



COWICHAN VALLEY
REGIONAL DISTRICT

2018

ANNUAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018





TABLE OF

CONTENTS

INTRODUCTION

| | |
|---------------------------------|----|
| Letter from the Board Chair | 01 |
| Letter from the CAO | 03 |
| Organizational structure | 05 |
| 2018 initiatives | 06 |
| Regional strategic focus areas | 08 |
| Electoral strategic focus areas | 20 |
| CFO transmittal letter | 30 |

FINANCIAL STATEMENTS

| | |
|-----------------------------------|----|
| Statement of financial position | 39 |
| Statement of operations | 40 |
| Statement of changes in net debt | 41 |
| Statement of cash flows | 42 |
| Notes to the financial statements | 48 |

FINANCIAL STATISTICS

| | |
|-------------------------|----|
| Statement of operations | 71 |
| Tax assessments | 72 |
| Debt | 73 |
| Property tax collection | 74 |
| Tangible Captial Assets | 75 |
| Reserves | 75 |



COWICHAN VALLEY REGIONAL DISTRICT
British Columbia

2018 ANNUAL REPORT
Fiscal Year Ended December 31, 2018
Prepared by the Finance Division



LETTER

FROM THE BOARD CHAIR

On behalf of the Cowichan Valley Regional District (CVRD) Board of Directors, I am delighted to share the 2018 Annual Report.

In 2018, the CVRD made tremendous progress on a number of key initiatives outlined in the 2014-2018 Strategic Plan. This document provides a roadmap and strategic focus areas to help us collectively address challenges and opportunities in the region's electoral areas and municipalities. It helps CVRD staff to focus on the day to day operations of the regional district, while ensuring the Board's priority projects can progress in a timely manner, such as those associated with protection of our precious water resources, effective regional land use planning, and open and transparent fiscal management.

The local government elections and regional referenda late in the year confirmed the direction of the previous Board had given on addressing important issues of water protection and affordable housing. The results of the election also brought new ideas and change to the Board, with a mix of new and returning elected officials beginning four year terms across the region. Water supplies, climate change adaptation and environmental matters continue to be key priorities for our region. Engaging citizens, fiscal responsibility, and a renewed focus on core services have also emerged as early direction from the Board in this new term.

Our diverse Board is united by our cautious optimism for the future of our region, our enthusiasm to deliver timely and efficient services, and our commitment to fostering engaged communities and informed residents. While this annual report outlines what we accomplished in 2018, it also speaks to the importance of moving forward and planning ahead.

I know we will work together each and every day for the next four years to improve the quality of life for our residents and make the Cowichan Valley even better for the generations that follow us.

A handwritten signature in black ink, appearing to read 'Ian Morrison'.

Board Chair
Ian Morrison



LETTER

FROM THE CAO

I am pleased to submit the Cowichan Valley Regional District (CVRD) 2018 annual report. It is an opportunity to reflect upon 2018 and share our accomplishments with the public and our stakeholders. The CVRD provides a broad range of services to approximately 83,000 residents in four municipalities and nine electoral areas. Featuring a mosaic of distinct and unique communities, each with their own identities and aspirations, the regional district includes a rapidly growing population in the semi-rural southern electoral areas, the urban amenities and energy of our municipalities, and the more rural atmosphere of our western and northern communities. The CVRDs team of experienced professionals are committed to serving our residents. From providing technical expertise at community engagement sessions, to garbage/recycling management, emergency management, economic development, regional parks, recreation, land use planning, bylaw enforcement, fire protection, and water and sewer system planning and maintenance, CVRD staff consistently provide professional and dedicated service.

The CVRD Board of Directors and staff have been guided by the 2014-2018 Strategic Plan which was developed by the Board during their first year of office. The plan contains 10 focus areas with strategies and actions that address the range of opportunities and challenges facing our regional district. It also ensures appropriate effort is placed on continuing to provide quality service to our residents while protecting our water resources and planning for a sustainable region now and years from now. In addition to reporting on progress in achieving the Board's strategic focus areas, this report also recognizes a number of notable initiatives and projects that were undertaken that were addressed in 2018.

Chief Administrative Officer
Brian Carruthers

CVRD DIRECTORS

AREA A

Mill Bay/Malahat:
Blaise Salmon

AREA B

Shawnigan Lake:
Sierra Acton, Vice Chair

AREA C

Cobble Hill:
Mike Wilson

AREA D

Cowichan Bay:
Lori Iannidinardo

AREA E

Cowichan Station/Sahtlam/Glenora:
Alison Nicholson

AREA F

Cowichan Lake South/Skutz Falls:
Ian Morrison, Chair

AREA G

Saltair/Gulf Islands:
Lynne Smith

AREA H

North Oyster/Diamond:
Mary Marcotte

AREA I

Youbou/Meade Creek:
Klaus Kuhn

TOWN OF LAKE COWICHAN

Tim McGonigle

TOWN OF LADYSMITH

Aaron Stone

CITY OF DUNCAN

Michelle Staples

MUNICIPALITY OF NORTH COWICHAN

Al Siebring

MUNICIPALITY OF NORTH COWICHAN

Kate Marsh

MUNICIPALITY OF NORTH COWICHAN

Debra Toporowski

ORGANIZATIONAL STRUCTURE



INITIATIVES



COWICHAN WATER USE PLAN

In response to increasing frequency of critically low summer flows in the Cowichan River, a Water Use Plan (WUP) for Cowichan Lake and Cowichan River was completed in the Spring of 2018. Beginning in the Fall of 2017, the WUP was developed by a Public Advisory Group and provides a balanced, long term solution for storing water on Cowichan Lake in order to maintain sufficient water flows in the Cowichan River into the future. The WUP was funded through a grant from the Clean Water and Wastewater Fund and financial contributions from Catalyst Paper.



MEADE CREEK RECYCLING CENTRE

Work to reconstruct the Meade Creek Recycling Centre and remediate a previous incinerator ash fill was completed in 2018. With the assistance of \$2.7 million in funding from the Canada/BC Strategic Priorities Fund and FCM Green Municipal Fund, the Meade Creek facility was modernized with a new scale, improved traffic flow and increased recycling opportunities. A state of the art storm water management system manages surface water from the facility as well as the engineered ash containment system.



REGIONAL RECREATION

The third of four phases of the regional recreation planning project continued in 2018, as the regional recreation select committee considered new funding models for the regions nine major recreation facilities. The committee did not recommend a new funding model and was disbanded, and the Board deferred consideration of a new funding model to 2019. Work then began on the fourth and final phase, a regional recreation strategic plan, anticipated to be completed mid 2019.



COWICHAN DISTRICT HOSPITAL REPLACEMENT

With the successful approval of a Concept Plan, in June 2018 at the direction of the Premier of BC, Island Health began an 18-month process of developing a Business Plan for the proposed new hospital. When complete in early 2020, the Business Plan will outline the service model programs, preliminary design and estimated cost for the project. In 2018 the Cowichan Valley Regional Hospital District set aside a further \$8.4 million towards the eventual 40% share of costs it will contribute to the new hospital.



BC SUMMER GAMES / ROGERS HOMETOWN HOCKEY

The CVRD played a significant role in two major events during 2018, beginning with Rogers Hometown Hockey in January. The event attracted 9,500 people to an event outside the Cowichan Aquatic Centre and Cowichan Community Centre (formerly Island Savings Centre), and provided exposure to 700,000 viewers across Canada. Later in the year, the Cowichan region hosted 3,000 athletes, coaches, and officials from across BC, competing in 18 events at 27 venues across the region. Supported by 2,600 volunteers, the Cowichan 2018 BC Summer Games were a huge success and allowed the Cowichan region to Show Our Colours.



GENERAL LOCAL ELECTIONS / ASSENT VOTING

The 2018 local government election was held on Saturday, October 20. The CVRD provided voting opportunities for all nine Electoral Areas with voting for seven vacant Area Director positions (two were acclaimed) as well as two regional referendum questions to establish the Drinking Water and Watershed Protection service and the Affordable Housing Society Annual Financial Contribution service. The CVRD polling stations also accommodated School District No. 79 and 68 Trustee elections and Thetis Island Local Area Trustee elections. The advance polls and general voting day had a 75% voter turn-out, an increase of 25% over the 2014 general local election.



