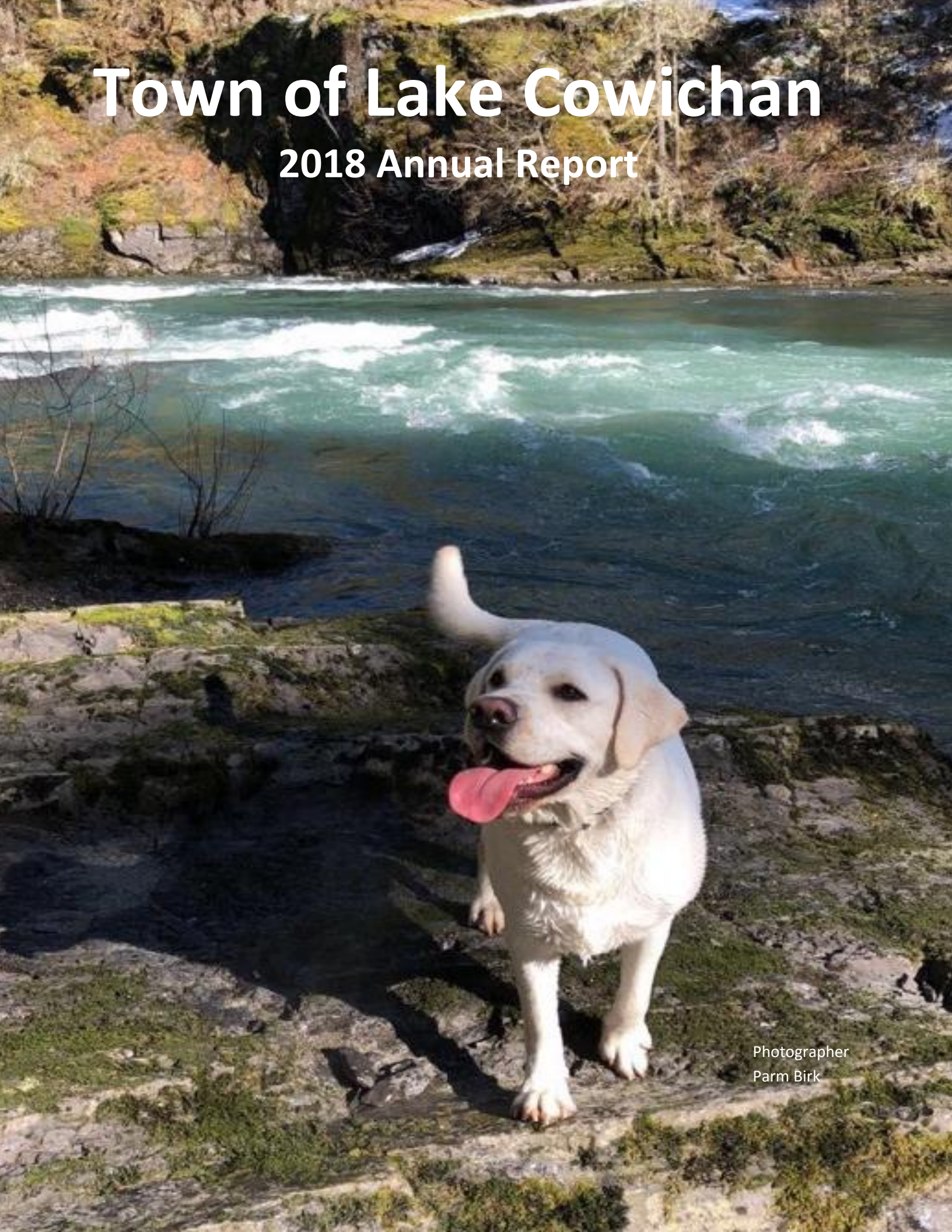


Town of Lake Cowichan

2018 Annual Report



Photographer
Parm Birk



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Consolidated Financial Statements

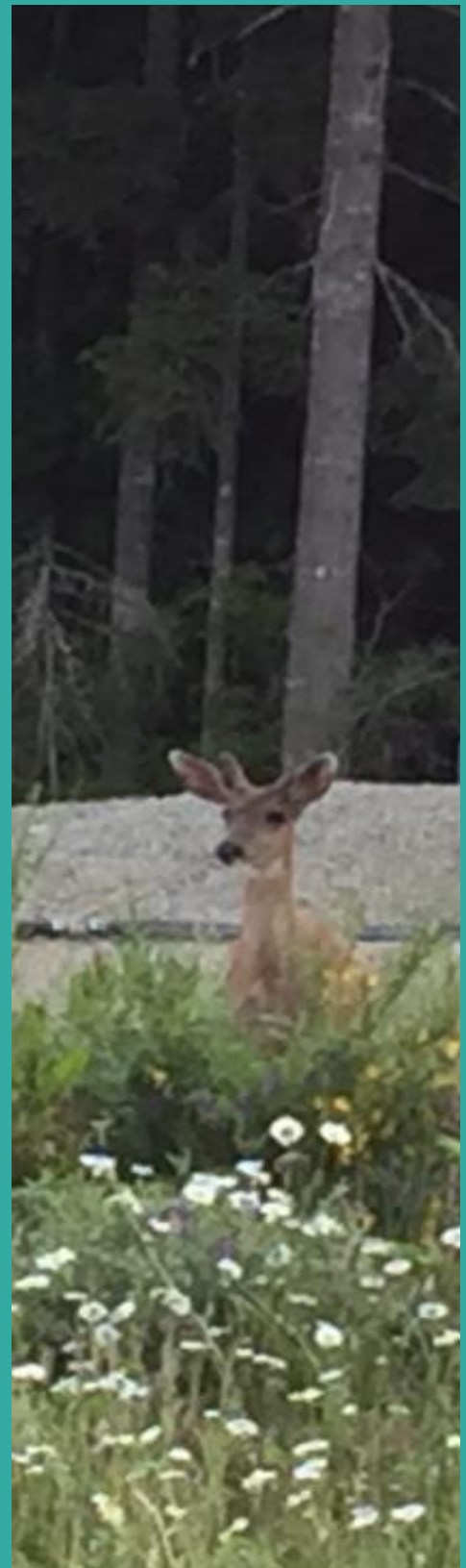
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Mayor and Council



Mayor Rod Peters

Town Council comprises of the Mayor and four Councillors. Elected by the residents for a four-year term, Mayor and Council provide direction to the Chief Administrative Officer and to the operation of the Town through the establishment of policies, bylaws and public consultation.

