

Consolidated Financial Statements of

THE DISTRICT OF LOGAN LAKE

Year ended December 31, 2022

THE DISTRICT OF LOGAN LAKE

Consolidated Financial Statements

Year ended December 31, 2022

Financial Statements

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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



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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, 2022
- the consolidated statement of operations 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, 2022, 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

Kamloops, Canada
May 17, 2023

THE DISTRICT OF LOGAN LAKE

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 7,473,307	\$ 7,051,178
Accounts receivable:		
Taxes receivable	62,557	140,197
Other receivables	444,022	679,899
Land held for resale (note 3)	3,606,477	3,021,468
Net financial assets of Logan Lake TV Society (note 4)	167,517	161,462
Investment in Logan Lake Community Forest Corp. (note 5)	761,580	564,808
	12,515,460	11,619,012
Financial liabilities:		
Accounts payable and accrued liabilities	344,729	244,912
Deferred revenue (note 6)	1,857,099	1,904,379
Term debt (note 7)	812,741	1,085,775
	3,014,569	3,235,066
Net financial assets	9,500,891	8,383,946
Non-financial assets:		
Tangible capital assets (note 8)	18,960,384	19,093,615
Prepaid expenses	118,307	127,424
	19,078,691	19,221,039
Trust funds (note 12)		
Commitments and contingencies (note 13)		
Accumulated surplus (note 9)	\$ 28,579,582	\$ 27,604,985

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

THE DISTRICT OF LOGAN LAKE

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget (note 15)	2022	2021
Revenue:			
Taxation (note 10)	\$ 4,154,900	\$ 4,160,300	\$ 4,029,396
User charges	927,400	1,018,319	923,152
Government transfers (note 11)	2,798,300	1,264,473	1,156,007
Penalties and interest	14,000	18,136	26,917
Investment income	12,000	121,727	14,916
Other contributions	57,700	47,740	79,763
Sale of land held for resale (note 3)	675,100	677,852	796,561
Total revenue	8,639,400	7,308,547	7,026,712
Expenses:			
General government	1,630,800	1,311,540	1,152,690
Leisure, parks & culture	1,924,900	1,663,078	1,469,306
Planning, development & transportation	3,027,200	1,935,680	1,587,174
Protective services	1,069,200	793,917	618,693
Sewer utility	230,400	199,293	135,168
Solid waste	244,400	226,435	214,303
Water utility	422,800	400,779	312,655
Total expenses	8,549,700	6,530,722	5,489,989
Annual surplus before the undernoted	89,700	777,825	1,536,723
Income (loss) of Logan Lake Community Forest Corporation (note 4)	-	196,772	(1,055,517)
Annual surplus	89,700	974,597	481,206
Accumulated surplus, beginning of year	27,604,985	27,604,985	27,123,779
Accumulated surplus, end of year	\$ 27,694,685	\$ 28,579,582	\$ 27,604,985

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, 2022, with comparative information for 2021

	Budget (note 15)	2022	2021
Annual surplus	\$ 89,700	\$ 974,597	\$ 481,206
Acquisition of tangible capital assets	(2,802,200)	(838,685)	(1,515,837)
Amortization of tangible capital assets	895,800	947,905	895,331
Loss on sale of tangible capital assets	-	24,011	3,005
Proceeds on sale of tangible capital assets	-	-	3,500
	(1,906,400)	133,231	(614,001)
Acquisition of prepaid expenses	-	(118,307)	(127,424)
Use of prepaid expenses	-	127,424	124,307
	-	9,117	(3,117)
Change in net financial assets	(1,816,700)	1,116,945	(135,912)
Net financial assets, beginning of year	8,383,946	8,383,946	8,519,858
Net financial assets, end of year	\$ 6,567,246	\$ 9,500,891	\$ 8,383,946

