

Consolidated Financial Statements of

THE DISTRICT OF LOGAN LAKE

Year ended December 31, 2023

THE DISTRICT OF LOGAN LAKE

Consolidated Financial Statements

Year ended December 31, 2023

Financial Statements

Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditor's Report	2
Consolidated Statement of Financial Position	5
Consolidated Statement of Earnings and Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9
Schedule 1 - Covid-19 Safe Restart Grant (unaudited)	31
Schedule 2 - Growing Communities Fund Grant (unaudited)	32

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The District of Logan Lake (the "District") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. The significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the District's consolidated financial statements.



Chief Administrative Officer



Director of Finance



KPMG LLP
3205-32 Street, 4th Floor
Vernon BC V1T 5M7
Canada
Tel 250 503 5300
Fax 250 545 6440

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the District of Logan Lake

Opinion

We have audited the consolidated financial statements of The District of Logan Lake (the "District"), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of earnings and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2023, and its results of operations, its 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 Financial Statements**" section of our auditor's report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 District'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 District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient, appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity, to express an opinion on the consolidated financial statements. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vernon, Canada
May 14, 2024

THE DISTRICT OF LOGAN LAKE

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 11,340,447	\$ 7,473,307
Accounts receivable:		
Taxes receivable	112,169	62,557
Other receivables	820,925	444,022
Land held for resale (note 3)	2,864,741	3,606,477
Net financial assets of Logan Lake TV Society (note 4)	167,225	167,517
Investment in Logan Lake Community Forest Corp. (note 5)	29,557	761,580
	<u>15,335,064</u>	<u>12,515,460</u>
Financial liabilities:		
Accounts payable and accrued liabilities	254,795	344,729
Deferred revenue (note 6)	4,761,175	1,857,099
Term debt (note 7)	530,288	812,741
	<u>5,546,258</u>	<u>3,014,569</u>
Net financial assets	9,788,806	9,500,891
Non-financial assets:		
Tangible capital assets (note 8)	19,574,475	18,960,384
Prepaid expenses	115,010	118,307
	<u>19,689,485</u>	<u>19,078,691</u>
Trust funds (note 11)		
Commitments and contingencies (note 13)		
Accumulated surplus (note 9)	<u>\$ 29,478,291</u>	<u>\$ 28,579,582</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE DISTRICT OF LOGAN LAKE

Consolidated Statement of Earnings and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 15)	2023	2022
Revenue:			
Taxation (note 10)	\$ 4,645,800	\$ 4,395,784	\$ 4,160,300
User charges	966,000	1,066,338	1,018,319
Government transfers (note 12)	2,490,500	1,679,661	1,264,473
Penalties and interest	-	21,029	18,136
Investment income	-	349,974	121,727
Other contributions	95,200	119,296	47,740
Sale of land held for resale (note 3)	-	814,994	677,852
Total revenue	8,197,500	8,447,076	7,308,547
Expenses:			
General government	1,896,700	1,520,013	1,311,540
Leisure, parks & culture	1,696,700	1,800,468	1,663,078
Planning, development & transportation	1,386,100	1,813,511	1,935,680
Protective services	1,116,900	885,775	793,917
Sewer utility	156,800	167,671	199,293
Solid waste	220,000	227,159	226,435
Water utility	296,900	401,747	400,779
Total expenses	6,770,100	6,816,344	6,530,722
Annual surplus before the undernoted	1,427,400	1,630,732	777,825
Income (loss) of Logan Lake Community Forest Corporation (note 4)	-	(732,023)	196,772
Annual surplus	1,427,400	898,709	974,597
Accumulated surplus, beginning of year	28,579,582	28,579,582	27,604,985
Accumulated surplus, end of year	\$ 30,006,982	\$ 29,478,291	\$ 28,579,582

The accompanying notes are an integral part of these consolidated financial statements.

THE DISTRICT OF LOGAN LAKE

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 15)	2023	2022
Annual surplus	\$ 1,427,400	\$ 898,709	\$ 974,597
Acquisition of tangible capital assets	(2,473,100)	(1,567,050)	(838,685)
Amortization of tangible capital assets	943,200	952,959	947,905
Loss on sale of tangible capital assets	-	-	24,011
	(1,529,900)	(614,091)	133,231
Acquisition of prepaid expenses	-	(135,319)	(118,307)
Use of prepaid expenses	-	138,616	127,424
	-	3,297	9,117
Change in net financial assets	(102,500)	287,915	1,116,945
Net financial assets, beginning of year	9,500,891	9,500,891	8,383,946
Net financial assets, end of year	\$ 9,398,391	\$ 9,788,806	\$ 9,500,891

The accompanying notes are an integral part of these consolidated financial statements.

