

Consolidated Financial Statements of

THE DISTRICT OF LOGAN LAKE

Year ended December 31, 2020

THE DISTRICT OF LOGAN LAKE

Consolidated Financial Statements

Year ended December 31, 2020

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 Auditors' 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 AUDITORS' 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, 2020
- 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, 2020, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 auditors' 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 12, 2021

THE DISTRICT OF LOGAN LAKE

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 6,431,070	\$ 5,159,788
Accounts receivable:		
Taxes receivable	201,052	155,291
Other receivables	489,556	403,626
Land held for resale (note 2)	2,864,667	2,004,928
Net financial assets of Logan Lake TV Society (note 3)	140,760	129,395
Investment in Logan Lake Community Forest Corp. (note 4)	1,620,325	2,347,469
	<hr/>	<hr/>
	11,747,430	10,200,497
Financial liabilities:		
Accounts payable and accrued liabilities	301,150	216,884
Deferred revenue (note 5)	1,576,847	1,367,834
Term debt (note 6)	1,349,575	1,604,519
	<hr/>	<hr/>
	3,227,572	3,189,237
Net financial assets	<hr/>	<hr/>
	8,519,858	7,011,260
Non-financial assets:		
Tangible capital assets (note 7)	18,479,614	18,850,400
Prepaid expenses	124,307	130,989
	<hr/>	<hr/>
	18,603,921	18,981,389
Trust funds (note 11)		
Commitments and contingencies (note 12)		
Accumulated surplus (note 8)	<hr/>	<hr/>
	\$ 27,123,779	\$ 25,992,649

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, 2020, with comparative information for 2019

	Budget (note 15)	2020	2019
Revenue:			
Taxation (note 9)	\$ 3,943,400	\$ 3,943,149	\$ 3,894,731
User charges	894,600	959,447	930,599
Government transfers (note 10)	2,892,300	1,742,887	832,384
Penalties and interest	14,000	23,901	24,615
Investment income	12,000	31,522	74,462
Other contributions	173,000	218,458	80,645
Sale of land held for resale (note 2)	-	567,136	728,420
Total revenue	7,929,300	7,486,500	6,565,856
Expenses:			
General government	1,426,800	1,283,258	1,143,448
Leisure, parks & culture	1,813,800	1,412,668	1,632,921
Planning, development & transportation	2,434,900	1,524,854	1,669,533
Protective services	880,000	618,363	635,062
Sewer utility	224,700	190,010	168,392
Solid waste	237,000	204,882	237,327
Water utility	420,900	394,191	429,731
Total expenses	7,438,100	5,628,226	5,916,414
Annual surplus before the undernoted	491,200	1,858,274	649,442
Income (loss) of Logan Lake Community Forest Corporation (note 4)	-	(727,144)	291,475
Annual surplus	1,528,300	1,131,130	940,917
Accumulated surplus, beginning of year	25,051,732	25,992,649	25,051,732
Accumulated surplus, end of year	\$ 26,580,032	\$ 27,123,779	\$ 25,992,649

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, 2020, with comparative information for 2019

	Budget (note 15)	2020	2019
Annual surplus	\$ 491,200	\$ 1,131,130	\$ 940,917
Acquisition of tangible capital assets	(3,214,900)	(487,015)	(1,639,574)
Amortization of tangible capital assets	888,000	857,801	887,363
	(2,326,900)	370,786	(752,211)
Acquisition of prepaid expenses	-	(124,307)	(130,989)
Use of prepaid expenses	-	130,989	117,525
	-	6,682	(13,464)
Change in net financial assets	(1,835,700)	1,508,598	175,242
Net financial assets, beginning of year	7,011,260	7,011,260	6,836,018
Net financial assets, end of year	\$ 5,175,560	\$ 8,519,858	\$ 7,011,260