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, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 974,597	\$ 481,206
Items not involving cash:		
Amortization of tangible capital assets	947,905	895,331
Loss on disposal of tangible capital assets	24,011	3,005
Logan Lake TV Society deficit	(6,055)	(20,702)
Actuarial adjustment	(54,409)	(47,232)
Loss (income) of Logan Lake Community Forest Corporation	(196,772)	1,055,517
Change in non-cash assets and liabilities:		
Accounts receivable	313,517	(129,488)
Land held for resale	(585,009)	(156,801)
Accounts payable and accrued liabilities	99,817	(56,238)
Deferred revenue	(47,280)	327,532
Prepaid expenses	9,117	(3,117)
Net change in cash from operating activities	1,479,439	2,349,013
Capital activities:		
Acquisition of tangible capital assets	(838,685)	(1,515,837)
Proceeds on sale of tangible capital assets	-	3,500
Net change in cash from capital activities	(838,685)	(1,512,337)
Financing activities:		
Repayments on debt	(218,625)	(216,568)
Increase in cash and cash equivalents	422,129	620,108
Cash and cash equivalents, beginning of year	7,051,178	6,431,070
Cash and cash equivalents, end of year	\$ 7,473,307	\$ 7,051,178
Supplemental cash flow information:		
Cash paid for interest	\$ 55,894	\$ 55,894
Cash received from interest	139,863	41,833

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, 2022

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.

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, 2022

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 12).

(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, 2022

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
T.V. 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, 2022

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, 2022

1. Significant accounting policies (continued):

(i) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- a) an environmental standard exists
- b) contamination exceeds the environmental standard
- c) the organization is directly responsible or accepts responsibility for the liability
- d) future economic benefits will be given up, and
- e) a reasonable estimate of the liability can be made.

2. Future accounting standards:

(a) PS 3280, Asset Retirement Obligations:

PS 3280, Asset Retirement Obligations, establishes guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. Specifically, it defines which activities would be included in a liability for retirement of a tangible capital asset, establishes when to recognize and how to measure a liability for an asset retirement obligation and provides the related financial statement presentation and disclosure requirements. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022. At the date of these financial statements, the full impact of this new standard is not yet known.

(b) PS 3450, Financial Instruments:

PS 3450, Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022. At the date of these financial statements, the full impact of this new standard is not yet known.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

3. Land held for resale:

	2022	2021
Balance, beginning of year	\$ 3,021,468	\$ 2,864,667
Additions	1,257,636	801,538
Sales	(672,627)	(644,737)
Balance, end of year	\$ 3,606,477	\$ 3,021,468

During the year, the District sold six (2021 - eight) properties for total proceeds of \$677,852 (2021 - \$796,561).

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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:

	2022	2021
Statement of Financial Position:		
Cash and marketable securities	\$ 186,423	\$ 163,525
Accounts receivable	14,871	20,183
Lifetime membership in Canadian Cable System Alliance Inc.	1,000	1,000
Accounts payable and accrued liabilities	(34,777)	(23,246)
Net assets of the Society	\$ 167,517	\$ 161,462
Statement of Operations:		
Revenue:		
District of Logan Lake	277,680	275,760
Other	8,153	9,179
	285,833	284,939
Expenses:		
Administrative	31,946	33,608
Amortization of tangible capital assets	32,005	33,083
Maintenance	26,148	32,429
Subscription and fees	221,684	198,200
	311,783	297,320
Excess (deficiency) of revenue over expenses for the Society	\$ (25,950)	\$ (12,381)

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, 2022

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:

	2022	2021
Financial position:		
Assets:		
Current	\$ 2,031,395	\$ 1,935,488
Total assets	\$ 2,031,395	\$ 1,935,488
Liabilities:		
Current	461,864	657,558
Long-term	807,951	713,122
Total liabilities	1,269,815	1,370,680
Equity:		
Share capital	120	120
Retained earnings	761,460	564,688
Total equity	761,580	564,808
Total liabilities and equity	\$ 2,031,395	\$ 1,935,488
Operations:		
Revenue	\$ 1,952,990	\$ 423,886
Expenses	1,756,218	1,479,403
Change in equity	\$ 196,772	\$ (1,055,517)
Investment represented by:		
Investment in shares of LLCFC	\$ 120	\$ 120
Accumulated net earnings	761,460	564,688
Total investment	\$ 761,580	\$ 564,808

There were \$23,010 (2022 - \$9,707) 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, 2022

6. Deferred revenue:

Deferred revenue consists of the following:

	2022	2021
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
Total deferred revenue	\$ 1,857,099	\$ 1,904,379

Continuity of deferred revenue is as follows:

	2022	2021
Balance, beginning of year:		
Development cost charges - Water Utility Fund	\$ 316,421	\$ 281,253
Development cost charges - Sewer Utility Fund	528,454	526,513
Federal Gas Tax funds	1,002,679	714,344
Other	56,825	54,737
	1,904,379	1,576,847
Gas Tax Agreement funds received	145,596	284,650
Other contributions received	147,404	80,831
Interest earned	43,975	6,788
Total contributions	336,975	372,269
Less amounts spent on projects and recorded as revenue	(384,255)	(44,737)
Balance, end of year	\$ 1,857,099	\$ 1,904,379

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Term debt:

- (a) 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:

	2022	2021
Balance, beginning of the year	\$ 1,085,775	\$ 1,349,575
Principal payments	(218,625)	(216,568)
Actuarial adjustment of term debt	(54,409)	(47,232)
Debt, end of year	\$ 812,741	\$ 1,085,775

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

2023	216,568
2024	216,568
2025	216,568
	\$ 649,704

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, 2022

8. Tangible capital assets:

2022	Land	Land improvements	Buildings and building improvements	Vehicles, machinery and equipment	Linear assets	Furniture and IT equipment	T.V. 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

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

8. Tangible capital assets (continued):

2021	Land	Land improvements	Building and building improvements	Machinery, vehicles and equipment	Linear assets	Furniture and IT equipment	T.V. equipment	Total
Cost:								
Balance, beginning of year	\$ 3,245,485	\$ 3,485,771	\$ 9,653,926	\$ 5,510,038	\$ 13,092,540	\$ 391,791	\$ 1,375,140	\$ 36,754,691
Additions	-	38,213	197,290	1,261,511	6,805	12,018	-	1,515,837
Disposals	-	-	-	(65,050)	-	-	-	(65,050)
Balance, end 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
Accumulated amortization:								
Balance, beginning of year	-	1,802,004	2,943,702	3,297,857	8,862,161	227,434	1,141,919	18,275,077
Disposals	-	-	-	(58,545)	-	-	-	(58,545)
Amortization expense	-	120,979	239,409	229,129	224,952	47,779	33,083	895,331
Balance, end of year	-	1,922,983	3,183,111	3,468,441	9,087,113	275,213	1,175,002	19,111,863
Net book value, end of year	\$ 3,245,485	\$ 1,601,001	\$ 6,668,105	\$ 3,238,058	\$ 4,012,232	\$ 128,596	\$ 200,138	\$ 19,093,615

Assets under construction which have not been amortized are included in machinery, vehicles and equipment totaling \$45,116 (2021 - \$925,732) and land improvements \$31,484 (2021 - \$16,238). 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, 2022

9. Accumulated surplus:

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

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 18,147,646	\$ 18,007,840
Unrestricted	7,460,169	6,182,389
Total surplus	25,607,815	24,190,229
Reserves set aside by Council for operating purposes:		
Reserve for future expenditures - Sewer Utility Fund	250,169	202,769
Recreation centre	343,619	145,619
Parks	50,047	50,047
Lights	20,000	20,000
Office equipment	42,488	42,488
Fire Hall	60,288	93,188
Roads	365,537	215,537
Campground	237,431	244,135
Reserve for future expenditures - Water Utility Fund	42,242	133,796
Crushed gravel	97,478	48,060
Cemetery	267,500	285,000
50th anniversary	-	19,815
COVID-19 Safe Restart	310,931	459,243
Total operating reserve funds	2,087,730	1,959,697
Reserves set aside by Council for capital purposes:		
Economic diversification reserve	152,002	856,125
Capital reserve - General Operating Fund	622,399	484,298
Economic development reserve	78,100	83,100
Capital reserve - Sewer Utility Fund	31,536	31,536
Total capital reserve funds	884,037	1,455,059
Total accumulated surplus	\$ 28,579,582	\$ 27,604,985

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Taxation:

Taxation revenue consists of the following:

	2022	2021
Municipal and Regional District and other government property taxes levied	\$ 5,858,402	\$ 5,714,004
Payments-in-lieu of property taxes	619,011	609,242
Balance, end of year	6,477,413	6,323,246
Less: payments to Regional District and other governments	(2,317,113)	(2,293,850)
Net taxes available for municipal purposes	\$ 4,160,300	\$ 4,029,396