THE DISTRICT OF LOGAN LAKE

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 898,709	\$ 974,597
Items not involving cash:		
Amortization of tangible capital assets	952,959	947,905
Loss on disposal of tangible capital assets	-	24,011
Logan Lake TV Society deficit (surplus)	292	(6,055)
Actuarial adjustment	(55,894)	(54,409)
Loss (income) of Logan Lake Community Forest Corporation	732,023	(196,772)
Change in non-cash assets and liabilities:		
Accounts receivable	(426,515)	313,517
Land held for resale	741,736	(585,009)
Accounts payable and accrued liabilities	(89,934)	99,817
Deferred revenue	2,904,076	(47,280)
Prepaid expenses	3,297	9,117
Net change in cash from operating activities	5,660,749	1,479,439
Capital activities:		
Acquisition of tangible capital assets	(1,567,050)	(838,685)
Financing activities:		
Repayments on debt	(226,559)	(218,625)
	3,867,140	422,129
Cash and cash equivalents, beginning of year	7,473,307	7,051,178
Cash and cash equivalents, end of year	\$ 11,340,447	\$ 7,473,307
Supplemental cash flow information:		
Cash paid for interest	\$ 55,894	\$ 55,894
Cash received from interest	371,003	139,863

The accompanying notes are an integral part of these consolidated financial statements.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

The District of Logan Lake (the "District") was incorporated on November 10, 1970 under statute of the Province of British Columbia. The District provides municipal services such as general government, fire protection, solid waste, planning, development and transportation, leisure, parks and culture, water utility, sewer utility and fiscal services.

1. Significant accounting policies:

The consolidated financial statements of the District are prepared by management in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the District are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the District and which are owned or controlled by the District except for the District's government business enterprise, Logan Lake Community Forest Corporation ("LLCFC") which is accounted for on the modified equity basis of accounting.

The consolidated entity includes the Logan Lake T.V. Society (the "Society"), which receives the majority of its funding by way of an annual grant from the District. In addition, the District owns the tangible capital assets used by the Society for its operations. The Society is accounted for on the modified equity basis of accounting.

Interdepartmental and inter-organizational transactions and balances between these entities have been eliminated.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(ii) Investment in Government Business Enterprise:

The District's investment in LLCFC is accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles as recommended by PSAB for investments in Government Business Enterprises. Under the modified equity basis, LLCFC's accounting policies are not adjusted to conform with those of the municipality and inter-organizational transactions and balances are not eliminated. The District recognizes its equity interest in the annual income or loss of LLCFC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the District may receive from LLCFC will be reflected as reductions in the investment asset account.

(iii) Accounting for Thompson-Nicola Regional District and School Board transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Thompson-Nicola Regional District and the School Board are not reflected in these consolidated financial statements.

(iv) Trust funds:

Trust funds and their related operations administered by the District are not included in these consolidated financial statements (note 11).

(b) Basis of accounting:

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Government transfers (other than grants in lieu of taxes) are recognized in the consolidated financial statements as revenues in the periods in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made unless the transfer contains stipulations that create a liability in which case the transfers are recognized as revenue in the periods that the liability is extinguished. Grants in lieu of taxes are recognized at the earlier of when received or when money is determined to be more likely than not to be collected.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Deferred revenue:

Deferred revenue includes conditional government transfers, development cost charges, and other fees which have been collected, but for which the related expenditures or services have yet to be incurred or performed and recognition criteria not yet met. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed or expenditures incurred.

(e) Cash equivalents:

Cash equivalents include highly liquid investments with a term to maturity of 90 days or less at acquisition.

(f) Non-financial assets:

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

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Land improvements	20-40
Buildings and building improvements	20-60
Vehicles, machinery and equipment	5-50
Linear assets	15-60
Furniture and IT equipment	3-10
TV equipment	7-50

Assets under construction are not amortized until the asset is available for productive use.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iv) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(v) Interest capitalization:

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(g) Use of estimates:

The preparation of financial statements in conformity with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Management reviews these estimates on a periodic basis and, where necessary, makes adjustments prospectively.