Councillor Tim
McGonigle



Councillor Lorna
Vomacka



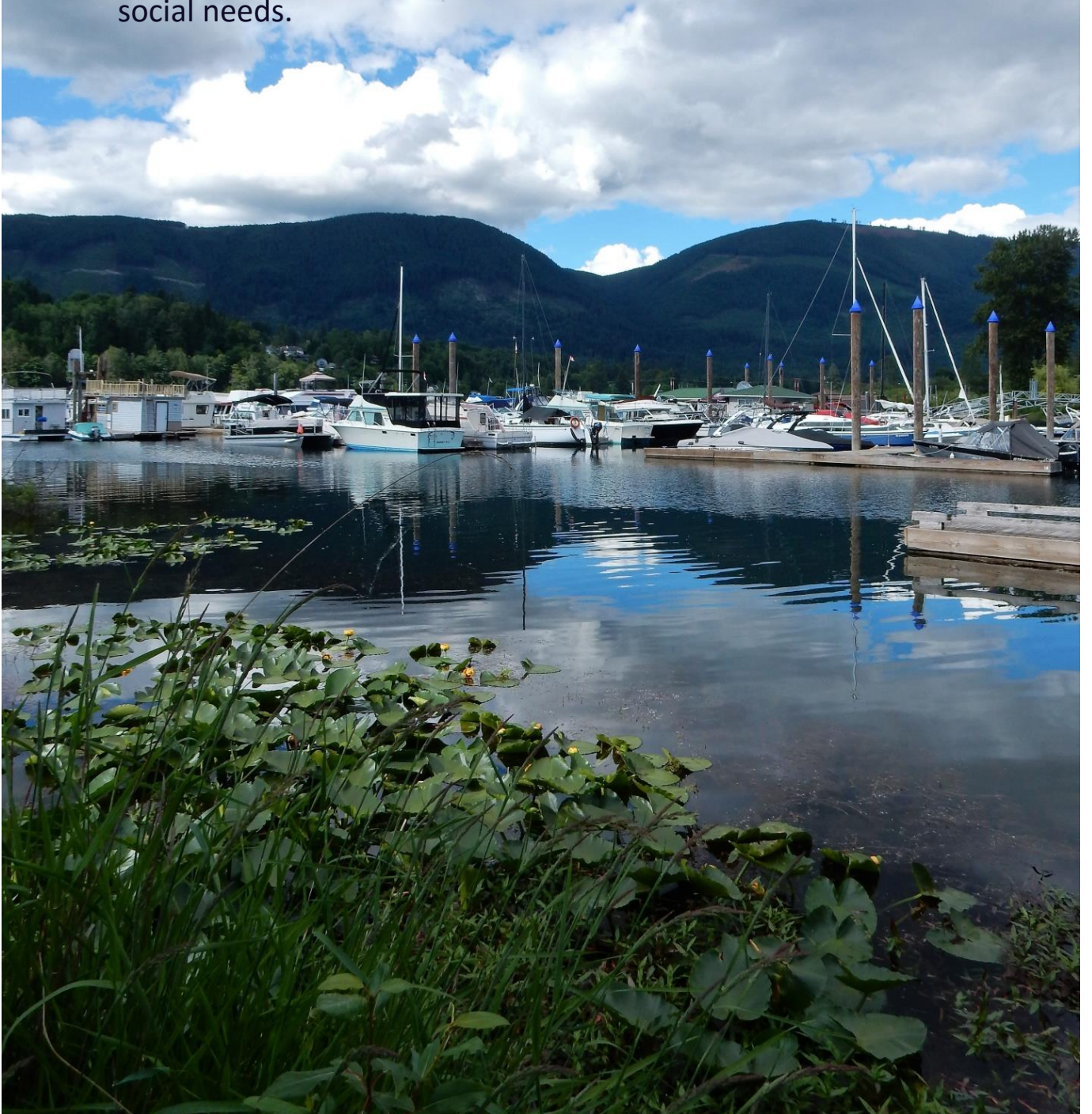
Councillor Carolyne
Austin



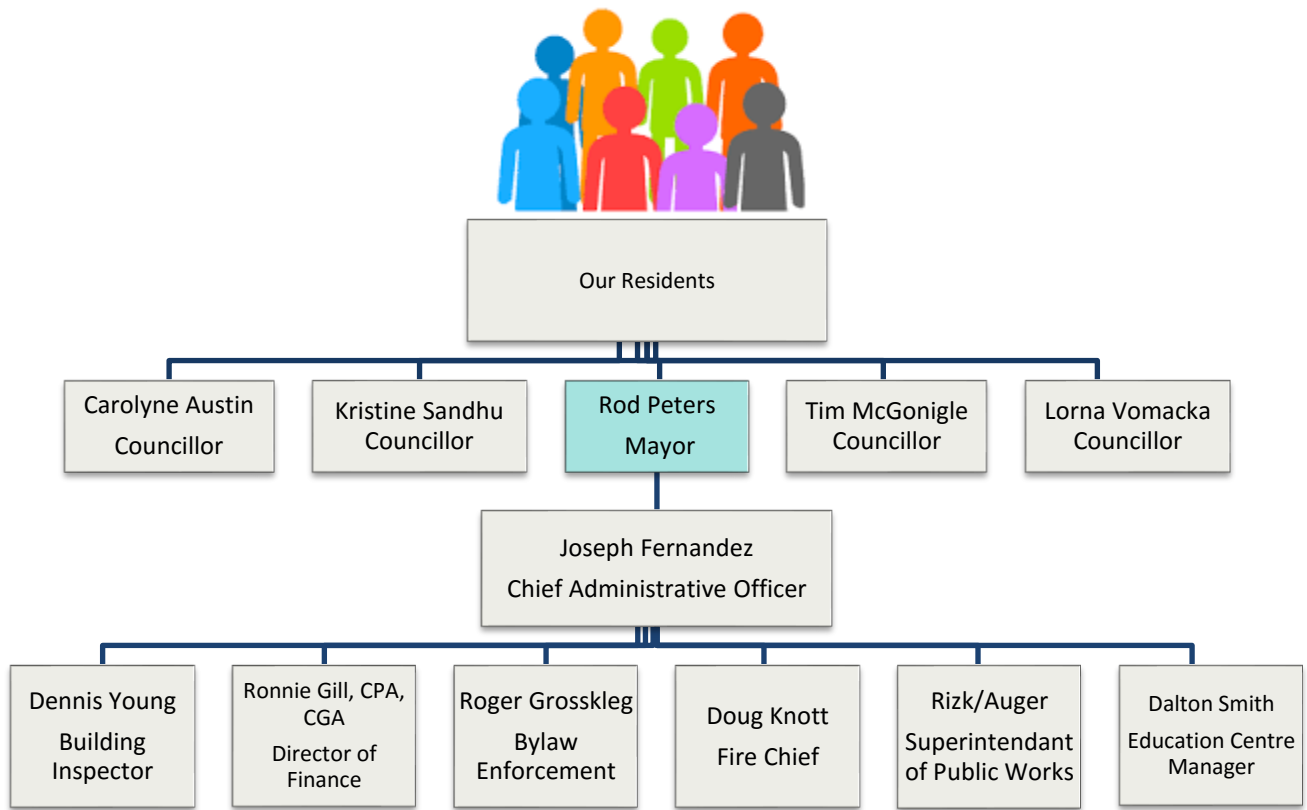
Councillor Kristine
Sandhu



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



Organizational Structure



About the Town of Lake Cowichan

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

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

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

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

Lake Cowichan Statistics

Incorporated August 19, 1944
Population 3,226
Elevation 180 m (590 ft)
Coordinates 48 49'33"N 124 03'1"W
Record high 38.0 C, 100.4 F
Record low 5.3 C, 41.5 F

Accumulated precipitation 1,016.7 mm
550 feet (168 meters) above sea level

The Village of Lake Cowichan became a
Town on November 26, 1996

Cowichan Valley Regional District
Cowichan Valley School District 79





The Cookie Monsters
Photographer Krystal Mayo

Message from the Mayor



As the newly elected Mayor, who was sworn into office on November 6th, 2018, it gives me great pleasure to report on events that had transpired prior to my taking office and those that are still in progress. While I may not have directly participated in the decision-making processes prior to my election as Mayor, I was nevertheless, as a resident, watching with interest the deliberations of past council.

While the Council of the day was doing a commendable job, I felt it needed a different perspective, one that analyzed issues from the viewpoint of a businessperson. Our municipality operates as a business entity in some areas and, in any case, it is my belief that the taxpayer should see value for his or her municipal taxes and user fees.

My Agenda as Mayor, with the support of our Council, is to promote business in the Town. We need commercial and industrial tax base to help pay for improvements to our infrastructure. One of the remaining water main upgrades occurred after this Council took office. The Greendale watermain crossing project was awarded, and the project construction commenced in early 2018.

The columbaria have been located adjacent to the Greendale Trestle. Past Councils had explored the idea of locating a cemetery in Town, but a study commissioned for that purpose found no suitable site for that purpose.

Work on revisions and updates to the Official Community Plan have continued. The Advisory Planning Commission was thrust with the responsibility of articulating the vision of the Town of the next few years. It had help from the public and volunteers who were part of the working groups. The process to “Create our Future” was begun under previous Council and should be ready for adoption by this Council.

I would like to thank all the volunteers in our Town, such as the 75th Birthday Society, Kinsmen and Kinnette Club for an excellent job of organizing Lake Days and especially the L.C.F.D. for their tireless efforts for the last 75 years.

A thank-you to the residents, visitors, local businesses and member of various committees and commissions for helping make Lake Cowichan the wonderful community it is. Let's work together to “Create our Future”.

A handwritten signature in cursive script that reads "Rod Peters". The ink is dark and the signature is fluid and legible.

Mayor Rod Peters

Corporate Objectives

Leadership and informed decision-making:

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

Excellence in customer service:

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

Effective financial reporting and prudent management of assets and resources:

- Provide timely financial reports and updates to the Finance and Administration Committee;
- Keep Council apprised of annual operational and capital expenditure requirements and ensure budget limits are not exceeded;
- Ensure that idle cash is invested for maximum interest returns;
- Ensure inventory listings are current, that capital assets are appropriately protected and that appropriate risk management measures have been undertaken;
- Ensure allocation of adequate reserve funds;
- Ensure adequate financing is available to finance capital projects as budgeted.

Transportation improvements:

- Plan for traffic and road improvements;
- Plan for pedestrian traffic and safety improvements;
- Upgrade and replace transportation infrastructure as required.

Water and sewer utility services improvements:

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

Improved parks, playgrounds and trails:

- Budget sufficient funding to ensure parks, playgrounds and recreation facilities are accessible and enjoyable to the public;
- Ensure that the Provincial regulations respecting the Riparian Areas are complied with as development occurs adjacent to them.



Report from the Chief Administrative Officer



The Town of Lake Cowichan’s vision is to continue “to create a vibrant, healthy, sustainable community that exists in harmony with the natural environment, enjoys a balanced economy, supports all generations and provides the opportunities to satisfy diverse social needs”. This overarching vision guides Council in its deliberations as it grapples with the needs of the young and old and those in between, and as it makes progress on several fronts to either initiate or complete projects.

The 2017 year saw plans for the upgrade of an under-utilized and substandard outdoor recreation facility at Centennial Park to a multi-use sports recreation facility for baseball and soccer. A grant from the Canada 150 program helped make the project a reality in 2018. It was only fitting that the upgrades were accomplished during the celebrations of the 150th anniversary of Canada to a park named for the centennial year. A few more improvements are required to complete the project at the Centennial Park which includes features such as lighting, paved parking, tennis courts and additional washroom facilities.

The Town was mandated in 2016 by Island Health to comply with the Drinking Water Treatment Objectives for Surface Water. The expectation of the users of the water purveyed by the Town of Lake Cowichan is that they have access to good quality drinking water and that boil water advisories become a thing of the past. A new water treatment plant with state-of-the-art features has been constructed and is currently operational but should be fully commissioned sometime in 2019. The Federal Government of Canada through the Gas Tax Fund has contributed \$5 million towards this project.

Additionally, water main upgrades have been implemented for Park Road, Wilson Road, and Greendale Road over 2017 and 2018. These involved the replacement of old and undersized water mains. The Greendale Trestle water main upgrade was delayed to 2019. All of these were or are being accomplished with funding from the Provincial and Federal Governments which approved a total contribution of \$1.129 million.

The columbarium project became a reality in 2018. For those who may not be aware this facility is located in proximity to the Greendale Trestle. The planning to implementation stage occurred within a one-year span.

The review process of the Official Community Plan began in earnest in 2018. The Advisory Planning Commission was tasked with that responsibility and it sought input from the working groups, that were comprised of residents and other interested stakeholders and the public. Two public open houses were held, one in 2018 and the other in January of 2019. After a rather involved process Council is anticipated to adopt the Plan in June 2019.