11. 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:

	2022	2021
Revenue:		
Provincial grants:		
Climate Action Revenue Incentive	\$ -	\$ 13,670
Community Emergency Preparedness Fund	-	2,569
Community Regreening Program	6,928	-
Evacuation Route Planning	16,069	3,688
Fuel Management Program	205,586	22,009
ICIP-Rural Community Fund	152,901	664,032
Northern Development Initiative Trust	51,200	50,937
Small Community Protection	479,000	374,000
Subtotal provincial grants	911,684	1,130,905
Federal grants		
Canada Summer Jobs Program	-	25,102
Canada Community Building Fund	332,989	-
Municipal Asset Management Program	19,800	-
Subtotal federal grants	352,789	25,102
Total revenue	\$ 1,264,473	\$ 1,156,007

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. 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 \$13,693 (2021 - \$12,403) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

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 trusteesd 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 contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2022, the Plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to asses 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.

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 with results available later in 2025.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The District paid \$138,650 (2021 - \$130,598) for employer contributions, while employees contributed \$124,940 (2021 - \$111,319) to the Plan in fiscal 2022.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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, 2022, the District had \$30,112 (2021 - \$29,454) in cash deposits and \$110,825 (2021 - \$110,825) in contingent demand notes.

- (f) The District has provided a letter of guarantee of \$10,000 (2021 - \$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, 2022 was \$nil (2021 - \$nil).

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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, 2022

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, 2022

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	110,800	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, 2022

14. Segmented information (continued):

2021	General Government	Protective Services	Planning, Development and Transportation Services	Leisure, Parks and Cultural Development	Solid Waste Services	Water Utility	Sewer Utility	Total
Revenues:								
Taxation	\$ 1,369,096	\$ 666,500	\$ 987,700	\$ 1,006,100	\$ -	\$ -	\$ -	\$ 4,029,396
User charges	35,259	6,056	10,000	188,172	225,958	291,474	166,233	923,152
Government transfers	390,672	25,265	50,000	26,039	-	664,031	-	1,156,007
Investment income	14,916	-	-	-	-	-	-	14,916
Penalties and interest	26,917	-	-	-	-	-	-	26,917
Sale of land for resale	-	-	796,561	-	-	-	-	796,561
Other	30,054	20,259	-	29,450	-	-	-	79,763
Total revenues	1,866,914	718,080	1,844,261	1,249,761	225,958	955,505	166,233	7,026,712
Expenses:								
Salaries, wages and employee benefits	759,236	225,740	364,327	520,415	76,611	89,154	29,103	2,064,586
Materials, supplies and services	326,440	216,604	393,882	707,117	108,831	99,741	29,715	1,882,330
Loss on disposal of tangible capital assets	-	-	3,005	-	-	-	-	3,005
Amortization	67,014	176,349	181,223	241,774	28,861	123,760	76,350	895,331
Property sales and writedowns	-	-	644,737	-	-	-	-	644,737
Total expenses	1,152,690	618,693	1,587,174	1,469,306	214,303	312,655	135,168	5,489,989
Annual surplus (deficit)	\$ 714,224	\$ 99,387	\$ 257,087	\$ (219,545)	\$ 11,655	\$ 642,850	\$ 31,065	\$ 1,536,723

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2022 operating and capital budgets approved as the 2022 to 2026 Financial Plan by Council on May 10, 2022. 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	\$ 89,700
Adjust for budgeted items not included in Statement of Operations:	
Transfers from reserve funds	2,033,300
Acquisition of tangible capital assets	(2,802,200)
Principal repayments on borrowing	(216,600)
Non-cash items	895,800
Total Adjustments	(89,700)
Financial Plan Balance	\$ -

THE DISTRICT OF LOGAN LAKE

Consolidated

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

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Balance, beginning of year	\$ 457,200	\$ 816,000
Municipal Hall	(72,500)	(252,300)
Recreation Centre	(62,500)	(64,200)
Public Works	(8,200)	(22,600)
Firehall	(11,500)	(16,900)
Campground	(1,500)	(2,800)
Balance, end of year	\$ 301,000	\$ 457,200