(h) Land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(i) Asset retirement obligations:

As of January 1, 2023, the District has adopted a new accounting standard PS 3280 Asset Retirement Obligations. This standard is recognized when, as at the financial reporting date, all of the following criteria are met:

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

The District has assessed its assets in consideration of this standard and noted that there are no obligations which meet the above criteria. Therefore, the adoption of this standard did not have any impact on the amounts presented in these financial statements.

(j) Financial instruments:

On January 1, 2023, the District adopted PS 3450 Financial Instruments. The adoption of this standard did not have any impact on the amounts presented in these financial statements.

Financial instruments include cash and cash equivalents, investments, accounts receivable, and accounts payable.

Financial instruments are recorded at fair value on initial recognition. Equity instruments and derivatives that are quoted in an active market are subsequently recorded at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the instruments at fair value. The District has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized on the consolidated statement of remeasurement gains and losses. They are recorded in the consolidated statement of operations and accumulated surplus when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the District does not have a consolidated statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of operations and accumulated surplus.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Adoption of new accounting standards:

In addition to the adoption of PS 3280 Asset Retirement Obligations and PS 3540 Financial Instruments as described in note 1(i) and note 1(j), on January 1, 2023 the District adopted PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments. The adoption of these standards did not have any impact on the amounts presented in these financial statements.

3. Land held for resale:

	2023	2022
Balance, beginning of year	\$ 3,606,477	\$ 3,021,468
Additions	47,233	1,257,636
Sales	(788,969)	(672,627)
Balance, end of year	\$ 2,864,741	\$ 3,606,477

During the year, the District sold seven (2022 - six) properties for total proceeds of \$773,040 (2022 - \$677,852).

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

4. Net financial assets of Logan Lake TV Society:

The District has made certain tangible capital assets available for use to the Society. The District collects and transmits a levy for the Society for operating purposes. The Society's year end is June 30 and there have been no events relating to or transactions of the Society that occurred during the intervening period that would significantly affect the financial position or results of operations of the District.

The following is a summarized financial statement of the Society, which has been included in the consolidated financial statements of the District:

	2023	2022
Statement of Financial Position:		
Cash and marketable securities	\$ 177,657	\$ 186,423
Accounts receivable	15,641	14,871
Lifetime membership in Canadian Cable System Alliance Inc.	1,000	1,000
Accounts payable and accrued liabilities	(27,073)	(34,777)
Net assets of the Society	\$ 167,225	\$ 167,517
Statement of Operations:		
Revenue:		
District of Logan Lake	280,320	277,680
Other	12,103	8,153
	292,423	285,833
Expenses:		
Administrative	34,521	31,946
Amortization of tangible capital assets	32,005	32,005
Maintenance	25,110	26,148
Subscription and fees	233,084	221,684
	324,720	311,783
Excess (deficiency) of revenue over expenses for the Society	\$ (32,297)	\$ (25,950)

The Society's revenue provided by the District is netted and eliminated against the cost to the District in these consolidated financial statements and the Society's expenses are classified as leisure, parks and cultural development expenses (note 14).

The District has recorded consolidation adjustments to capitalize tangible capital assets expensed in the Society's financial statements and to record amortization expense on tangible capital assets.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

5. Investment in Logan Lake Community Forest Corporation:

LLCFC is owned and controlled by the District and is considered a Government Business Enterprise. As such, LLCFC is accounted for on the modified equity basis in these consolidated financial statements. LLCFC is to use the timber license obtained from the provincial government, acquired at a nominal cost, to sustainably manage the forests of Logan Lake to diversify the economic base, to enhance recreational opportunities and to secure a fire safe community.