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, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,131,130	\$ 940,917
Items not involving cash:		
Amortization of tangible capital assets	857,801	887,363
Logan Lake TV Society deficit	(11,365)	(6,794)
Actuarial adjustment	(38,375)	(29,629)
Loss (income) of Logan Lake Community Forest Corporation	727,144	(291,475)
Change in non-cash assets and liabilities:		
Accounts receivable	(131,691)	202,167
Land held for resale	(859,739)	431,120
Accounts payable and accrued liabilities	84,265	(500,858)
Deferred revenue	209,013	203,295
Prepaid expenses	6,682	(13,464)
Net change in cash from operating activities	1,974,865	1,822,642
Capital activities:		
Acquisition of tangible capital assets	(487,015)	(1,639,574)
Net change in cash from capital activities	(487,015)	(1,639,574)
Financing activities:		
Repayments on debt	(216,568)	(216,568)
Change in cash and cash equivalents	1,271,282	(33,500)
Cash and cash equivalents, beginning of year	5,159,788	5,193,288
Cash and cash equivalents, end of year	\$ 6,431,070	\$ 5,159,788
Supplemental cash flow information:		
Cash paid for interest	\$ 68,757	\$ 68,757
Cash received from interest	55,423	99,076

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, 2020

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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations are not known at this time; however they could be material. During the year, the District had pauses in certain services, most notably the Municipal Hall closure from March 20, 2020 to May 22, 2020. The Municipality continues to manage liquidity risk by forecasting and assessing cash requirements on an ongoing basis. As at May 11, 2021, the Municipality continues to meet its contractual obligations within normal payment terms.

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, 2020

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, 2020

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, 2020

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, 2020

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. Land held for resale:

	2020	2019
Balance, beginning of year	\$ 2,004,928	\$ 2,436,048
Additions	1,375,938	198,305
Sales	(516,199)	(629,425)
Balance, end of year	\$ 2,864,667	\$ 2,004,928

During the year, the District sold eight (2019- ten) properties for total proceeds of \$567,136 (2019 - \$728,420).

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

3. 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:

	2020	2019
Statement of Financial Position:		
Cash and marketable securities	\$ 149,386	\$ 132,116
Accounts receivable	15,841	21,593
Lifetime membership in Canadian Cable System Alliance Inc.	1,000	1,000
Accounts payable and accrued liabilities	(25,467)	(25,314)
Net assets of the Society	\$ 140,760	\$ 129,395
Statement of Operations:		
Revenue:		
District of Logan Lake	272,640	243,432
Other	11,531	9,055
	284,171	252,487
Expenses:		
Administrative	35,544	39,243
Amortization of tangible capital assets	34,172	38,889
Maintenance	28,160	22,562
Subscription and fees	184,294	151,842
	282,170	252,536
Excess (deficiency) of revenue over expenses for the Society	\$ 2,001	\$ (49)

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, 2020

4. 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:

	2020	2019
Financial position:		
Assets:		
Current	\$ 2,584,390	\$ 3,420,243
Total assets	\$ 2,584,390	\$ 3,420,243
Liabilities:		
Current	333,445	416,741
Long-term	630,620	656,033
Total liabilities	964,065	1,072,774
Equity:		
Share capital	120	120
Retained earnings	1,620,205	2,347,349
Total equity	1,620,325	2,347,469
Total liabilities and equity	\$ 2,584,390	\$ 3,420,243
Operations:		
Revenue	\$ 299,670	\$ 1,725,151
Expenses	1,026,814	1,433,676
Change in equity	\$ (727,144)	\$ 291,475
Investment represented by:		
Investment in shares of LLCFC	\$ 120	\$ 120
Accumulated net earnings	1,620,205	2,347,349
Total investment	\$ 1,620,325	\$ 2,347,469

There were \$162,847 (2019 - \$6,122) 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. The District paid for expenses totaling \$nil (2019 - \$100,000) to the LLCFC. 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, 2020

5. Deferred revenue:

Deferred revenue consists of the following:

	2020	2019
Development cost charges - Water Utility Fund	\$ 281,253	\$ 228,226
Development cost charges - Sewer Utility Fund	526,513	521,625
Federal Gas Tax funds	714,344	568,659
Other	54,737	49,324
Total deferred revenue	\$ 1,576,847	\$ 1,367,834