WATER PROTECTION

Following two years of extensive public engagement, residents of the Cowichan Valley approved the establishment of Drinking Water and Watershed Protection (DWWP) Service during the 2018 municipal election. The DWWP Service will provide \$750,000 annually for activities and programs dedicated to protection of the region's fresh water resources. In addition to funding monitoring, management planning and technical assessments, the service will also provide financial support to not-for-profit groups engaged in water and watershed stewardship in the region.



AFFORDABLE HOUSING

Following community consultation that identified affordable housing as a priority issue for the region, the CVRD introduced a proposed service to address this need at a local level. Through referendum during the local government elections, residents supported the creation of the Cowichan Housing Association Annual Financial Contribution Service. A key component of the new service will be to establish a Housing Trust Fund, used to leverage grants from senior government and able to be committed directly to getting bricks and mortar projects underway, creating new opportunities for low income households.



DECEMBER WINDSTORM

The Cowichan region took the brunt of a late-December windstorm that saw widespread damage and power outages from fallen trees with some outages lasting up to a week. The CVRD response to this emergency was focused primarily on providing warming shelters in CVRD facilities and supporting communication efforts. A debrief with emergency management agencies in the Cowichan region resulted in a number of recommendations to improve future responses to widespread events of this nature. The event also reinforced the need for individuals and communities to be resilient and self-sufficient for extended periods of time.

REGIONAL

STRATEGIC FOCUS AREAS

1
EXCELLENCE IN
REGIONAL LAND
USE PLANNING



2
RESPONSE
TO CLIMATE
CHANGE



3
SOUND
FISCAL
MANAGEMENT



4
PROTECTION
OF WATER
RESOURCES



5
ENGAGING
OUR
COMMUNITIES



EXCELLENCE IN REGIONAL LAND USE PLANNING

GOAL

Supporting sustainable and coordinated growth and development in the region.



COWICHAN 2050: A REGIONAL INTEGRATED PLANNING STRATEGY

The Cowichan 2050 Regional Collaboration Framework (“Cowichan 2050”), a 2017 product of a participatory process that emphasized the need for cross-sectoral coalitions in planning for sustainable and coordinated regional development, received an honourable mention from the Union of B.C. Municipalities for Excellence in Governance.

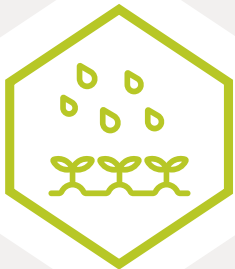
In fall of 2018, the CVRD Board and the Councils of all four member municipalities signed the Cowichan 2050 regional “Call to Action”. The document calls on the local governments to continue working together “towards a more collaborative and coordinated regional planning approach on critical, Cowichan-wide issues.”

Cowichan 2050 was the springboard for the 2018 draft Electoral Areas One Official Community Plan: A Plan for a Resilient Cowichan 2050.



SOUTH COWICHAN LIQUID WASTE MANAGEMENT PLAN

The CVRD recognizes that coordinated growth requires coordinated infrastructure. In 2018 the CVRD reinvigorated the development of the South Cowichan Liquid Waste Management Plan to ensure that the necessary infrastructure to support one of our regional growth centers is in place and functional. Work in 2018 included population projections, state of infrastructure reports for 26 facilities (both CVRD and non-CVRD owned) and water quality assessments for the receiving environment. This work will form the basis for the development of potential solutions to address current and future issues, which will be brought to the public in late 2019 for further direction and input.





RESPONSE TO CLIMATE CHANGE

GOAL

Ensuring the impacts of climate change are understood and appropriate strategies and policies are developed to mitigate and adapt to a changing climate.



CLIMATE CHANGE RISK ASSESSMENT (NEW NORMAL COWICHAN)

With the completion of the Regional Climate Projections in 2017 and a series of successful funding applications, the CVRD was able to undertake climate risk assessments based on both current conditions and projected changes to the environment. This included new and emerging risks due to drought, fire and flooding, and increased support to community organizations to use this information in becoming more resilient to natural hazards.

CLIMATE CHANGE ADAPTATION STRATEGY

The CVRD made significant progress on its Regional Climate Change Adaption Strategy. Work in 2018 focused on identification of the impacts to critical community infrastructure and assets. Flood mapping of Shawnigan Lake, Riverbottom Road, Cowichan Lake and eastern coastal zone were completed, as were examinations of potential slope destabilization and impacts to water supply across the region. Community presentations and support continue to focus on collaborative responses and capacity to manage change.

As the CVRD moves towards a watershed-based planning approach, substantial effort has been made to develop key planning and decision-making tools. This has included both a regional watershed atlas where environmental information is housed for public use, as well as a strategic watershed risk framework to inform additional climate adaptation and watershed planning.

The CVRD continued to demonstrate leadership in this area by working closely with the provincial and federal governments to ensure that regional interests and issues are represented in senior government policies and decisions.

SOUND FISCAL MANAGEMENT

GOAL
Striving for the highest degree of value, transparency and accountability in the management of the CVRDs resources.



FINANCIAL SUSTAINABILITY
In 2018 the CVRD instituted an Operating Reserve Policy, which enabled the organization to ensure that its functions have sufficient funds in the case of unforeseen circumstances. Previously CVRD did not have a policy to enable this financial practice, and functions were not able to carry excess funds from the budget into dedicated reserves. This best practice provides more stability and certainty to the funding, and allows the CVRD staff to do better long range planning and budgeting.

ASSET MANAGEMENT PLAN
Asset Management planning activities continued throughout 2017. This included refreshing the asset inventories and conducting condition assessments on CVRD facilities (arenas, recreation centres, head office, fire halls and parks buildings). Funding was secured to examine climate impacts when defining Levels of Service, and conduct a climate vulnerability assessment of CVRD infrastructure. The CVRD continued to build internal capacity by presenting at the 2017 Asset Management BC Conference and establishing a permanent Asset Coordinator position.

IMPROVED PROCUREMENT PROCESS
In 2018 the CVRD continued to develop a well-defined procurement process that helps achieve greater value from projects and efficiencies and fairness for service providers/bidders. This was made possible in large part through the hiring of a Procurement Officer in 2017, which streamlined process and provided greater consistency to these activities across the organization.

Specific measures taken in 2018 included the introduction of a negotiable request for proposal (RFP) process, which allowed the CVRD greater flexibility in selecting contractors and better opportunities to get projects done within their budget scope. CVRD staff also began using new procurement cards, enhancing the tracking and reporting of expenditures as well as increasing internal controls. This was done in an effort to streamline process, but also reduces the use of paper across the organization and provides cash back savings on purchases.

PROTECTION OF WATER RESOURCES

GOAL

Working in partnership with other stakeholders to better understand and protect the region’s water resources and promote sustainable water use.



DRINKING WATER AND WATERSHED PROTECTION

Recognizing the growing issues across the region surrounding water and water resources, the CVRD conducted a comprehensive public engagement exercise in early 2018 to determine whether residents supported the creation of a new regional service dedicated to protecting this invaluable resource. Through referendum in October 2018, residents gave assent to the establishment of the Drinking Water and Water Protection Service.

This substantial step forward will allow the CVRD to support its communities through ongoing and consistent work in this area, with new resources and capacity to develop a better understanding of our surface and groundwater resources. The creation of this new service provides CVRD with the necessary structure to collect, maintain and use the information strategically and specifically to inform land use planning, infrastructure development and early warning programs.

WATER CONSERVATION

The CVRD continued its role on the BC Technical Drought Working Group, which analyzes conditions and sets the drought level for large water basins across the province including East Vancouver Island. Working in partnership with its member municipalities, private water utilities and area First Nations, the CVRD established the New Normal Cowichan website as the single point of reference for residents across the region to access information about drought levels, water restrictions, and various tools for decreasing household water consumption.