The following table provides condensed supplementary financial information for LLCFC for the year ended December 31:

	2023	2022
Financial position:		
Assets:		
Current	\$ 1,522,527	\$ 2,031,395
Total assets	\$ 1,522,527	\$ 2,031,395
Liabilities:		
Current	756,438	461,864
Long-term	736,532	807,951
Total liabilities	1,492,970	1,269,815
Equity:		
Share capital	120	120
Retained earnings	29,437	761,460
Total equity	29,557	761,580
Total liabilities and equity	\$ 1,522,527	\$ 2,031,395
Operations:		
Revenue	\$ 994,940	\$ 1,952,990
Expenses	1,726,963	1,756,218
Change in equity	\$ (732,023)	\$ 196,772
Investment represented by:		
Investment in shares of LLCFC	\$ 120	\$ 120
Accumulated net earnings	29,437	761,460
Total investment	\$ 29,557	\$ 761,580

There were \$27,042 (2022 - \$23,010) in related party transactions between the District and LLCFC for the year comprised of donations made by LLCFC for contributions towards community events and various capital projects. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Deferred revenue:

Deferred revenue consists of the following:

	2023	2022
Development cost charges - Water Utility Fund	\$ 410,054	\$ 354,570
Development cost charges - Sewer Utility Fund	572,181	542,204
Federal Gas Tax funds	1,014,909	836,509
Growing communities fund	1,533,320	-
Other	1,230,711	123,816
Total deferred revenue	\$ 4,761,175	\$ 1,857,099

Continuity of deferred revenue is as follows:

	2023	2022
Balance, beginning of year:		
Development cost charges - Water Utility Fund	\$ 354,570	\$ 316,421
Development cost charges - Sewer Utility Fund	542,204	528,454
Federal Gas Tax funds	836,509	1,002,679
Other	123,816	56,825
	1,857,099	1,904,379
Gas Tax Agreement funds received	139,641	145,596
Growing communities funds received	1,538,000	-
Other contributions received	1,208,244	147,404
Interest earned	111,038	43,975
Total contributions	2,996,923	336,975
Less amounts spent on projects and recorded as revenue	(92,847)	(384,255)
Balance, end of year	\$ 4,761,175	\$ 1,857,099

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

7. Term debt:

- (a) In 2015, the District issued debt instruments through the MFA to finance the cost of constructing a new firehall. Under the terms of the debt, the District is required to make principal payments once annually while interest is calculated semi-annually at 3.5% per annum and is based on the original debt principal borrowed. Associated with these principal payments, the MFA provides an actuarial adjustment, which is a non-cash reduction in the loan balance representing the investment earnings the MFA expects to realize on each principal payment.

Debt interest charges are recorded as an expense in the period incurred. Principal payments and actuarial adjustments are applied to reduce recorded liabilities.

Changes in term debt are shown below:

	2023	2022
Balance, beginning of the year	\$ 812,741	\$ 1,085,775
Principal payments	(226,559)	(218,625)
Actuarial adjustment of term debt	(55,894)	(54,409)
Debt, end of year	\$ 530,288	\$ 812,741

- (b) Total principal payments (which are exclusive of actuarial adjustments) required of the District for the next 3 years are as follows:

2024	216,568
2025	216,568
	\$ 433,136

Scheduled debt repayments may be suspended by the MFA if the MFA anticipates that it has sufficient investment assets to cover the remaining principal and interest repayments of the MFA funding debentures.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

8. Tangible capital assets:

2023	Land	Land improvements	Buildings and building improvements	Vehicles, machinery and equipment	Linear assets	Furniture and IT equipment	TV equipment	Total
Cost:								
Balance, beginning of year	\$ 3,245,485	\$ 3,585,774	\$ 9,950,019	\$ 6,978,352	\$ 13,432,334	\$ 410,161	\$ 1,375,140	\$ 38,977,265
Additions	-	48,218	32,081	1,464,740	22,011	-	-	1,567,050
Balance, end of year	3,245,485	3,633,992	9,982,100	8,443,092	13,454,345	410,161	1,375,140	40,544,315
Accumulated amortization:								
Balance, beginning of year	-	2,044,981	3,426,754	3,708,055	9,323,135	306,961	1,206,995	20,016,881
Amortization expense	-	120,301	245,494	280,941	227,798	46,417	32,008	952,959
Balance, end of year	-	2,165,282	3,672,248	3,988,996	9,550,933	353,378	1,239,003	20,969,840
Net book value, end of year	\$ 3,245,485	\$ 1,468,710	\$ 6,309,852	\$ 4,454,096	\$ 3,903,412	\$ 56,783	\$ 136,137	\$ 19,574,475