Volunteer groups continue to dedicate countless hours to ensure that the environment that most of us take for granted is safeguarded through their activities in such areas as the river clean-up, the rehabilitation and protection of the riparian areas and their unceasing involvement in the removal of noxious weeds. A 75th Anniversary group is currently very involved in making the 75th anniversary celebrations of the incorporation of the Town of Lake Cowichan in 2019 a success, by beginning work on that process in 2018.

The financial picture of the Town continues to remain positive. A review of this report in concert with the Audited Financial Statements for 2018 will help you gauge the financial health of your community and how your service and capital requirements are met.

A handwritten signature in black ink, appearing to read 'Joseph A. Fernandez', written in a cursive style.

Joseph A. Fernandez
Chief Administrative Officer

Administration and Finance

The Town office is the center of the activities of Council, Finance, Public Works, Bylaw Enforcement, Building Inspection, Planning, Lakeview Park and the Cowichan Lake Education Centre. The Chief Administrative Officer (CAO) oversees all divisions and department heads and is also the Corporate Officer of the municipality. The CAO reports directly to the Mayor and Council.

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



DEPARTMENT HIGHLIGHTS

- Town Hall meeting held for public input and consultation;
- Continued to use Town's facebook page, website, bulletin board, LCS electronic board and the wye entrance sign to provide information to the public;
- Bylaw implemented to participate in the Vancouver Island-Wide Intercommunity Business License program;
- Recycling contract awarded to Waste Connections of Canada for a five-year term;
- Buildings at 61 South Shore Road and 182 Neva Road demolished and debris removed;
- Memorandum of understanding signed with CVRD regarding Meade Creek Recycling Centre site access and storage;
- Advisory Planning Commission open house held on June 2, 2018 for OCP;
- Administered 2018 municipal elections;
- Started selling the columbarium niches';
- Setup planning committee for the Town's 75th birthday; and
- Organized and planned the Ohtaki delegation visit.



Public Works, Parks and Engineering Services

DEPARTMENT HIGHLIGHTS

- New waterline installed at Greendale Road;
- Design for watermain at Greendale trestle completed; tender documents prepared;
- The water treatment plant was constructed and is in interim operations;
- Additional improvements to the boat ramp completed;
- Two new trucks added to vehicle fleet;
- Centennial Park ball fields fencing completed. The opening ceremonies for the park were held in the summer;
- The softball field was named the Apollos Field and the second multi-use field was named Dawn Coe Jones field. The soccer field that overlays the ball fields was named Dobie Somerville field. This name was chosen by public vote on facebook;
- Two columbarium units were installed on property acquired by the Town in 2017. This location (by the Greendale Trestle) was named the River's Edge Memorial Garden. The name for the columbarium site was through public vote on facebook. Thank-you to all that provided your input; and
- The foreman position was filled in the public works department.

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

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





Centennial Park fields opening ceremonies

Fire and Rescue Services

DEPARTMENT HIGHLIGHTS

- Planning for new replacement fire truck in progress;
- Four sets of turnout gear and miscellaneous supplies donated to a volunteer fire department in Zihuatanejo, Mexico;
- The Fire Department raised funds for Muscular Dystrophy at the annual ball tournament held fathers' day weekend;
- The fire department was deployed to the Fraser Lake and surrounding area to assist with wildfires; four fire fighters and one truck was deployed to assist the fire fighting efforts; and
- \$3,200 was received from UBCM for completion of the FireSmart Project.

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

Through a mutual-aid agreement, the Fire Department assists the Cowichan Valley Regional District with fire protection services in the electoral areas adjacent to the Town.





Town Hall
Public meeting



Ross Forrest with Jaxon who was
Mayor for the day (August 11, 2018)



New speed reader
board installed on
North Shore Road,
with I.C.B.C grant of
\$2,500

Lakeview Park and Education Centre

Lakeview Park remains one of the foremost treasures of the Town. The campground has continued to blossom into one of the most acclaimed attractions for tourists in the area, along with the lake itself. With a picturesque sandy beach and convenient location, the allure of the campground is self-evident.

Only a short walk from downtown Lake Cowichan, the attraction is often overflowing with visitors. It presents the ideal weekend destination, often drawing considerable crowds during the hot summer months.

The campground offers hot showers, a protected swimming area, water and electrical hookups, hiking trails, boat moorage and a small children's play area. Lakeview Park is the perfect family destination, often hosting planned events such as movie nights.

With a charming beach and scenic mountains bordering the lake, the park provides a fantastic site for both swimming and kayaking. The gradual drop-off from the sandy shoreline presents a safe, optimal area for activities.

Nestled among 42 acres of Douglas fir forest with 600 feet of secluded shoreline on one of Vancouver Island's largest freshwater lakes, the Centre is a full service outdoor learning and conference centre.

This centre is strategically located close to the West Coast gateway to the majestic landscape of Carmanah-Walbran Provincial Park and the popular Juan de Fuca Marine Trail. Patrons can access the gateway to the spectacular rugged terrain of Clayoquot Sound's Pacific Rim National Park, where hikers and backpackers gather to undertake the challenge of the world-renowned West Coast Trail.

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

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



Director of Finance Report



It is my pleasure to present the 2018 annual report. This document provides a summary of the Town's performance at December 31, 2018 and the activities that have taken place over the preceding twelve months. The report is organized into four main parts. The first two sections are an introduction to Council, information about the Town, the corporate objectives and the highlights by department.

A new mayor, Rod Peters and one new Councillor, Kristine Sandhu, were elected in the October 2018 election. The two newly elected members of Council had, both, previously served on Council.

The last two sections of the annual report include the consolidated audited financial statements and other financial information necessary to understand the Town's operations. The independent auditor's report from MNP LLP states the audit opinion that the "consolidated financial position of the Town as at December 31, 2018 and the results of its consolidated operations and its consolidated cash flows for the year then ended" are presented fairly "in accordance with Canadian public sector accounting standards". The financial statements have received a clean audit opinion from an independent audit firm.

The statement of financial position is a snapshot the dollars invested in the assets and the dollars owing in liabilities and debt as of December 31. The net financial assets balance is \$7,472,566. This is a positive indicator of positive cash flow after all liabilities and debt are paid by the Town.

It should be noted that the accumulated surplus of the Town increased from \$33 million (in 2017) to \$38 million in 2018. This increase is largely due to the increase in tangible capital assets as detailed in note 10 to the financial statements. The water treatment plant was the largest capital improvement project undertaken in 2018. Grant funding for a total of \$5 million to complete this project was received over the past two years.

While the Town remains in good financial standing, the cost of replacing aging capital infrastructure continue to rise. The reserves on hand are not large enough for the Town to be able to fund large projects without access to grant funding.

The statement of operations and accumulated surplus details the sources of revenues and expenses while the statement of cash flows shows how the dollars were spent. Over \$6 million was spend on the acquisition of tangible capital assets in 2018 while \$3.6 million was spend in 2017. The water treatment plant, water main upgrades and the Centennial Park soccer and ballfields were some of the larger capital expenditures in both 2017 and 2018.

With changes on Town Council, some of the priorities and direction from the previous Council may change, however, what does not change is the requirement to provide essential municipal services and the need to plan for future requirements of the Town of Lake Cowichan.

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

Ronnie Gill, CPA, CGA
Director of Finance

Photographer
Parm Birk



Photographer
Ashley Degraaf



CONSOLIDATED FINANCIAL STATEMENTS

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, 2018, and the consolidated statements of operations, 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, 2018, 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.

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 7, 2019

MNP LLP
Chartered Professional Accountants

Consolidated Statement of Financial Position

As at December 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and short term deposits (Note 2)	\$ 11,122,156	\$ 10,262,299
Accounts receivable (Note 3)	1,742,049	2,872,444
Redeemable Tax Sale Properties	7,392	40,462
	12,871,597	13,175,205
FINANCIAL LIABILITIES		
Accounts payable (Note 4)	1,144,296	1,250,548
Wages payable	27,680	25,249
Future payroll obligations (Note 5)	314,143	417,589
Deferred revenues and deposits (Note 6)	249,370	312,822
Community works fund (Note 7)	1,493,147	1,284,733
Restricted Revenues (Note 8)	1,510,683	1,448,016
Municipal Finance Authority Loans (Note 9)	659,712	828,789
	5,399,031	5,567,746
NET FINANCIAL ASSETS	7,472,566	7,607,459
NON FINANCIAL ASSETS		
Inventory	55,542	54,110
Prepaid items	53,247	68,397
Tangible capital assets (Note 10)	30,619,464	25,344,902
	30,728,253	25,467,409
ACCUMULATED SURPLUS (Note 11)	\$ 38,200,819	\$ 33,074,868
Commitments and Contingencies (Note 12)		

See accompanying notes to the Consolidated Financial Statements

Ronnie Gill, CPA, CGA
Director of Finance

Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2018

	Budget 2018 (Note 14)	2018	2017
REVENUES			
Taxation and grants-in-lieu of taxes (Schedule I)	\$ 2,126,663	\$ 2,126,980	\$ 2,063,061
Government grants and transfers (Schedule II)	436,900	477,193	471,086
Sales of services (Schedule III)	2,885,291	3,062,347	3,017,817
Return on investments	30,000	131,001	83,473
Grants and Other (Schedule II)	7,204,916	3,689,215	2,768,842
	12,683,770	9,486,736	8,404,279
EXPENSES			
General government services	592,600	599,436	591,544
Protective services	490,400	615,987	637,768
Public Works - transportation	524,400	537,916	677,247
Garbage and Recycling Services	394,200	395,405	388,605
Parks and Recreational Services (Schedule IV)	915,900	1,117,418	1,073,910
Sewer services	442,800	461,740	409,630
Water services	559,860	632,883	573,767
	3,920,160	4,360,785	4,352,471
SURPLUS FOR THE YEAR	8,763,610	5,125,951	4,051,808
ACCUMULATED SURPLUS			
Beginning of year	33,074,868	33,074,868	29,023,060
ACCUMULATED SURPLUS, end of year	\$ 41,838,478	\$ 38,200,819	\$ 33,074,868