COWICHAN LAKE WATER STORAGE

In 2018 the CVRD led the Cowichan Water Use Planning process which aimed to determine necessary water needs for the Cowichan system and seek solutions in the face of growing climate impacts. This process included a wide range on interests with many tough choices to be made, and the process resulted in a consensus recommendation as to the best way forward to ensure the ongoing health of the Cowichan River.




ENGAGING OUR COMMUNITIES


GOAL
Enhancing the CVRDs engagement with residents and our communities and ensuring opportunities for local input to decision-making.

 **FIRST NATIONS RELATIONSHIP BUILDING**
The CVRD continues to explore and develop opportunities to enhance relationships between local First Nations and local governments in the Cowichan region. This has resulted in ongoing partnership such as the Cowichan Watershed Board with Cowichan Tribes, as well as new technical relationships at a staff level.

In 2018 the CVRD supported the Dididaht First Nation in a major infrastructure grant to achieve energy resiliency in its community, and partnered with Cowichan Tribes, Lake Cowichan and Malahat First Nations on projects that included hazard assessments, environmental planning, climate change and infrastructure.

 **PUBLIC ENGAGEMENT POLICY AND GUIDE**
In 2018 the CVRD strengthened its commitment to public participation in local decision making, introducing an renewed Public Engagement Policy that more clearly defines the organizations commitments and accountability to its residents. The CVRD also continued work to develop a Public Engagement Guide that brings the spirit of its policy to life, creating an easy to follow process for determining why, when and how to engage residents on a particular issue or decision to be made.

Working in collaboration with its member municipalities, the CVRD also delivered public engagement training to elected officials and senior staff from across the region. This training represented another step forward in ensuring local governments operate with a collective agreement on the principals, best practices and resources required to create meaningful opportunities for local input.

 **INCREASED PUBLIC PARTICIPATION**
Throughout 2018, the CVRD continued to improve its engagement with residents through a variety of engagement opportunities. Robust outreach efforts were undertaken to consult communities across the region on issues of affordable housing and water protection, resulting in referenda that empowered residents to create two new regional services. Other projects sought public participation including CVRDs new regional transit facility, solid waste management plan and regional recreation strategy among others, altogether gathering and incorporating feedback from thousands of residents.

ELECTORAL

STRATEGIC FOCUS AREAS

1
RESPONSIVE,
OFFICIAL COMMUNITY
PLANNING



2
PROACTIVE
APPROACH TO BYLAW
COMPLIANCE



3
ELECTORAL
AREA DIRECTOR
DEVELOPMENT



4
ROAD SAFETY/
PEDESTRIAN
PATHWAYS

RESPONSIVE, OFFICIAL COMMUNITY PLANNING

GOAL

Enhancing the capacity for OCP reviews and updates as well as harmonizing regulation for common land use objectives and policies, where possible, while respecting the character and aspirations of each community.



ELECTORAL AREAS ONE OFFICIAL COMMUNITY PLAN: A PLAN FOR A RESILIENT COWICHAN 2050

In 2018, the CVRD launched a major strategic initiative to harmonize and modernize the seven Electoral Area Official Community Plans (OCPs) and nine Zoning Bylaws to create one unified OCP and Zoning Bylaw for all Electoral Areas.

The one Official Community Plan (“A Plan for a Resilient Cowichan 2050”) is a high-level document that establishes the principles and a guiding framework for collaborative regional planning. The draft OCP provides the necessary foundation to enable CVRD communities to celebrate their diversity while working in lockstep with one another to fulfill the OCPs vision for the future: “The Cowichan Valley in 2050 enjoys a vibrant, diverse and sustainable economy, natural environment and society in a resilient community that has adapted effectively to climatic, technological and other change.”

Once the harmonized OCP and Zoning Bylaw has been adopted by the Regional Board, they will be fine-tuned through a modernization process to ensure they are aligned with emerging land use issues in the region.




COWICHAN BAY DESIGN CHARRETTE

For three days in April 2018, members of the community worked with CVRD staff and urban design professionals to develop design solutions for Cowichan Bay Village. The Cowichan Bay Design Charrette received the 2019 Award for Planning Excellence (Rural/Small Town Planning) from the Canadian Institute of Planners. A design charrette was held in Cobble Hill in 2017, and a design charrette is planned for Shawnigan Village in 2019.



PROACTIVE APPROACH TO BYLAW COMPLIANCE

GOAL
Enhance public awareness of relevant regulatory bylaws in order to reduce the number of infractions and mitigate costs of pursuing enforcement and remediation.

 **SOIL DEPOSIT BYLAW**
The CVRD made considerable progress towards the development and implementation of a comprehensive soil deposition bylaw in 2018. Building on work done in 2017 that included public and stakeholder engagement, a draft bylaw was developed to regulate the movement of earth and natural soils in the Cowichan region.



In anticipation of bylaw adoption by the Board in early 2019, the CVRD added staff support with the recruitment of an experienced bylaw officer specifically tasked with monitoring large-scale soil deposit operations and ensuring industry compliance to the pending CVRD permitting process.

ELECTORAL AREA DIRECTOR DEVELOPMENT



FORMAL TRAINING IN PUBLIC PARTICIPATION AND ENGAGEMENT

In 2018 members of the newly-elected CVRD Board participated in workshops focused on the International Association of Public Participation (IAP2) framework for community engagement. Designed specifically for decision-makers, Electoral Area Directors were joined by municipal councilors and mayors from across the region in the training. The engagement training for elected officials was the first of its kind delivered in the region, and will be held annually as one of many development opportunities for CVRD Directors.



ROAD SAFETY/ PEDESTRIAN PATHWAYS

DEVELOP INVENTORY OF CRITICAL PEDESTRIAN PATHWAY REQUIREMENTS

In 2018 the CVRD continued to work with the Ministry of Transportation and Infrastructure (MoTI) and other Vancouver Island and coastal regional districts to develop roadside and village area pathway design criteria and standards.

An inventory of critical pedestrian pathway routes across CVRD communities has been completed. Once MoTI finalizes consistent standards and a streamlined approval process, the CVRD will be able to construct pedestrian pathways within the road allowances of its Electoral Areas.

COWICHAN VALLEY TRAIL COMPLETION INITIATIVE

The CVRD began construction of the Saltair Rail with Trail project, a 4.3-kilometre section of the Cowichan Valley Trail that completes a continuous 15-kilometre connection for non-motorized travel between the communities of Ladysmith, Saltair and Chemainus. The project provides a safe and reliable alternative to Chemainus Road for cyclists and pedestrians.

A part of The Great Trail route across Canada, the section of trail includes a connection to Stocking Creek Park and beautiful countryside views, serving local residents and further supporting regional tourism.



CFO TRANSMITTAL

LETTER

I am pleased to submit the Cowichan Valley Regional District’s Annual Report. The purpose of this report is to present the financial results for the fiscal year ended December 31, 2018 including the Audit Report, Consolidated Financial Statements, and supplementary information for the year ended December 31, 2018.

FINANCIAL STATEMENTS

The financial statements are the responsibility of the CVRDs management and have been prepared in compliance with Section 376/377 of the Local Government Act and Section 167 of the Community Charter and in accordance with Generally Accepted Accounting Principles approved by the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. The CVRD maintains a system of internal accounting controls, including policies and procedures, designed to safeguard the assets of the regional district as well as provide timely and reliable financial information.

The 2018 Financial Statements have been audited by BDO Canada LLP, the CVRDs independent external auditor, who have expressed that in their opinion these statements present fairly, in all material aspects, the financial position of the Regional District as at December 31, 2018. The Independent Auditor’s Report appears immediately following this letter.

STATEMENT OF FINANCIAL POSITION
AND STATEMENT OF CHANGE IN NET DEBT

In 2018, the CVRDs financial position maintained stable with a small change in the net financial asset position of \$8.34 million going to \$8.29 million.

