



STAFF REPORT TO THE BOARD

DATE OF REPORT April 30, 2024
MEETING TYPE & DATE Regular Session Board of May 8, 2024
FROM: Finance Division
Corporate Services Department
SUBJECT: 2023 CVRD Financial Statements & Audit Results
FILE:

PURPOSE/INTRODUCTION

The purpose of this report is to present to the Board the Cowichan Valley Regional District's (CVRD) 2023 Financial Statements and the Audit Findings Report.

RECOMMENDED RESOLUTION

1. That the Audit Findings Report prepared by KPMG prepared for the May 8, 2024 Board meeting (Attachment B), be received.
2. That the Cowichan Valley Regional District's 2023 Financial Statements as presented, be approved.

BACKGROUND

In accordance with Section 376 of the *Local Government Act* and Section 167 of the Community Charter, the Audited Financial Statements must be presented for Board approval prior to May 15. The format and presentation of these financial statements are in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, and have been applied on a basis consistent with that of the preceding year. Once the draft statements are approved by the CVRD Board, this date becomes the date of the Independent Auditor's Report and Final CVRD Statements for the Year Ended December 31, 2023. A representative of KPMG will be present to discuss the results of the audit, as described in the Audit Results and Communication report.

ANALYSIS

The Financial Statements for the CVRD combine the General, Water, Sewer, Capital and Reserve Funds and eliminate internal transactions. The Financial Statements are comprised of the following:

- Statement of Financial Position
- Statement of Operations
- Statement of Changes in Net Financial Assets
- Statement of Cash Flow
- Notes to the Financial Statements

It should be noted that the Financial Statements are prepared using the accounting standards and reporting model prescribed by PSAB which requires elimination of Transfer to/from Reserves, allocations between functions and the use of assets is recorded through amortization expense and capital expenditures are capitalized, not expensed in the year.

STATEMENT OF FINANCIAL POSITION (SCHEDULE 1)

This statement summarizes the CVRD financial position at December 31, 2023 in terms of the resources it held and the debt it owed. It is the difference between our financial assets and liabilities.

The CVRD is in a Net Asset position which means that the district has paid for most of the assets from available funds.

STATEMENT OF OPERATIONS (SCHEDULE 2)

This statement summarizes the revenue and expenses with the difference referred to as the annual surplus if positive or the annual deficit if negative. The CVRD has an annual surplus in 2023 of \$19,551,029. A budget for the current year is provided for reference. Please note that although the Board approves a balanced budget, (non-consolidated), PSAB requires Local Governments to report differently in the year end annual financial reporting. The budget figures included in the financial reporting statements do not include transfers from/to reserves to fund expenditures or debt financing receipt/payments, and capital expenditures are not expensed in the year purchased, while amortization expense is recorded on tangible capital assets over their useful life.

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (SCHEDULE 3)

This statement reconciles the change in net financial assets for the current and prior year and highlights the changes in Tangible Capital Assets. It illustrates the use of current surpluses to fund capital investments and pay for associated financing costs. At December 31, 2023, the CVRD held Net Financial Assets of \$61,133,009.

STATEMENT OF CASH FLOWS (SCHEDULE 4)

This statement reports the change in cash and cash equivalents resulting from operations and shows how the CVRD financed its activities during the period and met its cash requirements. The CVRD generated approximately \$22.7M from operations and those funds were used to acquire \$9.5M in tangible capital assets.

The Notes to the Financial Statements provide expanded disclosure on reported amounts and details not found elsewhere in the Financial Statements. These Notes add clarity to the statements and provide other relevant information. For example, Note 5 details the Debt Reserve Fund held by MFA on behalf of the CVRD and Members and Note 17 details the Accumulated Surplus.

The Financial Statements including Notes are attached for your information.

FINANCIAL CONSIDERATIONS

N/A

COMMUNICATIONS CONSIDERATIONS

N/A

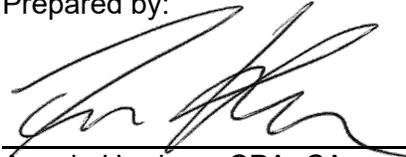
STRATEGIC/BUSINESS PLAN CONSIDERATIONS

Review of the 2023 Financial Statements supports informed decision-making and highlights areas for enhancement of our already strong financial processes.

Referred to (upon completion):

- Community Services (*Cowichan Community Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Facilities & Transit*)
- Corporate Services (*Finance, Human Resources, Information Technology, Legislative Services*)
- Operations (*Utilities, Parks & Trails, Recycling & Waste Management*)
- Land Use Services (*Community Planning, Strategic Initiatives, Development Services, Building Inspection & Bylaw Enforcement*)
- Strategic Services (*Communications & Engagement, Economic Development, Emergency Management, Environmental Services*)

Prepared by:

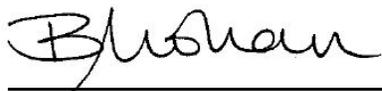


Angela Harrison, CPA, CA
Acting Manager, Financial Operations

Reviewed by:



Tracy Bowen, CPA, CGA
Chief Financial Officer



Barbra Mohan
General Manager

Reviewed for form and content and approved for submission to the Board:

Resolution:

Corporate Officer

Financial Considerations:

Chief Financial Officer

Chief Administrative Officer's Comments / Concurrence



Danielle Myles Wilson
Chief Administrative Officer

ATTACHMENTS:

Attachment A – 2023 CVRD Draft Financial Statements

Attachment B – Audit Findings Report