See accompanying notes to the Consolidated Financial Statements

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2018

	2018	2017
OPERATIONS		
Surplus for the year	\$ 5,125,951	\$ 4,051,808
Non-cash charges to operations		
Amortization	798,814	749,711
Cash from Operations	5,924,765	4,801,519
CHANGE IN WORKING CAPITAL BALANCES		
Accounts receivable	1,130,395	(2,127,757)
Inventory	(1,432)	(2,972)
Prepaid items	15,150	(9,775)
Redeemable Tax Sale Properties	33,070	(40,462)
Accounts payable	(106,252)	690,442
Wages payable	2,431	4,134
Future payroll obligations	(103,446)	34,532
Deferred revenue	(63,452)	23,394
Community works fund	208,414	187,369
Restricted Revenues	62,667	58,701
Cash provided by operating transactions	7,102,310	3,619,125
CAPITAL		
Acquisition of tangible capital assets	(6,073,376)	(3,663,226)
FINANCING		
Municipal Finance Authority loan payments	(169,077)	(176,989)
NET CHANGE IN CASH AND SHORT TERM DEPOSITS	859,857	(221,090)
CASH AND SHORT TERM DEPOSITS, beginning of year	10,262,299	10,483,389
CASH AND SHORT TERM DEPOSITS, end of year	\$ 11,122,156	\$ 10,262,299
Cash and short term deposits:		
Cash	\$ 1,726,672	\$ 519,963
Short term deposits	9,395,484	9,742,336
	\$ 11,122,156	\$ 10,262,299

Interest paid during the year amounted to \$20,192 (2017 - \$16,323).

See accompanying notes to the Consolidated Financial Statements

Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2018

	Budget 2018 (Note 14)	2018	2017
SURPLUS FOR THE YEAR	\$ 8,763,610	\$ 5,125,951	\$ 4,051,808
Amortization of tangible capital assets	-	798,814	749,711
Change in inventories and prepaid expenses	-	13,718	(12,747)
Acquisition of tangible capital assets	(11,109,445)	(6,073,376)	(3,663,226)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(2,345,835)	(134,893)	1,125,546
NET FINANCIAL ASSETS, beginning of year	7,607,459	7,607,459	6,481,913
NET FINANCIAL ASSETS, end of year	\$ 5,261,624	\$ 7,472,566	\$ 7,607,459

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

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.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

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, is amortized on a straight-line basis over the estimated useful life of the assets as follows:

Land improvements	15 to 25 years
Buildings	20 to 50 years
Equipment and vehicles	5 to 25 years
Engineering structures	30 to 60 years
Roads and footbridges	20 to 80 years
Underground services	20 to 80 years

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

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

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.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

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% (2017 – 2%);
- discount rate is 3.45% (2017 – 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, 2018.

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, 2018, the Town has not recorded any liability for contaminated sites as no such sites exist.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

1. Significant Accounting Policies (continued)

PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions

Effective January 1, 2018, the Town adopted the recommendations relating to PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

There was no material impact on the consolidated financial statements of adopting the new Sections.

PS 3210 Assets, 3320 Contingent Assets and PS 3380 Contractual Rights

Effective January 1, 2018, the Town adopted the recommendations relating to PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in PS 1000 Financial Statement Concepts.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

PS 3380 Contractual Rights establishes disclosure standards on contractual rights and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Section are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

There was no material impact on the consolidated financial statements of adopting the new Sections.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

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*.

	2018	2017
General cash and short term deposits	\$ 6,997,330	\$ 6,473,275
Restricted revenues	1,510,683	1,448,016
Capital reserves	2,614,143	2,341,008
	\$11,122,156	\$10,262,299

3. Accounts Receivable

	2018	2017
Property taxes	\$ 351,594	\$ 382,852
Water trade receivables	59,211	58,382
Sewer trade receivables	50,303	48,892
UBCM Water Treatment Plant grant	750,000	1,751,313
UBCM Clean Water and Wastewater grant	343,792	137,573
Western Economic Diversification grant	-	412,048
Other	187,149	81,384
	\$1,742,049	\$ 2,872,444

4. Accounts Payable

	2018	2017
Trade accounts and accrued liabilities	\$1,141,283	\$1,233,838
Regional and local governments	3,013	16,710
	\$1,144,296	\$1,250,548

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

5. Future Payroll Obligations

	2018	2017
Vacation leave accrual	\$230,374	\$315,910
Sick leave payable	83,769	101,679
	<u>\$314,143</u>	<u>\$417,589</u>

Total sick leave paid out during the year amounted to \$29,758 (2017 - \$36,430).

6. Deferred Revenues and Deposits

	2018	2017
Prepaid property taxes and utilities	\$ 45,231	\$ 43,602
Developers' deposits	161,798	186,459
Other deposits and unearned revenues	42,341	82,761
	<u>\$249,370</u>	<u>\$312,822</u>

7. Community Works Fund

	2018	2017
Balance, beginning of year	\$1,284,733	\$1,097,364
Funds received	186,534	179,701
Interest earned	21,880	7,668
Balance, end of year	<u>\$1,493,147</u>	<u>\$1,284,733</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.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

8. Restricted Revenues

	2018	2017
Land acquisition	\$ 53,068	\$ 52,206
Parkland dedication	53,992	48,403
Road development charge	377,965	362,017
Sewer development charge	214,271	205,973
Water development charge	811,387	779,417
	<u>\$1,510,683</u>	<u>\$1,448,016</u>

9. Municipal Finance Authority Loans

	Monthly Payment	Expiry Date	2018	2017
Fire hall	\$10,294	March 31, 2020	\$ 569,560	\$ 678,823
Fire truck #7			-	24,860
Fire truck #10	\$3,118	Dec. 31, 2021	90,152	125,106
			<u>\$ 659,712</u>	<u>\$ 828,789</u>

Principal payments:	2019	\$145,445
	2020	496,030
	2021	18,237
		<u>\$659,712</u>

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, 2018 was 1.65%. Interest paid on the loans during the year amounted to \$16,925 (2017 - \$14,521).

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

10. Tangible Capital Assets

	Opening Balance	Additions	Transfers Disposals	Closing Balance	Opening Accumulated Amortization	Amortization	Transfers Disposals	Closing Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Land	\$ 5,310,725	44,225	-	\$ 5,354,950	\$ -	\$ -	-	\$ -	\$ 5,354,950	\$ 5,310,725
Land improvements	166,220	477,151	1,346,239	1,989,610	48,197	48,169	-	96,366	1,893,244	118,023
Buildings	5,053,245	48,325	-	5,101,570	2,735,459	153,325	-	2,888,784	2,212,786	2,317,786
Equipment and vehicles	3,206,429	176,512	-	3,382,941	1,572,319	205,163	-	1,777,482	1,605,459	1,634,110
Engineering structures	3,803,209	18,551	-	3,821,760	768,206	79,808	-	848,014	2,973,746	3,035,003
Roads and services	7,651,243	-	-	7,651,243	2,543,367	169,440	-	2,712,807	4,938,436	5,107,876
Underground services	6,313,073	450,770	410,490	7,174,333	2,484,958	142,909	(4,909)	2,622,958	4,551,375	3,828,115
Construction in Progress	3,993,264	4,867,024	(1,770,820)	7,089,468	-	-	-	-	7,089,468	3,993,264
	\$35,497,408	\$6,082,558	(14,091)	\$41,565,875	\$10,152,506	\$798,814	(4,909)	\$10,946,411	\$30,619,464	\$25,344,902

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

11. Accumulated Surplus

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

Surpluses	2018	2017
Invested in capital assets	\$29,959,752	\$24,516,113
Operating surplus	5,626,924	6,217,747
	35,586,676	30,733,860
Reserves		
Capital equipment	3,766	3,705
Fire equipment	423,171	287,202
Fire Hall	191,979	188,863
Municipal Hall	885,101	821,549
Public Works equipment	1,059,808	990,188
Parks Capital Improvement	23,346	22,968
Transportation - Roads	16,866	16,592
Sewer General	1,707	1,679
Water General	8,399	8,262
	2,614,143	2,341,008
	\$38,200,819	\$33,074,868

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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

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

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

12. Commitments and Contingencies (continued)

The most recent valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2.224 billion funding surplus for the basic pension benefits on a going concern basis.

As a result of the 2015 basic actuarial valuation surplus and pursuant to the joint trustee agreement, \$1.927 billion was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remain unchanged.

The Town of Lake Cowichan paid \$100,821 (2017 - \$111,351) for employer contributions while employees contributed \$83,766 (2017 - \$89,480) to the Plan in fiscal 2018.

The next valuation will be as at December 31, 2018 with results available in 2019.

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

The Town signed a contract with TGK Irrigation Ltd. for work on Greendale and Rockland Road watermain upgrades in January 2019. The tender commitment was \$288,120 plus applicable taxes.

The contract for the Water Treatment System Upgrade was awarded to Trittech Group Ltd. The remaining holdback on this contract at year end was \$585,074.

c.) Contingent Liability

A claim is outstanding against the Town as at December 31, 2018. In the opinion of management and legal counsel, the outcome of the claim, now pending, is not determinable. As the outcome is not determinable at this time, no amount has been accrued in the financial statements. Should any loss result from the resolution of this claim, such loss will be charged to the operations in the year of resolution.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

12. Commitments and Contingencies (continued)

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 newly constructed columbaria. 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 are shown below:

	2018	2017
Cash held in trust	\$ 1,171	\$ -
Care Fund equity	1,171	-

14. Budget Amounts

Financial Plan Bylaw 1003-2018 was adopted by Council on May 8, 2018. 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	21,583	(105,400)	(813,418)	(897,235)
Add: Capital expenditures	5,904,445	290,000	4,915,000	11,109,445
Add: Principal debt repayments	171,900	-	-	171,900
Less: Transfers from reserve funds	(1,620,500)	-	-	(1,620,500)
Adjusted Annual Surplus	\$4,477,428	\$184,600	\$4,101,582	\$8,763,610

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

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.