The CVRDs long-term debt decreased by \$499,272 while short-term debt increased by \$66,486. Member municipalities’ debt decreased by \$2.09 million in 2018 which are offset by an increase to financial assets in the form of debt recoverable from members and has no net effect on annual operating surplus and accumulated surplus.

In 2018 the CVRD introduced an Operating Reserve Policy, it is anticipated there will be a trend toward an increase in net financial assets as the CVRD builds up

the reserves to the recommended levels. This trend is a key indicator in assessing the financial well-being of the regional district as it reflects the ability to meet its current financial commitments and its capacity to finance future activities.

Non-financial assets increased slightly in 2018 to \$154.3 million (2017 - \$148.4 million) as a result of an increase in tangible capital 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 business. The capital program was budgeted for \$23.42 million in 2018 with \$12.41 million expended in capital enhancement and repairs. Some of these projects will continue to completion in 2018. Capital expenditures were primarily financed through reserves, grants, debt, and taxation.

STATEMENT OF OPERATIONS

The consolidated annual operating surplus (revenues less expenses) was \$6.03 million in 2018 compared to \$8.65 million in 2017. This decrease was partially due to lower revenues resulting from lower than expected revenue from own sources, government transfers and increased tax requisition. In 2018 expenses increased primarily in Environmental Services and the Parks and Recreation segments which was attributed to various capital projects.

The annual operating surplus of \$6.03 million translates to a corresponding increase in accumulated surplus from \$156.76 million to \$162.79 million. This increase is primarily due to an increase in equity in tangible capital assets as well as a decrease in future liabilities such as landfill closure costs.

Significant financial indicators to highlight for 2018 are as follows:

- Short-term Debt (Note 13 & 25) increased \$66,486 (1.5%) in 2018 from 2017;
- Long-term Debt (Note 13 & 26) decreased \$499,272 (3.67%) in 2018 from 2017;
- The gross Provision for landfill closure and post closure liability (Note 12) decreased \$.67 million (41.39%) to \$.95 million in 2018 due to a determination

that nine sites previously accounted for are not the responsibility of the CVRD as well as a decrease in estimated future capital work at Meade Creek. It should be noted that \$488,000 of this estimated liability is related to capital work anticipated to be complete in 2019.

The regional district’s operating surplus increased by \$1.28 million (7.6%) as a result of Board direction regarding the use of surplus. This direction was to use operating surplus, with certain exceptions, to build up operating reserves rather than fund the following year’s operations. These reserves will be used to reduce fluctuations in taxation and promote fiscal sustainability.

THE FINANCIAL PLANNING PROCESS

The Local Government Act Sections 374 and 375 require regional districts to complete a five-year financial plan and institute a public participation process to explain the plan. The financial plan in the form of a bylaw must be adopted by March 31 of each year. On February 27, 2019 the Board adopted the 2019-2023 Financial Plan as part of its financial planning process. The regional district has adopted a budget calendar that includes earlier adoption of the budget to allow for an improved capital spending process.

The regional district approved 68 new capital projects in the 2019-2023 Financial Plan resulting in over \$15 million budgeted in 2019 for capital projects. More than half of this (60%) is budgeted for projects for the regions’ water and sewer utilities.

The remainder of the expenditures are for capital improvements to our existing infrastructure such as the community recreation facilities, community parks and volunteer fire departments.

FINANCIAL OUTLOOK

On a macro-economic level, the declining Canadian dollar in 2018 resulted in certain expenses increasing in cost beyond initial budgets. It is difficult for a local government body to mitigate foreign currency risks as they are prohibited from making speculative investments for hedging purposes. Management continues to look at strategies to soften these impacts.

In 2018, the Consumer Price Index increased by 2.7% for BC and 2.4% for Victoria; the Bank of Canada’s target rate for 2019 is between 1% and 3%. Management also incorporates construction and municipal pricing indexes into budgets which are significantly impacted by changes in these sectors. The regional district is predominantly effected by rising fuel, energy, and wage costs. The CVRD continues to mitigate rising energy and fuel costs by employing strategic use of energy efficient products such as lighting as well as entering into cost reducing agreements with suppliers through partnerships with other local governments in order to achieve economies of scale.

As part of the Board’s Strategic Focus area of Sound Fiscal Management, the regional district continues to work on its Corporate Asset Management plan to better understand its infrastructure deficit and how it will fund the deficit in the future in a strategic, sustainable manner. This will ensure that service levels are sustainable and infrastructure can be maintained at the lowest cost possible.

CONCLUSION

In keeping with the Board’s Strategic Focus area of Sound Fiscal Management (specifically Budget Transparency and increasing awareness and confidence in the regional district’s Five-year Financial Plan) the CVRD has completed the 2018 Annual Report. As a reflection of the regional district’s commitment to excellence in financial management and reporting the annual report will be submitted to the Government Financial Officers Association for consideration of the Canadian Award for Financial Reporting.

On behalf of the CVRD, I would like to acknowledge all the members of the Board and staff for their contributions to a successful 2018. I would also like to recognize the remarkable team effort evident throughout the year resulting in this report and the information it contains.



Natalie Wehner, CPA, CGA
Manager, Finance Division
Cowichan Valley Regional District

June 1, 2019



2018

FINANCIAL STATEMENTS

COWICHAN VALLEY REGIONAL DISTRICT

COWICHAN VALLEY REGIONAL DISTRICT

ELECTED AND APPOINTED OFFICIALS
2018

FINANCIAL STATEMENTS
DECEMBER 31, 2018

BOARD OF DIRECTORS

| | |
|---|-----------------------|
| City of Duncan | M. Staples |
| Town of Ladysmith | A. Stone |
| Town of Lake Cowichan | T. McGonigle |
| District of North Cowichan | K. Marsh |
| District of North Cowichan | A. Siebring |
| District of North Cowichan | D. Toporowski |
| Electoral Area "A" - Mill Bay/Malahat | B. Salmon |
| Electoral Area "B" - Shawnigan Lake | S. Acton (Vice-Chair) |
| Electoral Area "C" - Cobble Hill | M. Wilson |
| Electoral Area "D" - Cowichan Bay | L. Iannidinardo |
| Electoral Area "E" - Cowichan Station/Sahtlam/Glenora | A. Nicholson |
| Electoral Area "F" - Cowichan Lake South/Skutz Falls | I. Morrison (Chair) |
| Electoral Area "G" - Saltair/Gulf Island | L. Smith |
| Electoral Area "H" - North Oyster/Diamond | M. Marcotte |
| Electoral Area "I" - Youbou/Meade Creek | K. Kuhn |

OFFICERS

| | |
|-------------------------------|---------------|
| Chief Administrative Officer | B. Carruthers |
| Corporate Legislative Officer | J. Barry |
| Corporate Financial Officer | N. Wehner |

Management's Responsibility for Financial Reporting
Independent Auditor's Report

FINANCIAL STATEMENTS

- 1

Statement of Financial Position
- 2

Statement of Operations
- 3

Statement of Changes in Net Debt
- 4

Statement of Cash Flows
- Summary of Significant Accounting Policies
- Notes to the Financial Statements
- Statement of Operating Surplus by Function



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Management's Responsibility for Financial Reporting

Management is responsible for the preparation and fair presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors are composed of Directors who are neither management nor employees of the Regional District. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management including internal controls over the financial reporting process, auditing matters and financial reporting issues.

BDO Canada LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to management and the Board to discuss their audit findings.