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

8. Tangible capital assets (continued):

2022	Land	Land improvements	Building and building improvements	Machinery, vehicles and equipment	Linear assets	Furniture and IT equipment	TV equipment	Total
Cost:								
Balance, beginning of year	\$ 3,245,485	\$ 3,523,984	\$ 9,851,216	\$ 6,706,499	\$ 13,099,345	\$ 403,809	\$ 1,375,140	\$ 38,205,478
Additions	-	61,790	98,803	319,884	332,989	25,219	-	838,685
Disposals	-	-	-	(48,031)	-	(18,867)	-	(66,898)
Balance, end of year	3,245,485	3,585,774	9,950,019	6,978,352	13,432,334	410,161	1,375,140	38,977,265
Accumulated amortization:								
Balance, beginning of year	-	1,922,983	3,183,111	3,468,441	9,087,113	275,213	1,175,002	19,111,863
Disposals	-	-	-	(24,020)	-	(18,867)	-	(42,887)
Amortization expense	-	121,998	243,643	263,634	236,022	50,615	31,993	947,905
Balance, end of year	-	2,044,981	3,426,754	3,708,055	9,323,135	306,961	1,206,995	20,016,881
Net book value, end of year	\$ 3,245,485	\$ 1,540,793	\$ 6,523,265	\$ 3,270,297	\$ 4,109,199	\$ 103,200	\$ 168,145	\$ 18,960,384

Assets under construction which have not been amortized are included in machinery, vehicles and equipment totaling \$1,130,913 (2022 - \$45,116), linear assets \$22,011 (2022 - \$nil), and land improvements \$79,702 (2022 - \$31,484). Amortization of these assets will commence when the asset is put into service upon completion of the project.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2023	2022
Surplus:		
Invested in tangible capital assets	\$ 20,104,763	\$ 18,147,646
Unrestricted	4,535,235	7,460,169
Total surplus	24,639,998	25,607,815
Reserves set aside by Council for operating purposes:		
Reserve for future expenditures - Sewer Utility Fund	296,769	250,169
Recreation centre	320,919	343,619
Parks	100,000	50,047
Lights	-	20,000
Office equipment	25,000	42,488
Fire Hall	42,785	60,288
Roads	500,000	365,537
Campground	305,197	237,431
Reserve for future expenditures - Water Utility Fund	76,442	42,242
Crushed gravel	100,000	97,478
Cemetery	382,500	267,500
COVID-19 Safe Restart	163,176	310,931
Total operating reserve funds	2,312,788	2,087,730
Reserves set aside by Council for capital purposes:		
Economic diversification reserve	339,672	152,002
Capital reserve - General Operating Fund	536,128	622,399
Economic development reserve	-	78,100
Capital reserve - Sewer Utility Fund	31,536	31,536
Growing Communities Fund reserve	1,618,169	-
Total capital reserve funds	2,525,505	884,037
Total accumulated surplus	\$ 29,478,291	\$ 28,579,582

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

10. Taxation:

Taxation revenue consists of the following:

	2023	2022
Municipal and Regional District and other government property taxes levied	\$ 6,163,053	\$ 5,858,402
Payments-in-lieu of property taxes	625,956	619,011
Balance, end of year	6,789,009	6,477,413
Less: payments to Regional District and other governments	(2,393,225)	(2,317,113)
Net taxes available for municipal purposes	\$ 4,395,784	\$ 4,160,300

11. Trust funds:

The District operates the Whispering Pines Cemetery and maintains a Cemetery Perpetual Care Fund in trust, in accordance with the Cremation, Internment and Funeral Services Act of British Columbia. The funds held in trust amount to \$16,826 (2022 - \$13,693) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

12. Government transfers:

The District recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the consolidated statement of operations and accumulated surplus are:

	2023	2022
Revenue:		
Provincial grants:		
Growing Communities Fund	\$ 4,680	\$ -
Community Regreening Program	6,088	6,928
CEPF Equipment & Training	27,038	-
Evacuation Route Planning	-	16,069
Fuel Management Program	251,699	205,586
ICIP-Rural Community Fund	808,329	152,901
NDIT Recreation Program	33,887	-
Northern Development Initiative Trust	50,000	51,200
Fire Rehabilitation Grant	46,769	-
Small Community Protection	382,000	479,000
Subtotal provincial grants	1,610,490	911,684
Federal grants:		
Canada Summer Jobs Program	9,386	-
Canada Community Building Fund	27,114	332,989
Municipal Asset Management Program	30,171	19,800
Canada Day Grant	2,500	-
Subtotal federal grants	69,171	352,789
Total revenue	\$ 1,679,661	\$ 1,264,473

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Commitments and contingencies:

- (a) The District, as a member of the Thompson Nicola Regional District, is liable for its proportion of any operating deficits or long-term debt related to functions in which it participates.
- (b) The District and its employees contribute to the Municipal Pension Plan ("the 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 provided are based on a formula. As at December 31, 2023 the Plan has approximately 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local government.