For the Year Ended December 31, 2018

Schedule I

Taxation and Grants-in-Lieu of Taxes

	Budget		
	2018	2018	2017
Property taxes	\$ 2,071,963	\$ 2,071,964	\$ 2,011,636
Utilities	48,900	48,184	45,549
Federal Grants-in-lieu	5,800	6,832	5,876
	<u>2,126,663</u>	<u>2,126,980</u>	<u>2,063,061</u>
Collections for other Governments			
British Columbia Assessment Authority	22,361	22,362	21,214
Cowichan Valley Regional District	998,847	998,847	967,774
Municipal Finance Authority	104	104	92
Police Tax Levy	156,542	156,542	145,171
Regional Hospital District	270,655	270,655	244,297
School Tax Levy	998,869	959,462	925,658
Vancouver Island Regional Library	134,872	134,872	127,782
	<u>2,582,250</u>	<u>2,542,844</u>	<u>2,431,988</u>
Total Property Taxes and Collections	4,708,913	4,669,824	4,495,049
Less: transfers to other Governments	2,582,250	2,542,844	2,431,988
Net Taxation Revenue	<u>\$ 2,126,663</u>	<u>\$ 2,126,980</u>	<u>\$ 2,063,061</u>

For the Year Ended December 31, 2018

Schedule II

Government Grants and Transfers

	Budget		
	2018	2018	2017
Small Community Protection Grant	\$ 435,000	\$ 475,256	\$ 469,149
Other	1,900	1,937	1,937
	436,900	477,193	471,086
Grants and Other			
BC Hydro	-	-	500
Community Wildfire Protection	-	-	21,625
Community Works Funds	400,000	-	-
Fire smart Grant	-	500	9,225
MIABC Grant	10,000	6,755	-
Other	5,000	4,125	5,460
Rural Dividend Program	-	-	10,000
Tree Canada	-	-	5,855
Summer Student grants	-	4,500	-
UBCM	2,877,000	-	-
UBCM - Water Treatment Plant	3,248,687	3,248,687	1,751,313
Water and Wastewater grants	583,375	343,792	545,718
Western Economic Diversification	80,854	80,856	419,146
	\$ 7,204,916	\$ 3,689,215	\$ 2,768,842

For the Year Ended December 31, 2018

Schedule III

Sales of services

	Budget		
	2018	2018	2017
GENERAL REVENUE FUND			
Garbage fees	\$ 370,200	\$ 380,404	\$ 372,348
Cowichan Lake Education Centre	420,000	388,483	441,256
Lakeview Park fees	184,000	200,035	204,104
CVRD fire protection	272,511	272,682	239,861
Fire service	-	49,272	43,940
Administration recoveries	3,070	3,118	3,073
Public Works revenues	-	3,060	7,202
Lease revenues	61,500	61,446	61,274
Penalties and interest on taxes	65,000	63,046	69,270
	1,376,281	1,421,546	1,442,328
Licences and Permits			
Business licences	17,500	21,800	19,550
Building permit and fees	23,700	68,028	57,922
Delivery vehicle licenses	700	703	745
Dog licences and fines	3,200	3,590	3,410
Other	7,130	23,649	27,050
	52,230	117,770	108,677
WATERWORKS UTILITY REVENUE FUND			
User fees	555,000	576,804	547,045
Parcel tax	236,880	236,880	234,360
Penalties and interest	5,500	5,410	5,756
Connection and service charges	32,000	43,534	47,623
	829,380	862,628	834,784
SEWER UTILITY REVENUE FUND			
User fees	455,000	476,292	457,201
Parcel tax	165,800	165,800	164,000
Penalties and interest	4,600	4,538	4,780
Connection and service charges	2,000	13,773	6,047
	627,400	660,403	632,028
	\$ 2,885,291	\$3,062,347	\$3,017,817

For the Year Ended December 31, 2018

Schedule IV

Parks and Recreational Services Expenses

	Budget		
	2018	2018	2017
GENERAL REVENUE FUND			
Cowichan Lake Education Centre	\$ 484,000	\$ 583,845	\$ 626,005
Information Centre	22,000	19,049	20,669
Lakeview Park	178,400	185,110	165,054
Parks and playgrounds	200,000	304,684	204,972
Buildings and other	31,500	24,730	57,210
	\$ 915,900	\$ 1,117,418	\$ 1,073,910

For the Year Ended December 31, 2018
Schedule V

Consolidated Segment Disclosures

	General Government	Protective Services	Public Works Transportation	Garbage & Recycling	Parks and Recreation	Sewer Services	Water Services	Reserve	2018 Consolidated	2018 Budget
REVENUE										
Taxation & grants in lieu of taxes	\$2,126,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,126,980	\$2,126,663
Government grants and transfers	477,193	-	-	-	-	-	-	-	477,193	436,900
Utility charges and parcel taxes	-	-	-	380,404	-	655,865	857,218	-	1,893,487	1,816,880
Services and fees	182,336	272,682	3,060	-	588,518	-	-	-	1,046,596	986,181
Interest and penalties	155,424	-	-	-	-	4,538	5,410	38,621	203,993	105,100
Grants	10,880	-	1,519	-	84,337	-	3,592,479	-	3,689,215	7,204,916
Other	-	49,272	-	-	-	-	-	-	49,272	7,130
	2,952,813	321,954	4,579	380,404	672,855	660,403	4,455,107	38,621	9,486,736	12,683,770
EXPENSES										
Administration	(241,700)	13,000	(168,400)	42,200	41,900	140,900	172,100	-	-	-
Audit and legal	42,774	-	-	-	-	-	-	-	42,774	41,000
Advertising, promotion and rebates	4,726	-	971	-	1,137	100	100	-	7,034	15,200
Conferences, travel and memberships	42,151	27,860	639	-	-	322	169	-	71,141	83,200
Contracted services	67,066	82,972	55,507	104,303	123,527	36,836	53,453	-	523,664	520,200
Discounts	-	-	-	24,540	-	35,451	42,938	-	102,929	102,300
Fuel	-	8,478	44,925	-	-	-	-	-	53,403	11,700
Insurance	91,284	10,602	25,660	-	213	-	-	-	127,759	86,600
Interest	3,190	16,925	-	-	-	-	-	-	20,115	17,300
Materials	28,038	117,082	67,100	7,199	139,102	29,213	35,491	-	423,225	407,510
Telephone	10,536	5,166	5,884	-	10,405	-	764	-	32,755	34,200
Utilities	9,606	24,712	86,259	-	64,291	36,181	44,128	-	265,177	280,700
Wages, benefits and equipment charge:	540,951	182,408	107,660	217,163	582,682	89,083	172,048	-	1,891,995	2,320,250
Amortization	598,622	489,205	226,205	395,405	963,257	368,086	521,191	-	3,561,971	3,920,160
	814	126,782	311,711	-	154,161	93,654	111,692	-	798,814	-
TOTAL EXPENSES	599,436	615,987	537,916	395,405	1,117,418	461,740	632,883	-	4,360,785	3,920,160
SURPLUS	\$2,353,377	\$(294,033)	\$(533,337)	\$(15,001)	\$(444,563)	\$198,663	\$3,822,224	\$38,621	\$5,125,951	\$8,763,610

For the Year Ended December 31, 2017
Schedule VI

Consolidated Segment Disclosures

	General Government	Protective Services	Public Works Transportation	Garbage & Recycling	Parks & Recreation	Sewer Services	Water Services	Reserve	2017 Consolidated	2017 Budget
REVENUE										
Taxation & grants in lieu of taxes	\$ 2,063,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,063,061	\$ 2,047,650
Government grants and transfers	471,086	-	-	-	-	-	-	-	471,086	436,900
Utility charges and parcel taxes	-	-	-	372,348	-	627,248	829,028	-	1,828,624	1,746,900
Sales of services	173,024	283,801	7,202	-	645,360	-	-	-	1,109,387	913,250
Interest and penalties	133,085	-	-	-	-	4,780	5,756	19,658	163,279	104,600
Grants	21,815	30,850	-	-	419,146	-	2,297,031	-	2,768,842	9,969,993
	2,862,071	314,651	7,202	372,348	1,064,506	632,028	3,131,815	19,658	8,404,279	15,219,293
EXPENSES										
Administration	(219,500)	13,000	(155,900)	41,300	40,400	131,100	149,600	-	-	-
Audit and legal	30,057	-	-	-	-	-	-	-	30,057	41,000
Advertising, promotion and rebates	3,202	1,911	-	-	292	325	325	-	6,055	15,700
Conferences, travel and memberships	33,531	30,861	878	-	-	-	1,016	-	66,286	85,400
Contracted services	63,050	119,671	78,242	100,773	91,350	31,119	24,560	-	508,765	450,300
Discounts	-	-	-	22,546	-	32,240	39,646	-	94,432	92,800
Fuel	-	6,956	40,714	-	171	-	-	-	47,841	11,500
Insurance	62,259	9,874	21,606	-	219	-	-	-	93,958	86,600
Interest	1,802	14,521	-	-	-	-	-	-	16,323	20,000
Materials	24,089	102,019	89,108	3,741	158,467	14,712	49,722	-	441,858	381,110
Telephone	10,834	5,484	5,238	-	8,852	-	764	-	31,172	32,200
Utilities	10,438	31,863	85,225	-	86,421	37,605	40,450	-	292,002	270,300
Wages, benefits and equipment charges	569,468	176,581	204,888	220,245	572,129	68,724	161,976	-	1,974,011	2,240,950
	589,230	512,741	369,999	388,605	958,301	315,825	468,059	-	3,602,760	3,727,860
Amortization	2,314	125,027	307,248	-	115,609	93,805	105,708	-	749,711	-
TOTAL EXPENSES	591,544	637,768	677,247	388,605	1,073,910	409,630	573,767	-	4,352,471	3,727,860
SURPLUS	\$ 2,270,527	\$ (323,117)	\$ (670,045)	\$ (16,257)	\$ (9,404)	\$ 222,398	\$ 2,558,048	\$ 19,658	\$ 4,051,808	\$ 11,491,433