Natalie Wehner, CPA, CMA
Corporate Financial Officer


Brian Carruthers
Chief Administrative Officer

April 10, 2019

Independent Auditor's Report

To the Board of Directors of the Cowichan Valley Regional District

Opinion

We have audited the financial statements of the Cowichan Valley Regional District ("CVRD") which comprise the Statement of Financial Position as at December 31, 2018 and the Statements Operations, Changes in Net Financial Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, CVRD financial statements present fairly, in all material respects, the financial position of CVRD as at December 31, 2018 and its financial performance and 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 report. We are independent of CVRD 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 CVRD'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 CVRD, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CVRD'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 these 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 CVRD'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 CVRD's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause CVRD 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 10, 2019

COWICHAN VALLEY REGIONAL DISTRICT STATEMENT 1

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

| | 2018 | 2017 |
|---|---------------------------------------|---|
| Financial Assets | | |
| Cash & Cash Equivalents (Note 1) | \$ 27,768,865 | \$ 28,571,847 |
| Portfolio Investments (Note 2) | 5,151,575 | 5,067,967 |
| Accounts Receivable (Note 3) | 2,335,425 | 3,108,977 |
| Land Held for Resale (Note 6) | 147,000 | 147,000 |
| Debt Recoverable from Members (Note 4) | 33,390,258 | 35,483,413 |
| | <u>\$ 68,793,123</u> | <u>\$ 72,379,204</u> |
| Liabilities | | |
| Accounts Payable & Accrued Liabilities (Note 7) | \$ 4,421,638 | \$ 4,487,047 |
| Deferred Revenue (Note 8) | 2,073,431 | 2,339,979 |
| Restricted Contributions and Performance Deposits (Note 9) | 1,886,263 | 1,870,053 |
| Employee Future Benefits (Note 10) | 312,039 | 328,019 |
| Landfill Closure and Post Closure Costs (Note 12) | 786,358 | 1,463,335 |
| Short-term Debt (Note 13 & 25) | 4,522,708 | 4,456,222 |
| Long-term Debt | | |
| Regional District (Note 13 & 26) | 13,107,865 | 13,607,137 |
| Members (Note 4) | 33,390,258 | 35,483,413 |
| | <u>\$ 60,500,560</u> | <u>\$ 64,035,205</u> |
| Net Financial Assets | <u>\$ 8,292,563</u> | <u>\$ 8,343,999</u> |
| Non-Financial Assets | | |
| Tangible Capital Assets (Note 24) | \$154,270,546 | \$148,249,861 |
| Inventories | 30,755 | 29,484 |
| Prepaid Expenses | 192,742 | 134,375 |
| | <u>154,494,043</u> | <u>148,413,720</u> |
| Accumulated Surplus (Note 18) | <u>\$162,786,606</u> | <u>\$156,757,719</u> |
|  | |  |
| Natalie Wehner, CPA, CMA Corporate Financial Officer | | Ian Morrison Chairperson |

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

COWICHAN VALLEY REGIONAL DISTRICT

STATEMENT 2

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | 2018 Budget (Note 17) | 2018 Actual | 2017 Actual |
|---|-----------------------------|-----------------------------|-----------------------------|
| Revenues | | | |
| Tax Requisition | \$ 37,932,207 | \$ 37,970,405 | \$ 36,041,665 |
| User Fees | 3,535,740 | 3,809,540 | 3,387,089 |
| Parcel Taxes | 2,508,207 | 2,509,027 | 2,470,690 |
| Government Transfers - Provincial | 2,971,984 | 1,394,389 | 898,645 |
| Government Transfers - Federal | 1,632,267 | 3,627,418 | 3,527,322 |
| Services Provided to Other Local Governments | 69,555 | 68,310 | 53,360 |
| Revenue from Own Sources | 8,735,214 | 9,565,657 | 9,478,596 |
| Other Revenue | 1,455,468 | 2,125,960 | 1,958,460 |
| Interest Income | 76,000 | 466,237 | 256,738 |
| Donations | 10,310 | 80,157 | 1,577,150 |
| | <u>\$ 58,926,952</u> | <u>\$ 61,617,100</u> | <u>\$ 59,649,715</u> |
| Expenses (Note 27) | | | |
| General Government Services | 8,065,263 | 7,479,334 | 6,526,412 |
| Vancouver Island Regional Library | 1,850,777 | 1,850,776 | 1,781,820 |
| Transportation Services | 3,208,618 | 3,099,975 | 3,086,757 |
| Electoral Area Services | 4,591,892 | 4,308,337 | 3,741,939 |
| Protective Services | 3,421,786 | 3,429,824 | 3,131,496 |
| Parks and Recreation | 16,121,678 | 18,866,770 | 18,021,455 |
| Environmental Services | 10,968,177 | 10,505,049 | 8,761,130 |
| Sewer and Water Utilities | 4,147,288 | 6,048,148 | 5,952,476 |
| | <u>\$ 52,375,479</u> | <u>\$ 55,588,213</u> | <u>\$ 51,003,485</u> |
| Annual Surplus | \$ 6,551,473 | \$ 6,028,887 | \$ 8,646,230 |
| Accumulated Surplus, Beginning of Year | <u>156,757,719</u> | <u>156,757,719</u> | <u>148,111,489</u> |
| Accumulated Surplus, End of Year (Note 18) | <u><u>\$163,309,192</u></u> | <u><u>\$162,786,606</u></u> | <u><u>\$156,757,719</u></u> |

COWICHAN VALLEY REGIONAL DISTRICT

STATEMENT 3

STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2018

| | 2018 Budget (Note 17) | 2018 Actual | 2017 Actual |
|--|------------------------------|----------------------------|----------------------------|
| Annual Surplus | \$ 6,551,473 | \$ 6,028,887 | \$ 8,646,230 |
| Additions of Tangible Capital Assets | (23,417,369) | (12,409,452) | (8,404,882) |
| Contributed Tangible Capital Assets | - | (58,500) | (1,396,016) |
| Amortization of Tangible Capital Assets | - | 6,440,056 | 6,035,238 |
| Reclassification - Work in Progress | - | 7,211 | - |
| Change in Inventories | - | (1,271) | 1,632 |
| Change in Prepaid Expenses | - | (58,367) | 13,780 |
| Increase/(Decrease) in Net Assets | (16,865,896) | (51,436) | 4,895,982 |
| Opening Financial Assets | <u>8,343,999</u> | <u>8,343,999</u> | <u>3,448,017</u> |
| Closing Financial Assets | <u><u>\$ (8,521,897)</u></u> | <u><u>\$ 8,292,563</u></u> | <u><u>\$ 8,343,999</u></u> |

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

COWICHAN VALLEY REGIONAL DISTRICT

STATEMENT 4

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

| | 2018 | 2017 |
|---|----------------------|----------------------|
| OPERATING ACTIVITIES | | |
| Annual Surplus | \$ 6,028,887 | \$ 8,646,230 |
| Non-cash items included in surplus | | |
| Amortization of Tangible Capital Assets | 6,440,056 | 6,035,238 |
| Contributed Tangible Capital Assets | (58,500) | (1,396,016) |
| Debt Actuarial Adjustment | (616,515) | (591,994) |
| Employee Future Benefits | (15,980) | (46,044) |
| Landfill Closure and Post Closure Costs | (676,977) | (621,830) |
| Change in non-cash working capital balances related to operations | | |
| Accounts Receivable | 773,552 | (894,497) |
| Inventories | (1,271) | 1,632 |
| Prepaid Expenses | (58,367) | 13,780 |
| Accounts Payable and Accrued Liabilities | (65,409) | 1,283,602 |
| Deferred Revenue | (266,548) | 1,127,754 |
| Restricted Contributions and Performance Bonds | 16,210 | 417,459 |
| Cash provided by operating activities | 11,499,138 | 13,975,314 |
| CAPITAL ACTIVITIES | | |
| Acquisition of Tangible Capital Assets | (12,409,452) | (8,404,882) |
| Reclassification of Work in Progress | 7,211 | - |
| Cash used in capital activities | (12,402,241) | (8,404,882) |
| INVESTING ACTIVITIES | | |
| Change in Portfolio Investments | (83,608) | (48,878) |
| Cash provided by investing activities | (83,608) | (48,878) |
| FINANCING ACTIVITIES | | |
| Debt Issued | 3,511,554 | 2,579,658 |
| Debt Repayment | (3,327,825) | (3,067,643) |
| Cash provided by (used in) financing activities | 183,729 | (487,985) |
| Increase (Decrease) in cash | (802,982) | 5,033,569 |
| Cash - Beginning of Year | 28,571,847 | 23,538,278 |
| Cash - End of Year (Statement 1) | \$ 27,768,865 | \$ 28,571,847 |
| Interest Paid | 879,661 | 1,021,299 |
| Interest Capitalized to Tangible Capital Assets | \$ 6,443 | \$ 4,880 |

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

COWICHAN VALLEY REGIONAL DISTRICT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Summary of Significant Accounting Policies

(a) General

The Regional District was incorporated in 1967 under the provisions of the *Local Government Act*, a statute of the Province of B.C. Its principal activities are the provision of district wide local government services to the residents of the nine electoral areas and four municipalities, within its boundaries. These services include general government administration, bylaw enforcement, planning and development services, building inspection, fire protection and emergency response planning, public transportation, parks and recreation, water supply and sewage collection, wastewater disposal, solid waste/recycling collection and disposal, and street lighting.