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 million funding surplus for basic pension benefits on a going concern basis.

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.

The District paid \$159,576 (2022 - \$138,650) for employer contributions, while employees contributed \$144,067 (2022 - \$124,940) to the Plan in fiscal 2023.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Commitments and contingencies (continued):

(c) From time to time the District is brought forth as a defendant in various lawsuits. The District reviews its exposure to any potential litigation for which it would not be covered by insurance and assesses whether a successful claim against the District would materially affect the consolidated financial statements of the District. The District is currently not aware of any claims brought against it that if not defended successfully would result in a material change to the consolidated financial statements of the District.

(d) The District is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible the District, along with the other participants, would be required to contribute towards the deficit.

(e) Debt Reserve Funds:

The District issues debt instruments through the MFA. Under borrowing arrangements with the MFA, the District is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As the debt principal is retired, demand notes are released and the cash deposits are refunded and recorded as operating income in the period received. As a condition of these borrowings, a portion of the proceeds is withheld by the MFA as a debt reserve fund. These demand notes are contingent in nature and are not recorded in the financial statements.

At December 31, 2023, the District had \$31,048 (2022 - \$30,112) in cash deposits and \$110,825 (2022 - \$110,825) in contingent demand notes.

(f) The District has provided a letter of guarantee of \$10,000 (2022 - \$10,000) to Canadian Imperial Bank of Commerce (the "CIBC") on behalf of Meadow Creek Golf Club (the "Club"), representing a continuing guarantee covering both the present and future liabilities of the Club for a revolving line of credit at the current prime rate + 1%.

The guarantee would require the District to make payment in the event that the Club does not meet its payment obligations to the CIBC. The outstanding loan balance at December 31, 2023 was \$nil (2022 - \$nil).

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Segmented information:

Segmented information has been identified based upon lines of service provided by the District. District services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government:

General government operations provide the functions of Building Services and Maintenance, Corporate Administration, Finance, Human Resources, Legislative Services and any other functions not categorized to a specific department.

(b) Protective Services:

Protective Services is comprised of the Fire Department. The Fire Department is responsible for providing fire suppression services, fire prevention programs, training and education related to prevention, detection or extinguishments of fires.

(c) Planning, Development, and Transportation Services:

Planning, development and transportation includes the Public Works Department, which is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems and street lighting. This function also includes certain tourism and economic development activities.

(d) Leisure, Parks and Cultural Development:

Leisure, parks and cultural development includes the Logan Lake Recreation Centre operations, the Society operations, various community events, and maintenance of parks, cemetery and other open spaces.

(e) Solid Waste Services:

The District is responsible for environmental programs including solid waste collection, disposal and recycling.

(f) Water Utility:

The District is responsible for environmental programs including the engineering and operation of the potable water system.

(g) Sewer Utility:

The District is responsible for environmental programs including the engineering and operation of the wastewater systems.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Segmented information (continued):

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Segmented information (continued):

2023	General Government	Protective Services	Planning, Development and Transportation Services	Leisure, Parks and Cultural Development	Solid Waste Services	Water Utility	Sewer Utility	Total
Revenues:								
Taxation	\$ 1,255,984	\$ 668,800	\$ 1,200,200	\$ 1,270,800	\$ -	\$ -	\$ -	\$ 4,395,784
User charges	33,230	10,582	15,000	273,344	238,279	325,950	169,953	1,066,338
Government transfers	382,000	278,737	84,851	934,073	-	-	-	1,679,661
Investment income	349,974	-	-	-	-	-	-	349,974
Penalties and interest	21,029	-	-	-	-	-	-	21,029
Sale of land for resale	-	-	814,994	-	-	-	-	814,994
Other	30,433	57,958	-	30,905	-	-	-	119,296
Total revenues	2,072,650	1,016,077	2,115,045	2,509,122	238,279	325,950	169,953	8,447,076
Expenses:								
Salaries, wages and employee benefits	1,091,131	216,249	331,763	626,237	91,325	87,311	40,010	2,484,026
Materials, supplies and services	361,859	495,244	502,714	926,709	107,014	144,365	52,485	2,590,390
Amortization	67,023	174,282	190,065	247,522	28,820	170,071	75,176	952,959
Property sales and writedowns	-	-	788,969	-	-	-	-	788,969
Total expenses	1,520,013	885,775	1,813,511	1,800,468	227,159	401,747	167,671	6,816,344
Annual surplus (deficit)	\$ 552,637	\$ 130,302	\$ 301,534	\$ 708,654	\$ 11,120	\$ (75,797)	\$ 2,282	\$ 1,630,732