Photographer
Krystal Mayo



OTHER FINANCIAL INFORMATION

Permissive Property Tax Exemptions

In accordance with Section 98(2)(b) of the Community Charter, the following is disclosure of properties exempted from municipal property tax for 2018:

Anglican Church	70 Cowichan Avenue	1,780
Bishop of Victoria	60 Fern Road	2,792
Catalyst Paper Corporation	North Shore Road (Boat Launch)	8,477
Cowichan Lake District Senior Assoc.	55 Coronation Street	13,818
Cowichan Lake Lions Club	131 Oak Lane	1,701
Island Corridor Foundation	Trails	1,480
Kaatza Historical Society	125 South Shore Road	5,973
Lake Cowichan Khalsa Diwan Society	9 Boundary Road	3,136
Pentecostal Assemblies of Canada	10 King George Street	8,838
Proline Properties Ltd. Gillespie Park	33 South Shore Road	1,379
Royal Canadian Legion Lake Cowichan	5 North Shore Road	1,601

50% exempted

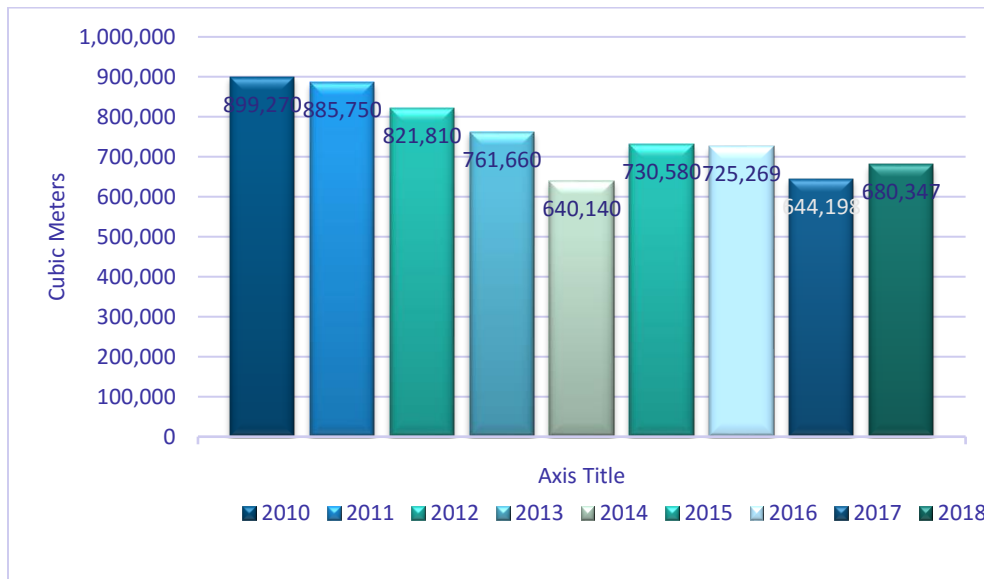
King George Seniors Affordable Housing	20 South Shore Road	2,544
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<u>Total Property Tax Exemptions</u>	<u>\$53,519</u>
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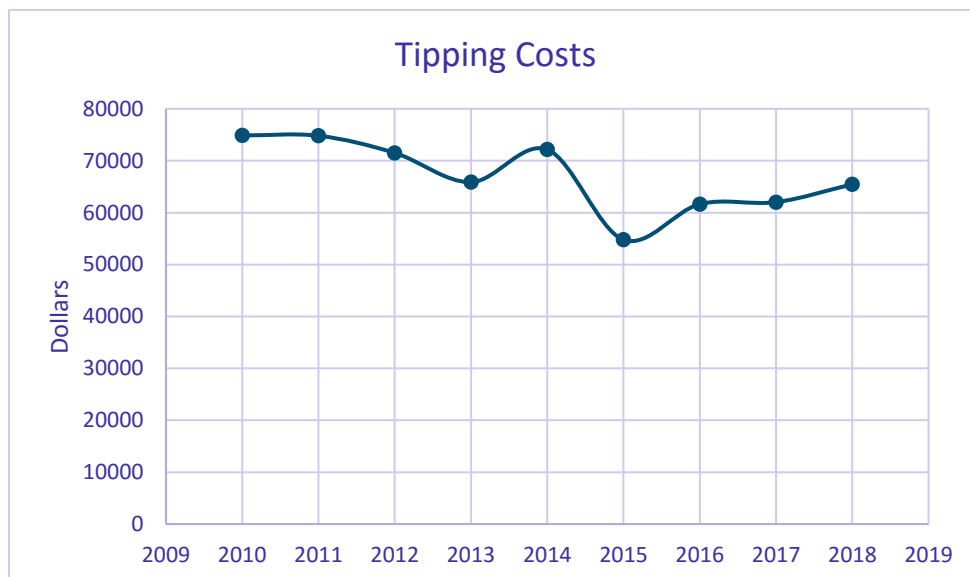
Development Cost Charges and Other Reserves

Parks Dedication Reserve	53,992
DCC Roads	377,965
DCC Water	811,388
DCC Sewer	214,270
Land Acquisition Reserve	53,068
<u>Total</u>	<u>\$1,510,683</u>

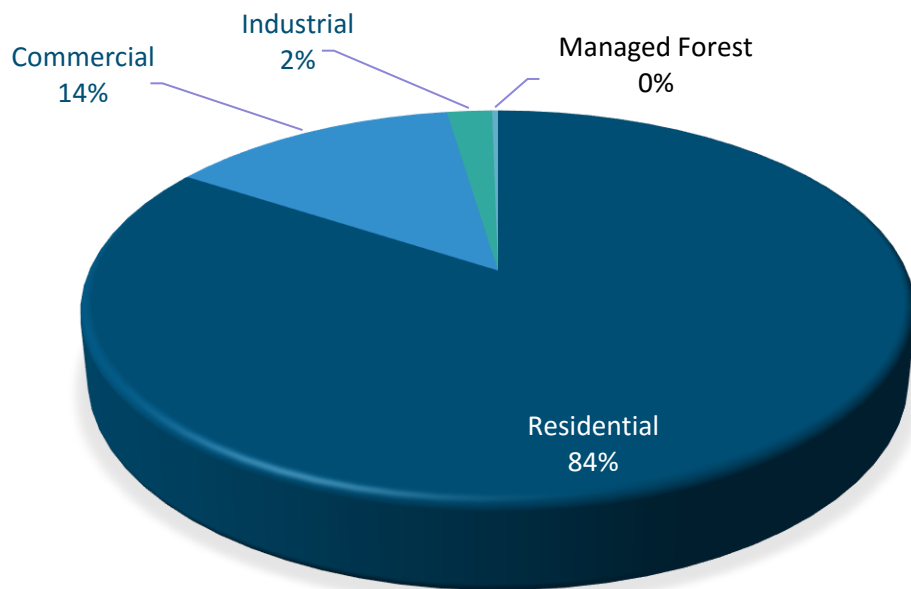
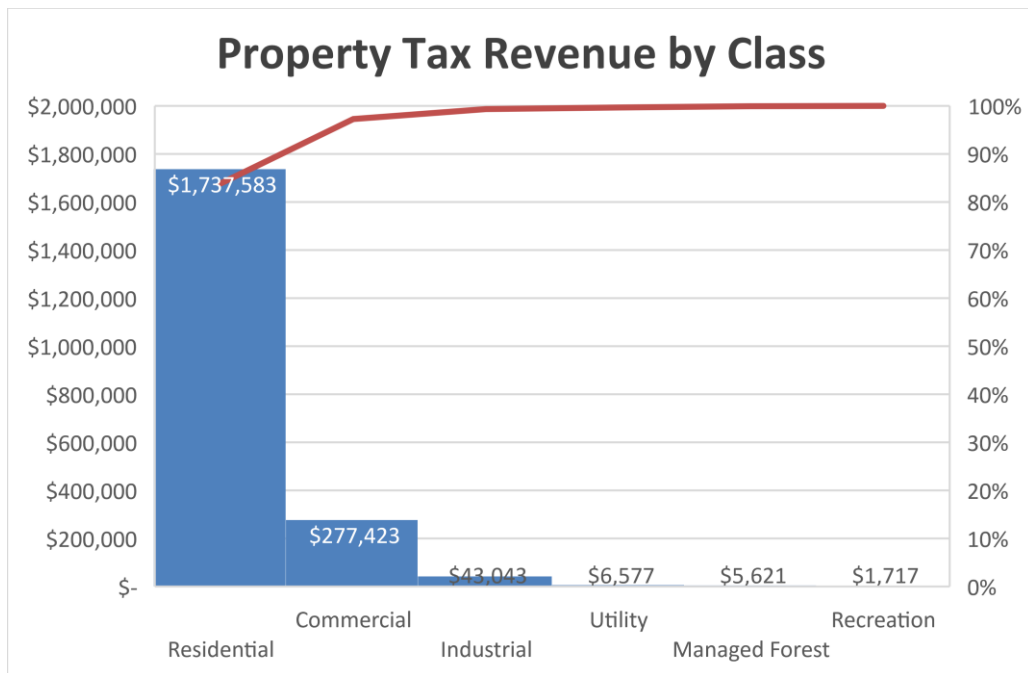
Water Consumption Data