(b) Basis of Presentation

The Financial Statements of the Cowichan Valley Regional District (the Regional District), are prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The Financial Statements reflect the combined results and activities of the reporting entity which is comprised of the Operating, Capital and Reserve Funds. The financial statements include the financial position, operations, changes in net debt and cash flows of the regional district. Inter-fund and inter-departmental transactions have been eliminated on consolidation.

- i. Operating Funds: These funds include the General, Water and Sewer operations of the Regional District, and are used to record the operating costs of the services provided.
- ii. Capital Funds: These funds include the General, Water and Sewer Capital Funds. They are used to record the acquisition, disposal and amortization of property and equipment and their related financing.
- iii. Reserve Funds: These funds are established by bylaw for capital expenditures or other specified purposes. Money in a reserve fund, and interest earned thereon, must be expended by bylaw only for the purpose for which the fund was established.

(c) Portfolio Investments

Portfolio investments are comprised entirely of Municipal Finance Authority (MFA) pooled money market funds. The Regional District funds invested with MFA are pooled with other local governments and managed independently by Phillips, Hager & North Ltd and CIBC Mellon Trust. Interest income on investments has been included in deferred revenue, Reserve Funds and Operating Funds based on relative equity in each fund. The investments are carried at market value which approximates cost.

COWICHAN VALLEY REGIONAL DISTRICT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Summary of Significant Accounting Policies (continued)

(d) Financial Instruments

Financial instruments consist of cash, portfolio investments, receivables, debt and accounts payable. Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest rate, currency or credit risk from these financial instruments.

(e) Land Held for Sale

Land held for sale include real estate properties which are ready and available to be sold and for which there is an available market. They are valued at the lower or cost or expected net realizable value. No amortization is recorded once classified as land held for sale.

(f) Liability for Contaminated Sites

Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up, and a reasonable estimate can be made.

Management has assessed its potential liabilities, including sites that are no longer in productive use and sites for which the Regional District accepts responsibility. There is a portion of a site, at Bings Creek Drop Off Depot, which has been determined to have evidence of contamination. At this time it has not been determined if this contamination is in excess of an environmental standard requiring remediation. Therefore, no liability was recognized as at December 31, 2018 or 2017. Further assessment will continue to be made in regard to the site and potential contamination. Should a liability be determined to exist it will be recorded when it is determined.

(g) Landfill Closure and Post Closure

The estimated cost to close and provide post closure maintenance to the former landfill sites are based on estimated future expenses in current dollars, discounted and adjusted for estimated inflation. Post closure maintenance is required indefinitely and therefore all estimates use CVRD borrowing rates for the expected 25 year period at a rate of 3.40% annually for discounting purposes (2017 - 3.30%).

(h) Long-Term Debt

Long-term debt is recorded net of repayment and actuarial adjustments.

COWICHAN VALLEY REGIONAL DISTRICT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Summary of Significant Accounting Policies (continued)

(i) Non-Financial Assets

Non-financial assets are held for use in the provision of services and are not normally available to discharge liabilities. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year together with the net surplus (deficit) for the year, provides the change in the net debt for the year.

(j) Tangible Capital Assets

Tangible capital assets are non-financial assets that are to be used on a continuing basis, are not for sale in the ordinary course of operations and have useful economic lives extending beyond a single year. Tangible capital assets are recorded at cost and amortized. Contributed tangible capital assets are reported at their estimated at fair market value. The costs of tangible capital assets includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost recorded, less any estimated residual value, is amortized on a straight-line basis over their estimated useful lives as follows:

| Asset Category | Useful Life Range (years) |
|---------------------------------|------------------------------|
| Land | N/A |
| Building | 20 - 50 |
| Vehicles, Machinery & Equipment | 5 - 20 |
| Engineering Structures | 10 - 60 |
| Parks | 10 - 60 |
| Other Tangible Capital Assets | 10 - 50 |

Assets under construction are not amortized until the asset is put into use.

(k) Inventories

Inventories of merchandise held for sale are recorded at lower of cost and net realizable value on the Statement of Financial Position. Inventories of materials and supplies are included as expenses in the Statement of Operations when consumed.

(l) Deferred Revenue

Funds received for specific purposes which are externally restricted by regulation, legislation or agreement and are not available for general purposes, are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purposes.

COWICHAN VALLEY REGIONAL DISTRICT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Summary of Significant Accounting Policies (continued)

(m) Accrued Employee Benefits

As determined by collective agreements and contractual arrangements, employee benefit accruals, which include an allowance for vacation entitlement and banked time earned but unpaid, are recorded as an expense in the year in which they are earned. Prior approval is required for carry over of vacation entitlement.

(n) Pension Liability

The long-term, post employment benefit liability of the Regional District will be met by the Municipal Pension Plan into which both the employee and the Regional District contribute.

(o) Revenue Recognition

Revenues are recorded on an accrual basis and are recognized in the period in which they are earned. Property tax revenues in the form of local government requisitions are recognized in the year they are levied. Parcel Taxes are recognized in the year they are levied. Interest income is recognized as earned as income in the Statement of Operations, except interest on restricted liabilities or reserves where the income is deferred until spent. Operating grants are recognized as earned. Donations are recorded when received. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable. User fees, transit, tipping fees, garbage and recycling collection fees are recognized as revenue on an accrual basis. Permit fees are recognized as revenue when the permit is approved and payment is collected according to rates set in various fees and charges bylaw.

(p) Government Transfers

Government transfers, which include legislative grants, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

When the Regional District is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.

COWICHAN VALLEY REGIONAL DISTRICT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Summary of Significant Accounting Policies (continued)

(q) Expense Recognition

Expenses are recorded on an accrual basis and are recognized in the period in which the goods and services are acquired and a liability is incurred or transfers are due. Expenses include the accrual of interest payable on debt to the end of the fiscal period. Estimates of employee future benefits are recorded as expenses in the year they are earned by employees. Landfill closure and post closure costs are recorded as estimated expenses as set out in the regulatory requirement to close and maintain active and inactive landfill sites.

(r) Segment Disclosure

The Cowichan Valley Regional District is a diversified local government providing a wide range of services to over 83,730 residents, including parks, recreation centres, community halls, fire protection, water and sewer services. As a requirement of the Local Government Act, separate financial records must be kept for each service providing detailed allocations of assets and liabilities, revenues and expenditures, information concerning reserve funds and other pertinent financial details.

(s) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management estimates are the determination of landfill closure and post closure liabilities, provisions for contingencies, estimation of employee future benefits, estimated useful life of tangible capital assets, and provisions for contaminated sites. Actual results may vary from those estimates and adjustments will be reported in operations as they become known.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1) Cash & Cash Equivalents

| | 2018 | 2017 |
|---------------------|----------------------|----------------------|
| Restricted Cash | | |
| Statutory Reserves | \$ 8,084,503 | \$ 7,352,108 |
| Restricted Revenues | <u>1,886,263</u> | <u>1,870,053</u> |
| | 9,970,766 | 9,222,161 |
| Unrestricted Cash | <u>17,798,099</u> | <u>19,349,686</u> |
| Total Cash | <u>\$ 27,768,865</u> | <u>\$ 28,571,847</u> |

2) Portfolio Investments

Portfolio investments are MFA Money Market funds of \$ 5,151,575 (2017 - \$ 5,067,967). The yield on funds for 2018 was 1.65% (2017 - 0.97%).