Continuity of deferred revenue is as follows:

	2020	2019
Balance, beginning of year:		
Development cost charges - Water Utility Fund	\$ 228,226	\$ 174,826
Development cost charges - Sewer Utility Fund	521,625	510,611
Federal Gas Tax funds	568,659	381,599
Other	49,324	97,503
	1,367,834	1,164,539
Gas Tax Agreement funds received	139,054	285,739
Other contributions received	97,938	83,925
Interest earned	14,132	27,843
Total contributions	251,124	397,507
Less amounts spent on projects and recorded as revenue	(42,111)	(194,212)
Balance, end of year	\$ 1,576,847	\$ 1,367,834

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

6. 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:

	2020	2019
Balance, beginning of the year	\$ 1,604,519	\$ 1,850,716
Principal payments	(216,568)	(216,568)
Actuarial adjustment of term debt	(38,376)	(29,629)
Debt, end of year	\$ 1,349,575	\$ 1,604,519

- (b) Total principal payments required of the District for the next 5 years are as follows:

2021	\$ 216,568
2022	216,568
2023	216,568
2024	216,568
2025	216,568
	\$ 1,082,840

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, 2020

7. Tangible capital assets:

2020	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	\$ 3,337,203	\$ 9,644,539	\$ 5,212,946	\$ 13,092,540	\$ 379,254	\$ 1,355,709	\$ 36,267,676
Additions	-	148,568	9,387	297,092	-	12,537	19,431	487,015
Balance, end 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
Accumulated amortization:								
Balance, beginning of year	-	1,680,280	2,711,696	3,081,380	8,645,772	190,401	1,107,747	17,417,276
Amortization expense	-	121,724	232,006	216,477	216,389	37,033	34,172	857,801
Balance, end of year	-	1,802,004	2,943,702	3,297,857	8,862,161	227,434	1,141,919	18,275,077
Net book value, end of year	\$ 3,245,485	\$ 1,683,767	\$ 6,710,224	\$ 2,212,181	\$ 4,230,379	\$ 164,357	\$ 233,221	\$ 18,479,614

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

7. Tangible capital assets (continued):

2019	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	\$ 3,198,172	\$ 8,735,750	\$ 4,814,348	\$ 13,062,492	\$ 247,605	\$ 1,329,814	\$ 34,633,666
Additions	-	139,031	908,789	398,598	30,048	137,213	25,895	1,639,574
Disposals	-	-	-	-	-	(5,564)	-	(5,564)
Balance, end of year	3,245,485	3,337,203	9,644,539	5,212,946	13,092,540	379,254	1,355,709	36,267,676
Accumulated amortization:								
Balance, beginning of year	-	1,555,974	2,479,028	2,845,013	8,425,544	161,056	1,068,862	16,535,477
Disposals	-	-	-	-	-	(5,564)	-	(5,564)
Amortization expense	-	124,306	232,668	236,367	220,228	34,909	38,885	887,363
Balance, end of year	-	1,680,280	2,711,696	3,081,380	8,645,772	190,401	1,107,747	17,417,276
Net book value, end of year	\$ 3,245,485	\$ 1,656,923	\$ 6,932,843	\$ 2,131,566	\$ 4,446,768	\$ 188,853	\$ 247,962	\$ 18,850,400

Assets under construction which have not been amortized are included in building and building improvements totaling \$9,387 (2019 - \$nil), furniture and IT equipment \$34,243 (2019 - \$33,000), machinery, vehicles and equipment totaling \$179,038 (2019 - \$48,443) and land improvements \$149,159 (2019 - \$nil). 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, 2020