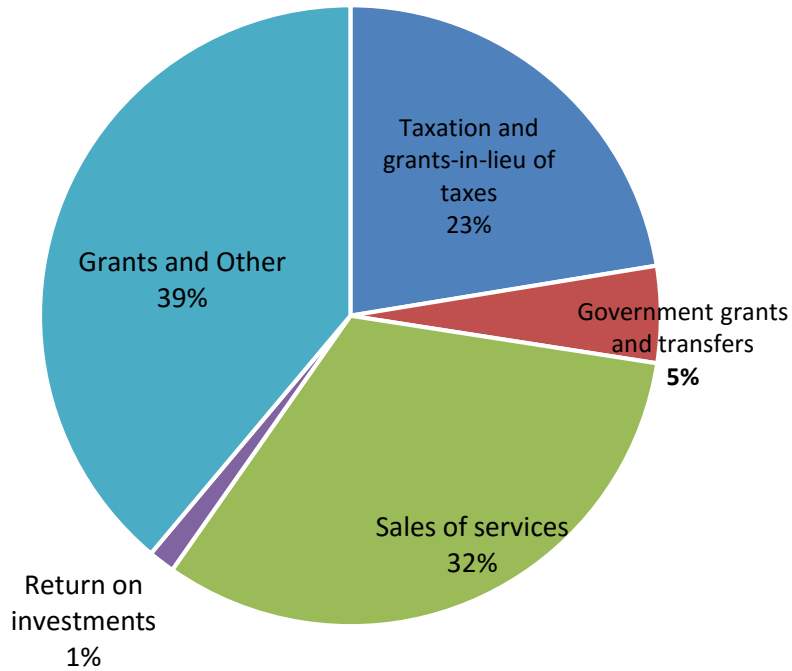
Tipping Costs



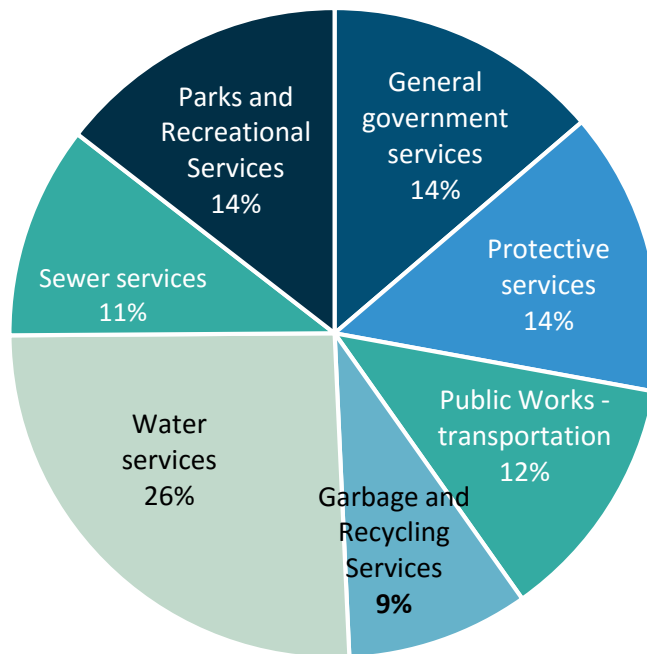
Property Tax Revenue by Class



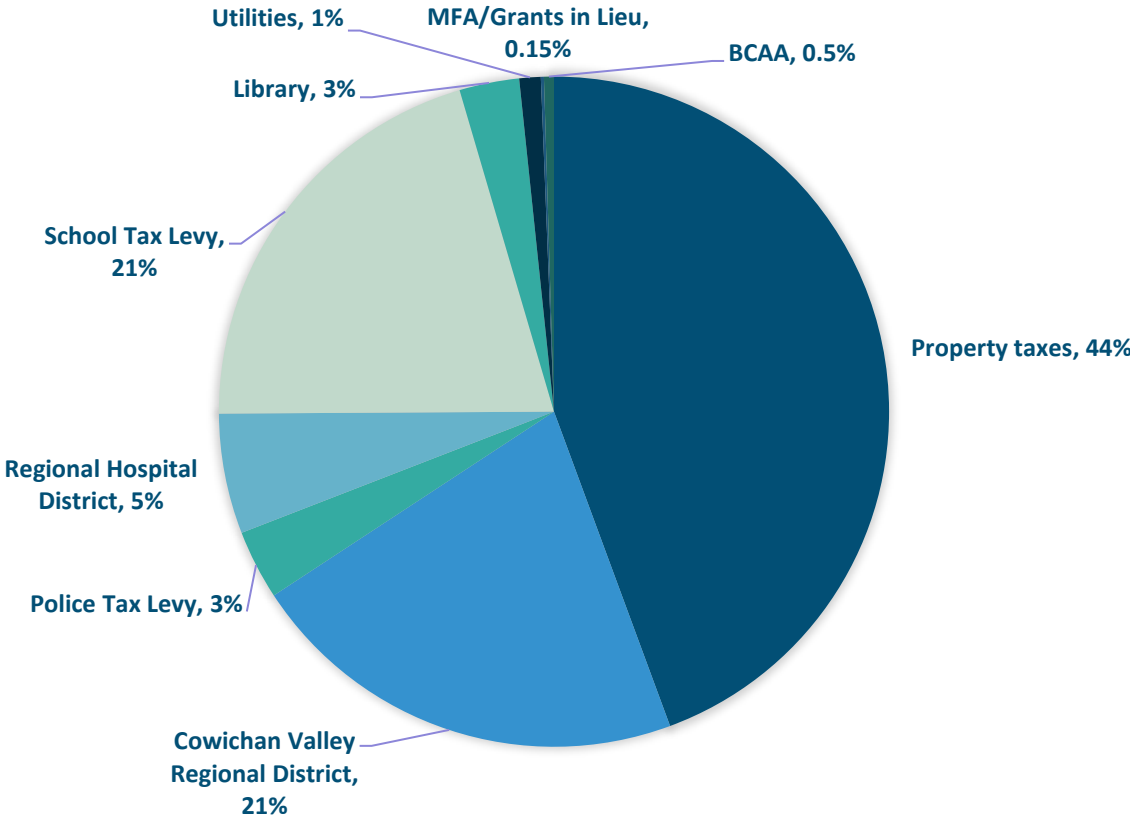
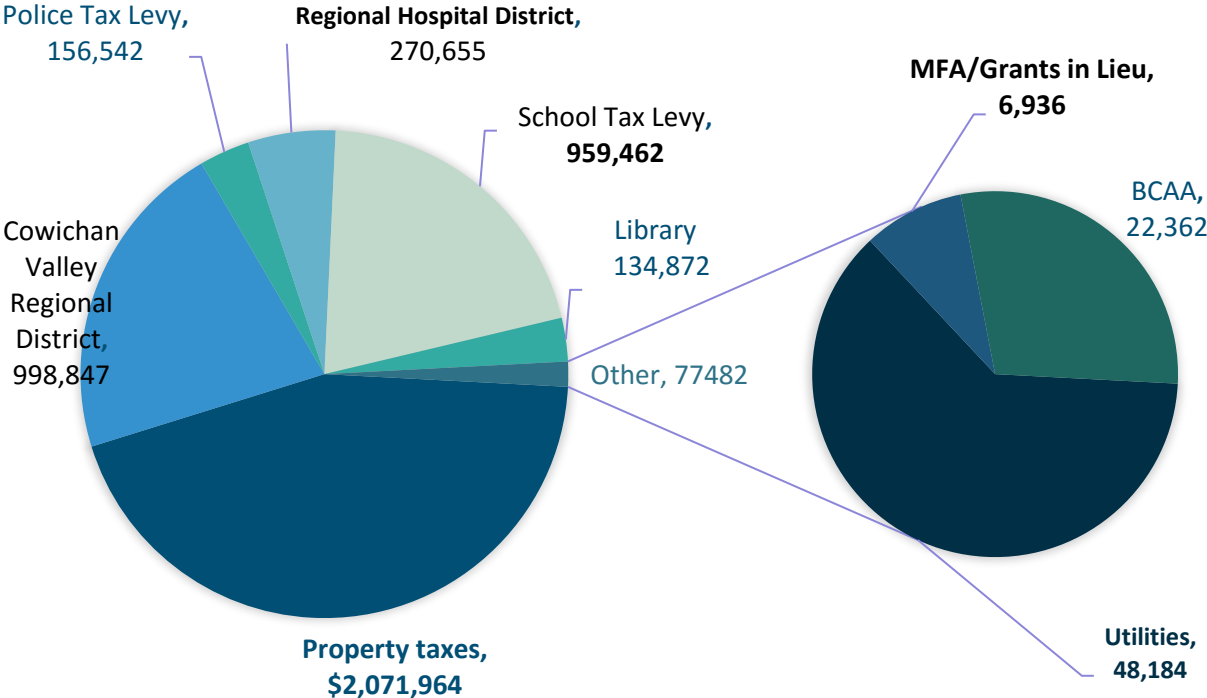
Revenues by Percentage