3) Accounts Receivable

| | 2018 | 2017 |
|-------------------------|---------------------|---------------------|
| Federal Governments | \$ 597,115 | \$ 2,178,173 |
| Provincial Governments | 620,934 | 32,483 |
| Local Governments | 69,174 | 80,230 |
| Other Trade Receivables | <u>1,048,202</u> | <u>818,091</u> |
| | <u>\$ 2,335,425</u> | <u>\$ 3,108,977</u> |

4) Debt Recoverable from Members

Pursuant to the Local Government Act, the Regional District acts as the agent through which its members borrow funds from the Municipal Finance Authority. The annual cost of servicing the debt is recovered entirely from the borrowing member. However, the Regional District is jointly and severally liable for member debt in the event of default.

| | 2018 | 2017 |
|-----------------------------------|----------------------|----------------------|
| City of Duncan | \$ 909,552 | \$ 1,031,320 |
| District of North Cowichan | 20,000,441 | 21,319,266 |
| Town of Ladysmith | 11,598,532 | 12,229,401 |
| Vancouver Island Regional Library | <u>881,733</u> | <u>903,426</u> |
| | <u>\$ 33,390,258</u> | <u>\$ 35,483,413</u> |

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

5) Municipal Finance Authority Debt Reserve Fund

The Municipal Finance Authority (Authority) of British Columbia provides capital financing for Regional Districts and their Members. The Authority is required to establish a Debt Reserve Fund into which each Regional District and Members, who share in the proceeds of a debt issue through the District, are required to pay certain amounts set out in the debt agreements.

Interest earned on these funds (less administrative expenses) becomes an obligation of the Authority to the Regional District. If at any time insufficient funds are provided by the Regional District or their Members, the Authority will then use these funds to meet payments on its obligations. When this occurs, the Regional District may be called upon to restore the fund. These amounts are not reported in the financial statements.

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Cash Deposits - Cowichan Valley Regional District | \$ 333,829 | \$ 417,076 |
| Cash Deposits - Members | 580,489 | 568,128 |
| Demand Notes - Cowichan Valley Regional District | 677,769 | 801,096 |
| Demand Notes - Members | <u>1,200,344</u> | <u>1,200,344</u> |
| | <u>\$ 2,792,431</u> | <u>\$ 2,986,644</u> |

6) Land Held for Resale

During 2016 the Regional District Board determined that land donated in 2016 for a Community Park was surplus to the Regional District's needs. Currently the process is underway to sell this land.

7) Accounts Payable & Accrued Liabilities

| | 2018 | 2017 |
|------------------------|---------------------|---------------------|
| Federal Governments | \$ 2,165 | \$ 839 |
| Provincial Governments | 5,926 | 30,117 |
| Local Governments | 98,926 | 99,796 |
| Accrued Payroll | 1,008,590 | 1,086,633 |
| Other Trade Payables | <u>3,306,031</u> | <u>3,269,662</u> |
| | <u>\$ 4,421,638</u> | <u>\$ 4,487,047</u> |

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

8) Deferred Revenue

| | 2017 | Externally restricted receipts | Revenue earned | 2018 |
|--|---------------------|--------------------------------------|---------------------|---------------------|
| Trail Project Grants | \$ 656,727 | \$ - | \$ (81,250) | \$ 575,477 |
| Clean Water & Wastewater Grant | 390,136 | - | (61,674) | 328,462 |
| Flood Mitigation Grant | 300,000 | - | - | 300,000 |
| Recreation Deposits | 259,923 | 537,278 | (608,094) | 189,107 |
| Developer Capital Contributions | 82,527 | - | - | 82,527 |
| Other | 144,494 | 93,025 | (169,884) | 67,635 |
| Subtotal (Schedule A) | 1,833,807 | 630,303 | (920,902) | 1,543,208 |
| Parkland Cash-in-lieu Contributions | 506,172 | 24,051 | - | 530,223 |
| | <u>\$ 2,339,979</u> | <u>\$ 654,354</u> | <u>\$ (920,902)</u> | <u>\$ 2,073,431</u> |

- Trail Project Grants consists of grants for the Cowichan Valley and Trans Canada Trail, funded by Bike BC and the Trans Canada Trail Foundation.
- Clean Water & Wastewater Grant is for the Mesachie Lake Wastewater Treatment and Collection upgrade project (Area F), funded by the Federal Government & Province of BC.
- Flood Mitigation Grant from Emergency Management BC for an assessment of Koksilah Village (Cowichan Bay) area to determine options to reduce flooding and opportunities to reduce risk of failure.
- Recreation Deposits consists of payments in advance for recreation programs, unredeemed recreation program awards, and facility rental deposits.
- Developer Capital Contributions were contributed for improvements to the Shawnigan Lake Water System.
- Other funds include Woodstove Exchange Grant, dog licenses, bus passes, and miscellaneous deferred revenue.
- Parkland Cash-in-Lieu Contributions consists of funds collected from developers under the authority of Section 941 of the *Local Government Act*, in lieu of land for parkland purposes as a condition of the subdivision. These funds are restricted for future purchases of parkland.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

9) Restricted Contributions and Performance Deposits

| | 2018 | 2017 |
|--------------------------------|---------------------|---------------------|
| Warranty Deposits | \$ 1,110,636 | \$ 1,050,985 |
| Kinsol Trestle Donations | 65,247 | 155,045 |
| Holdbacks | 358,377 | 221,911 |
| Cowichan Lake Water Protection | 76,000 | 76,000 |
| Arts & Sports Scholarship Fund | 40,685 | 40,950 |
| Nature and Habitat | 34,467 | 34,467 |
| Cowichan Performing Arts - CFI | 40,670 | 13,468 |
| Other | 160,181 | 277,227 |
| | <u>\$ 1,886,263</u> | <u>\$ 1,870,053</u> |

- Warranty Deposits are funds received from the developer for warranty and deficiencies on various infrastructure projects and also includes developer landscape bonds. Should the funds be required they are recognized in the year of the applicable expenditure. Upon successful completion of the warranty period funds will be returned to the developer.
- Kinsol Trestle Donations are funds received for major restoration work on the Kinsol Trestle.
- Holdback funds are monies held from payments to contractors for work on the North Oyster Fire Hall, Arbutus Ridge WWTP, Kerry Park Recreation HVAC and Saltair Rail with Trail project to ensure completion of said projects.
- Cowichan Lake Water Protection funds are received when a lot is sold at Creekside Development. The interest earned on these deposits is used to fund projects for the protection of waters and riparian areas on Cowichan Lake.
- The Arts & Sports Scholarship Fund was established by monies received from the Province of B.C. as a Legacy of Appreciation for hosting the BC Festival of Arts and monies received from BC Hydro Cowichan and Chemainus Valley's Commonwealth Games Power Smart Sport and Culture Tour Committee. The interest earned is added to the fund and annually two Arts and two Sports Scholarships are provided to deserving local students.
- Nature and Habitat funds are received through voluntary contributions for projects that environmentally enhance Electoral Area I-Youbou/Meade Creek.
- Cowichan Performing Arts (CFI) are funds received through a capital improvement fee on ticket sales at the Cowichan Performing Arts Centre.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

10) Employee Future Benefits

| | 2018 | 2017 |
|---------------------------------|--------------|--------------|
| Discount rates | 2.90% | 2.90% |
| Expected future inflation rates | 2.00% | 2.00% |
| Expected wages/salary increase | 2.08 - 4.00% | 2.08 - 4.00% |

Accrued Benefit Obligation as at December 31, 2018

| | 2018 | 2017 |
|--|------------|------------|
| Accrued benefit obligation - beginning | \$ 116,500 | \$ 106,800 |
| Current service cost | 11,000 | 11,000 |
| Interest on accrued benefit obligation | 3,800 | 3,700 |
| Benefits paid during the year | (10,540) | (8,800) |
| Actuarial (gain)/loss | - | 3,800 |
| Ending benefit obligation | 120,760 | 116,500 |
| Unamortized net actuarial gain | 191,279 | 211,519 |
| Accrued Unfunded Benefit Liability | \$ 312,039 | \$ 328,019 |

The total expense related to these benefits was:

| | 2018 | 2017 |
|--------------------------------|------------|-------------|
| Current service costs | \$ 11,000 | \$ 11,000 |
| Interest on benefit obligation | 3,800 | 3,700 |
| Actuarial (gain)/loss | - | 3,800 |
| Amortization of actuarial gain | (20,240) | (55,744) |
| Total recovery | \$ (5,440) | \$ (37,244) |

The total recovery is included in wages and benefits expense.

