,853,387</u>	<u>170,064</u>	<u>14,337,729</u>	<u>11,690,356</u>
EXPENSES										
Administration	(283,000)	16,000	(226,000)	46,000	43,000	161,000	243,000	-	-	-
Audit and legal	81,843	-	-	-	-	-	-	-	81,843	66,000
Advertising, promotion and rebates	4,128	63	384	-	405	-	-	-	4,980	9,700
Conferences, travel and memberships	40,688	47,090	43	-	-	1,546	537	-	89,904	76,200
Contracted services	235,952	85,914	143,610	148,946	76,317	144,883	68,351	-	903,973	765,094
Discounts	-	-	-	29,493	-	45,358	55,436	-	130,287	129,000
Fuel	-	13,798	68,504	-	-	-	-	-	82,302	19,500
Insurance	145,327	9,426	24,023	-	157	-	-	-	178,933	155,600
Interest	7,095	4,685	-	-	-	-	-	-	11,780	16,000
Materials	89,607	225,841	129,405	12,016	231,975	47,895	65,204	-	801,943	644,750
Telephone	15,420	5,541	6,157	-	8,754	-	2,079	-	37,951	43,300
Utilities	2,908	39,838	93,533	-	76,515	40,157	78,165	-	331,116	334,700
Wages, benefits and equipment charges	616,127	413,489	17,166	271,486	613,931	217,272	320,177	-	2,469,648	2,727,850
	<u>956,095</u>	<u>861,685</u>	<u>256,825</u>	<u>507,941</u>	<u>1,051,054</u>	<u>658,111</u>	<u>832,949</u>	<u>-</u>	<u>5,124,660</u>	<u>4,987,694</u>
Amortization	42,869	189,406	356,118	-	173,523	116,509	416,946	-	1,295,371	-
TOTAL EXPENSES	<u>998,964</u>	<u>1,051,091</u>	<u>612,943</u>	<u>507,941</u>	<u>1,224,577</u>	<u>774,620</u>	<u>1,249,895</u>	<u>-</u>	<u>6,420,031</u>	<u>4,987,694</u>
SURPLUS (DEFICIT)	<u>6,508,279</u>	<u>(168,802)</u>	<u>637,958</u>	<u>(48,272)</u>	<u>(512,091)</u>	<u>727,070</u>	<u>603,492</u>	<u>170,064</u>	<u>7,917,698</u>	<u>6,702,662</u>