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Segmented information (continued):

2022	General Government	Protective Services	Planning, Development and Transportation Services	Leisure, Parks and Cultural Development	Solid Waste Services	Water Utility	Sewer Utility	Total
Revenues:								
Taxation	\$ 1,292,500	\$ 630,900	\$ 998,500	\$ 1,238,400	\$ -	\$ -	\$ -	\$ 4,160,300
User charges	33,203	9,258	15,000	250,773	235,670	301,442	172,973	1,018,319
Government transfers	479,000	221,655	403,989	27,899	-	131,930	-	1,264,473
Investment income	121,727	-	-	-	-	-	-	121,727
Penalties and interest	18,136	-	-	-	-	-	-	18,136
Sale of land for resale	-	-	677,852	-	-	-	-	677,852
Other	19,365	16,497	-	11,878	-	-	-	47,740
Total revenues	1,963,931	878,310	2,095,341	1,528,950	235,670	433,372	172,973	7,308,547
Expenses:								
Salaries, wages and employee benefits	770,721	202,366	329,735	502,368	86,995	105,328	39,092	2,036,605
Materials, supplies and services	470,685	414,131	486,247	918,672	110,600	125,547	84,486	2,610,368
Amortization	70,134	177,420	183,854	242,038	28,840	169,904	75,715	947,905
Property sales and writedowns	-	-	935,844	-	-	-	-	935,844
Total expenses	1,311,540	793,917	1,935,680	1,663,078	226,435	400,779	199,293	6,530,722
Annual surplus (deficit)	\$ 652,391	\$ 84,393	\$ 159,661	\$ (134,128)	\$ 9,235	\$ 32,593	\$ (26,320)	\$ 777,825

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2023 operating and capital budgets approved as the 2023 to 2027 Financial Plan by Council on May 4, 2023. The legislative requirements for the Financial Plan are that the cash inflows for the period must equal planned cash outflows.

Cash inflows and outflows budgeted for include such items as transfers to and from reserves, transfers to and from operating surpluses and proceeds on sale of assets. These items are not recognized as revenues and expenses in the Statement of Operations as they do not meet the definition of such under public sector accounting standards. PSAB requires that budget figures be presented on the same basis of accounting as actual figures.

The chart below reconciles the budget figures reported in these consolidated financial statements to the approved Financial Plan.

	Budget amount
Surplus - Statement of Operations	\$ 1,427,400
Adjust for budgeted items not included in Statement of Operations:	
Transfers from reserve funds	319,100
Acquisition of tangible capital assets	(2,473,100)
Principal repayments on borrowing	(216,600)
Non-cash items	943,200
Total Adjustments	(1,427,400)
Financial Plan Balance	\$ -

THE DISTRICT OF LOGAN LAKE

Consolidated
Schedule 1 - Covid-19 Safe Restart Grant (unaudited)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	\$ 301,000	\$ 457,200
Municipal Hall	(73,500)	(72,500)
Recreation Centre	(59,600)	(62,500)
Public Works	(8,200)	(8,200)
Firehall	(13,500)	(11,500)
Campground	(1,500)	(1,500)
Balance, end of year	\$ 144,700	\$ 301,000

THE DISTRICT OF LOGAN LAKE

Consolidated
 Schedule 2 - Growing Communities Fund Grant (unaudited)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	\$ -	\$ -
Provincial Growing Communities Fund	1,538,000	-
Housing development planning & engineering	(4,680)	-
Balance, end of year	\$ 1,533,320	\$ -