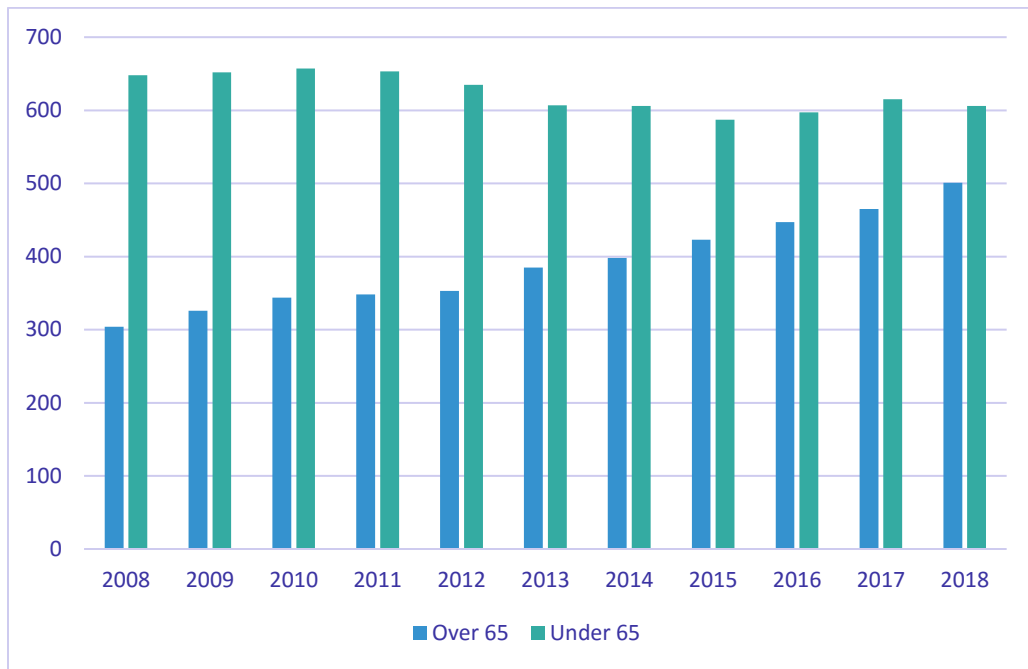
Expenses by Percentage



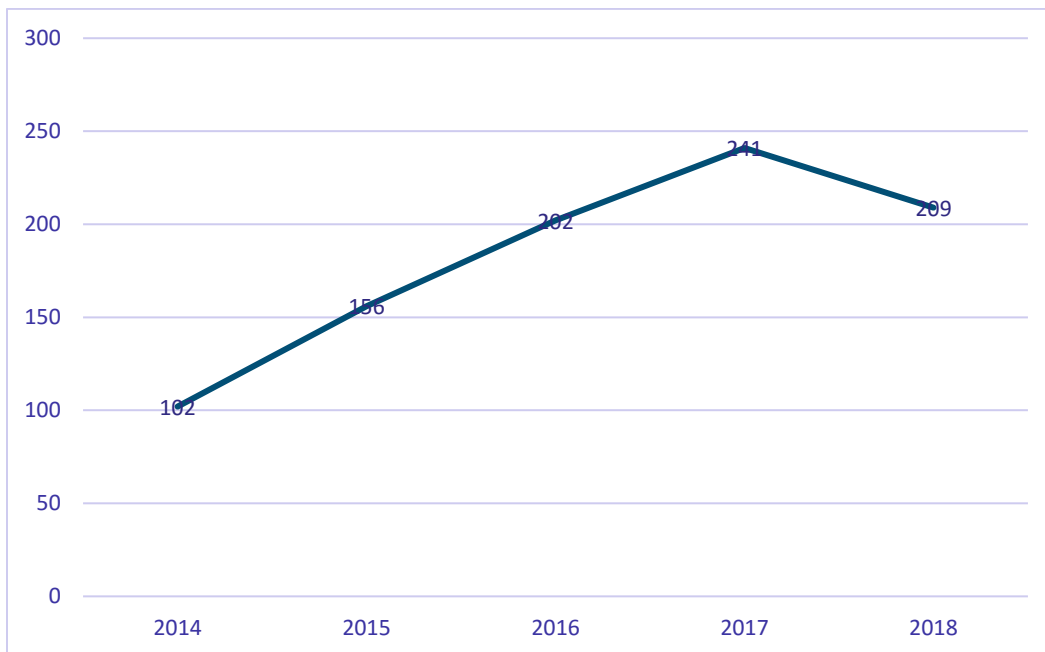
Taxation Revenue



Homeowner Grant Claims



Land Title Changes



Payments for Goods and Services Exceeding \$25,000

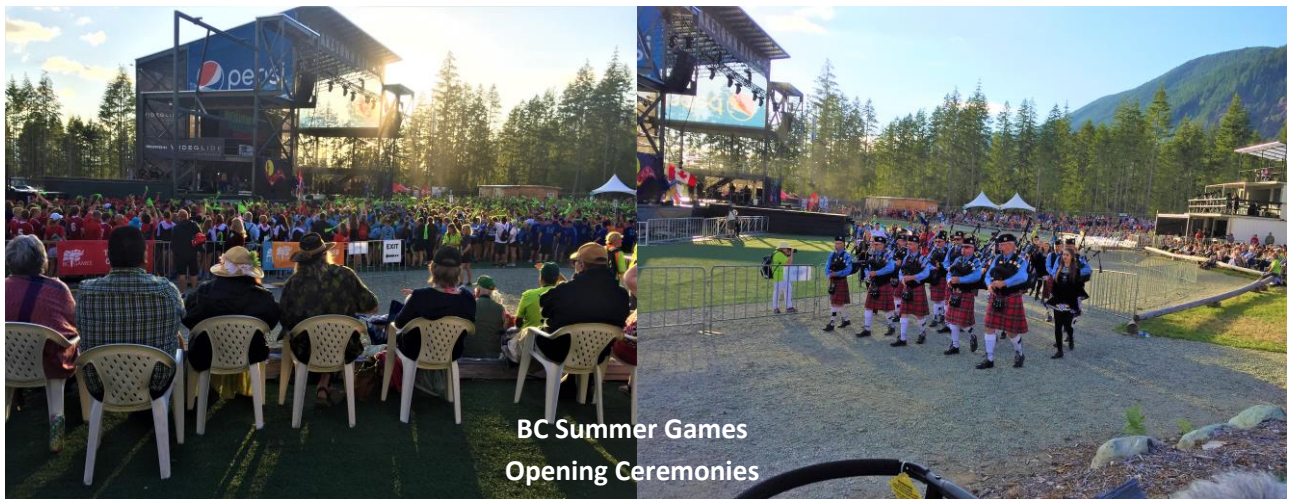
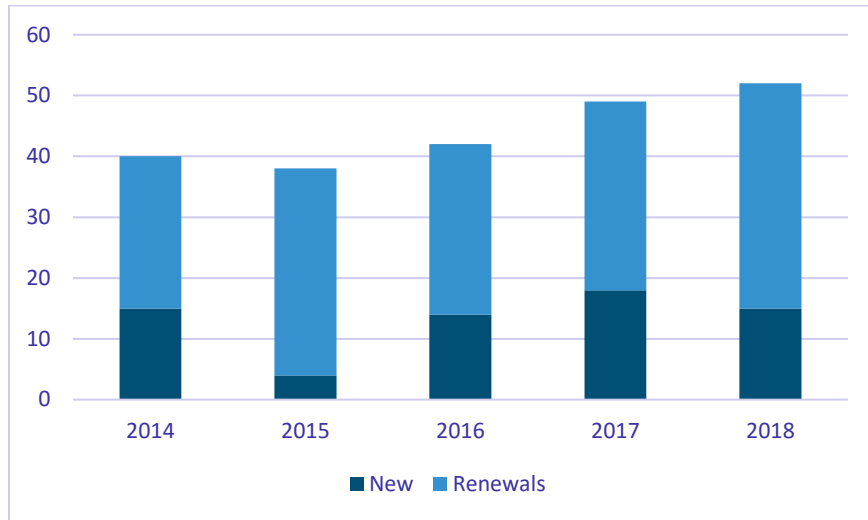
Name	Amount
0697413 BC LTD.	32,661
A+ MAIS Technologies Inc.	29,275
Aon Reed Stenhouse Inc.	42,460
Associated Engineering (BC) Ltd.	37,890
BC Hydro & Power Authority	248,519
Big Steel Box Structures	40,656
CIDA Holdings	33,925
Country Grocer - Lake Cowichan	34,277
Cowichan Valley Regional District	1,381,121
GeoAdvice Engineering Inc.	29,626
Gordon Food Service	38,530
Green Island G. Auto	35,239
Guillevin International	29,956
Hazelwood Construction Services	798,103
I.C.B.C	37,496
Iconix Waterworks Ltd. Partnership	35,273
Island Royal Columbaria Inc	45,920
Jaykar Holdings Ltd.	57,512
Jim Pattison Toyota Duncan	36,000
Lakeside Property Maintenance	64,606
Macnutt Enterprises Ltd	36,415
Municipal Insurance Assoc Of B.C.	28,962
Municipal Pension Plan	184,752
North Island Pumps	26,394
Receiver General for Canada Payroll	424,958
Royal Bank Visa	36,223
Shur Power Electric	101,851
Stantec Consulting Ltd.	152,155
Super Save Enterprises Ltd.	28,778
Tower Fence Products Ltd	293,461
Triosh Cont. Ltd	44,332
Tritech Group Ltd.	4,303,880
Van HEMERT, JAMES	38,267
Vancouver Island Regional Library	134,872
Vatcher, Steve	76,386
Waste Connections of Canada Inc.	41,367
Western Watershed Design Inc	267,823
Workers Compensation Board	31,442
Payments Made (Vendors Over \$25000)	9,341,363
Miscellaneous Payments (\$25000 and Under)	1,073,182
TOTAL Payments	10,414,545

NOTE

This schedule has been prepared on a cash basis and includes payments to vendors made in 2018.

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

Property Tax Deferments





Town Office Tel: 250-749-6681
Fax: 250-749-3900

Public Works Tel: 250-749-6244
Fax: 250-749-6686

Cowichan Lake Education Centre: 250-749-6213
Lakeview Park Campground: 250-749-3350

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

Website: www.lakecowichan.ca

Photographer
Jody Friday