8. Accumulated surplus:

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

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 17,130,039	\$ 17,245,881
Unrestricted	6,634,767	5,817,718
Total surplus	23,764,806	23,063,599
Reserves set aside by Council for operating purposes:		
Reserve for future expenditures - Sewer Utility Fund	69,969	69,969
Recreation centre	190,000	190,000
Parks	25,047	25,047
Lights	20,000	20,000
Office equipment	17,488	17,488
Fire Hall	73,694	59,452
Roads	166,097	141,097
Banner replacement	5,000	5,000
Campground	204,815	118,429
Reserve for future expenditures - Water Utility Fund	133,310	43,805
Crushed gravel	50,000	25,000
Cemetery	85,000	85,000
50th anniversary	37,086	37,086
COVID-19 Safe Restart	816,356	-
Total operating reserve funds	1,893,862	837,373
Reserves set aside by Council for capital purposes:		
Economic diversification reserve	723,049	1,403,667
Capital reserve - General Operating Fund	627,426	551,963
Economic development reserve	83,100	93,100
Capital reserve - Sewer Utility Fund	31,536	31,536
Trail Head reserve	-	11,411
Total capital reserve funds	1,465,111	2,091,677
Total accumulated surplus	\$ 27,123,779	\$ 25,992,649

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

9. Taxation:

Taxation revenue consists of the following:

	2020	2019
Municipal and Regional District and other government property taxes levied	\$ 5,376,037	\$ 5,572,299
Payments-in-lieu of property taxes	598,632	580,792
Balance, end of year	5,974,669	6,153,091
Less: payments to Regional District and other governments	(2,031,520)	(2,258,360)
Net taxes available for municipal purposes	\$ 3,943,149	\$ 3,894,731

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

10. 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:

	2020	2019
Revenue:		
Provincial grants:		
Climate Action Revenue Incentive	\$ 11,237	\$ 11,237
Community Emergency Preparedness Fund	38,830	-
COVID-19 Safe Restart Grant	816,000	-
EOC Capacity Building Grant	-	12,059
Fuel Management Program	82,860	55,674
Habitat Conservation Trust Foundation	-	4,765
ICIP-Rural Community Fund	179,038	-
Innovate B.C.	5,650	30,865
MIABC Risk Management Grant	7,853	-
Northern Development Initiative Trust	101,246	81,200
Operational Fuel Treatment	-	20,888
Other	-	7,500
Rural Dividend Program	100,000	100,000
Small Community Protection	367,469	361,011
Subtotal provincial grants	1,710,183	685,199
Federal grants		
Canada Summer Jobs Program	32,704	15,523
Community Works Fund Agreement	-	110,688
FCM Municipal Asset Management	-	20,974
Subtotal federal grants	32,704	147,185
Total revenue	\$ 1,742,887	\$ 832,384

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 \$12,387 (2019 - \$11,474) 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, 2020

12. 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 contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2019, the Plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

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

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

The District paid \$137,469 (2019 - \$137,022) for employer contributions, while employees contributed \$118,385 (2019 - \$119,725) to the Plan in fiscal 2020.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

12. 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, 2020, the District had \$28,962 (2019 - \$28,378) in cash deposits and \$110,825 (2019 - \$110,825) in contingent demand notes.

- (f) The District has provided a letter of guarantee of \$10,000 (2019 - \$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, 2020 was \$nil (2019 - \$nil).

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

13. Logan Lake Recreation Centre:

The District operates the Logan Lake Recreation Centre out of the General Fund. Revenues and expenses of the Recreation Centre, which have been included in those presented in these financial statements, are as follows:

	2020	2019
Revenue:		
Taxation	\$ 430,600	\$ 468,500
Fees, rates, and sales of service	60,067	93,740
	490,667	562,240
Expenses:		
Wages, salaries and benefits	190,825	195,083
Utilities	93,672	107,732
Supplies and equipment	95,647	115,375
Recreational services amortization	67,655	70,915
Administration	66,400	78,000
	514,199	567,105
Deficiency for the year	\$ (23,532)	\$ (4,865)

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.

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

14. Segmented information (continued):

(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.

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, 2020

14. Segmented information (continued):

2020	General Government	Protective Services	Planning, Development and Transportation Services	Leisure, Parks and Cultural Development	Solid Waste Services	Water Utility	Sewer Utility	Total
Revenues:								
Taxation	\$ 1,068,349	\$ 622,400	\$ 969,200	\$ 1,283,200	\$ -	\$ -	\$ -	\$ 3,943,149
User charges	36,013	7,228	10,000	244,038	218,312	279,265	164,591	959,447
Government transfers	1,194,708	127,339	80,000	161,802	-	179,038	-	1,742,887
Investment income	31,522	-	-	-	-	-	-	31,522
Penalties and interest	23,901	-	-	-	-	-	-	23,901
Sale of land for resale	-	-	567,136	-	-	-	-	567,136
Other	23,436	16,357	-	78,665	-	100,000	-	218,458
Total revenues	2,377,929	773,324	1,626,336	1,767,705	218,312	558,303	164,591	7,486,500
Expenses:								
Salaries, wages and employee benefits	949,260	162,339	343,092	521,317	77,161	106,021	43,063	2,202,253
Materials, supplies and services	268,360	291,557	490,281	670,282	108,973	162,935	65,708	2,058,096
Amortization	65,638	164,467	181,405	221,069	18,748	125,235	81,239	857,801
Property sales and writedowns	-	-	510,076	-	-	-	-	510,076
Total expenses	1,283,258	618,363	1,524,854	1,412,668	204,882	394,191	190,010	5,628,226
Annual surplus (deficit)	\$ 1,094,671	\$ 154,961	\$ 101,482	\$ 355,037	\$ 13,430	\$ 164,112	\$ (25,419)	\$ 1,858,274

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

14. Segmented information (continued):

2019	General Government	Protective Services	Planning, Development and Transportation Services	Leisure, Parks and Cultural Development	Solid Waste Services	Water Utility	Sewer Utility	Total
Revenues:								
Taxation	\$ 1,238,431	\$ 619,700	\$ 922,100	\$ 1,114,500	\$ -	\$ -	\$ -	\$ 3,894,731
User charges	24,632	9,560	10,000	249,434	204,523	270,311	162,139	930,599
Government transfers	372,248	126,985	72,174	150,289	-	110,688	-	832,384
Investment income	74,462	-	-	-	-	-	-	74,462
Penalties and interest	24,615	-	-	-	-	-	-	24,615
Sale of land for resale	-	-	728,420	-	-	-	-	728,420
Other	19,109	15,085	-	22,376	-	24,075	-	80,645
Total revenues	1,753,497	771,330	1,732,694	1,536,599	204,523	405,074	162,139	6,565,856
Expenses:								
Salaries, wages and employee benefits	729,081	174,366	291,523	508,396	86,143	127,273	44,138	1,960,920
Materials, supplies and services	350,853	292,526	549,835	897,070	127,710	180,311	40,401	2,438,706
Amortization	63,514	168,170	198,750	227,455	23,474	122,147	83,853	887,363
Property sales and writedowns	-	-	629,425	-	-	-	-	629,425
Total expenses	1,143,448	635,062	1,669,533	1,632,921	237,327	429,731	168,392	5,916,414
Annual surplus (deficit)	\$ 610,049	\$ 136,268	\$ 63,161	\$ (96,322)	\$ (32,804)	\$ (24,657)	\$ (6,253)	\$ 649,442

THE DISTRICT OF LOGAN LAKE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2020 operating and capital budgets approved as the 2020 to 2024 Financial Plan by Council on May 20, 2020. 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	\$ 491,200
Adjust for budgeted items not included in Statement of Operations:	
Transfers from reserve funds	2,052,300
Acquisition of tangible capital assets	(3,214,900)
Principal repayments on borrowing	(216,600)
Non-cash items	888,000
Total Adjustments	(491,200)
Financial Plan Balance	\$ -

THE DISTRICT OF LOGAN LAKE

Consolidated
Schedule 1 - unaudited

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Balance, beginning of year	\$ -	\$ -
Provincial COVID-19 Safe Restart Grant	816,000	-
Balance, end of year	\$ 816,000	\$ -