11) Pension Liability

The Regional District and its employees contribute to the Municipal Pension Plan (the Plan), a jointly-trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2017 the Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

11) Pension Liability (continued)

adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged. The next valuation will be as at December 31, 2018, with results available in late 2019.

Employers participating in the plan record their pension expense as the amount of the employer contributions made during the fiscal year (defined contributions 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 Cowichan Valley Regional District paid \$1,549,844 (2017 - \$1,443,233) for employer contributions, while employees contributed \$1,370,800 (2017 - \$1,259,360) to the plan in fiscal 2018.

12) Landfill Closure and Post Closure Costs

The provincial Environmental Management Act, as well as the BC Landfill Criteria for Municipal Solid Waste (LCMSW), sets out the regulatory requirements to close and maintain active and inactive landfill sites.

Several solid waste program initiatives are included in the Cowichan Valley Regional District (CVRD) Solid Waste Management Plan (SWMP) Amendment No. 3, which was approved by the Minister of Environment in 2007. The CVRD is committed to ensuring that its landfills are managed in a fiscally responsible manner, which includes setting aside funds to pay for landfill closure and post-closure activities. During 2011, the CVRD instituted a \$2 per tonne tipping fee surcharge on all municipal solid waste received for disposal in order to fund borrowing for closure of historic landfill and ash landfill sites. These funds are held in the Remediation Reserve fund.

Although the CVRD does not operate an active landfill site, the Regional District is responsible for four former landfills, three of which are associated with old Thermal Reduction Plants (TRPs, municipal solid waste incinerators).

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

12) Landfill Closure and Post Closure Costs (continued)

At the Meade Creek ashfill site, the Regional District has completed the works to consolidate and encapsulate the ash waste on site which allows for on-site risk management. During fiscal 2018 \$2,362,795 was spent on the project which also includes construction of a recycling centre and closure of the incenerator ash landfill, the estimated cost for completion of the operating centre in 2019 is \$487,500. There will be \$12,000 per year of post closure monitoring requirements for the landfill beginning 2019, for up to 25 years.

The Peerless Road remediation and closure works were completed in 2015. The post-closure maintenance costs are estimated at \$12,000 annually for 25 years (2017 - \$15,000 annually).

The Regional District currently maintains an inactive landfill site on Koksilah Road which has been closed for 20 years. The Regional District is responsible for long-term groundwater monitoring at this location at a cost estimated at \$12,000 annually for 25 years (2017 - \$7,000 annually).

Also on Koksilah Road is a former ash landfill site. This site is on Cowichan Tribes land and was closed by Cowichan Tribes with funding provided by Aboriginal Affairs and Northern Development Canada (AANDC). A portion of the ash waste was exported to an out-of-region landfill with the remainder being encapsulated on-site. Long term monitoring is being undertaken by Cowichan Tribes. The CVRD estimates that it will not be required to contribute towards any long term monitoring costs and therefore has reported no liability in respect of this site.

The table below sets out the closure and post closure liability based on consultant and senior staff estimates. This estimate, plus the current costs incurred for closure works, less the Remediation Reserve fund has resulted in a net reduction to landfill expense of \$676,977 (2017 decrease - \$621,830). The annual provision is included in environmental services expenses on the Statement of Operations and the liability on the Statement of Financial Position.

| | 2018 | 2017 |
|---|-------------------|---------------------|
| Meade Creek - Closure | \$ - | \$ 893,857 |
| Meade Creek TRP | 318,122 | 259,246 |
| Peerless Road TRP | 318,122 | 324,057 |
| Koksilah Road | 318,122 | 151,227 |
| Gross liability | 954,366 | 1,628,387 |
| Less: cash held in Remediation Reserve Fund | (168,008) | (165,052) |
| | <u>\$ 786,358</u> | <u>\$ 1,463,335</u> |

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

12) Landfill Closure and Post Closure Costs (continued)

The net recovery for 2018 is a result of the following changes in assumptions:

| | 2018 | 2017 |
|--------------------------|--------------------|--------------------|
| Inflation Rates | 3.30% | 1.85% |
| Discount Rates | 3.40% | 3.30% |
| Koksilah Road Monitoring | \$12,000 per annum | \$7,000 per annum |
| Peerless Road Monitoring | \$12,000 per annum | \$15,000 per annum |
| Meade Creek Monitoring | \$12,000 per annum | \$12,000 per annum |
| Meade Creek Closure | - | \$900,000 |

13) MFA Debt

Debt is recorded and payable in Canadian dollars. It is the current policy of the Municipal Finance Authority to secure debt repayable only in Canadian dollars. Details of Short-term debt are summarized in Note 25. Details of Long-term debt, including debt issue numbers, maturity dates, interest rates and outstanding amounts are summarized in Note 26.

Payments of principal on issued debt of the Regional District, not including other members debt, for the next five years are:

| | Short-term Debt | Long-term Debt |
|------------|---------------------|----------------------|
| 2019 | \$ 2,566,263 | \$ 793,941 |
| 2020 | 933,399 | 756,330 |
| 2021 | 456,109 | 725,613 |
| 2022 | 305,820 | 722,613 |
| 2023 | 261,117 | 624,761 |
| Thereafter | - | 9,484,607 |
| | <u>\$ 4,522,708</u> | <u>\$ 13,107,865</u> |

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

14) Consolidated Schedule of Expense by Object

| | 2018 BUDGET (Note 17) | 2018 ACTUAL | 2017 ACTUAL |
|--|-----------------------------|----------------------|----------------------|
| Operations and Maintenance | \$ 17,774,290 | \$ 16,232,650 | \$ 12,804,908 |
| Wages and Benefits | 22,701,523 | 21,955,586 | 21,331,597 |
| Contract for Services | 7,146,749 | 7,023,466 | 6,920,813 |
| Landfill Closure and Post Closure Costs | - | (676,977) | (621,830) |
| Debt Charges - Interest | 1,000,122 | 879,661 | 1,021,299 |
| Contributions to Community Facilities | 136,527 | 136,527 | 142,547 |
| Grants to Organizations | 616,824 | 573,807 | 578,672 |
| Library Services | 1,850,777 | 1,850,776 | 1,781,820 |
| Fire & Recreation Services Provided by Other Governments | 958,667 | 958,667 | 875,581 |
| Amortization | - | 6,440,056 | 6,035,238 |
| Contributions to Third Party Capital | 190,000 | 213,994 | 132,840 |
| | <u>\$ 52,375,479</u> | <u>\$ 55,588,213</u> | <u>\$ 51,003,485</u> |

15) Contingent Liabilities

As at December 31, 2018 there existed outstanding claims against the Regional District. These claims have been referred to legal counsel and the Regional District's liability insurers. It is not possible to determine the Regional District's potential liability, if any, with respect to these matters. However, at such time that a liability becomes known, it will be reflected in the Regional District's financial statements.

16) Tangible Capital Assets

| | 2018 | 2017 |
|-----------------------------------|-----------------------|-----------------------|
| Land | \$ 53,451,488 | \$ 52,025,810 |
| Building | 23,252,254 | 22,529,148 |
| Vehicles, Machinery and Equipment | 4,862,522 | 4,635,643 |
| Engineering Structures | 48,073,333 | 48,368,465 |
| Parks | 6,828,736 | 8,044,114 |
| Other Tangible Capital Assets | 10,504,568 | 7,603,542 |
| Work in Progress | 7,297,645 | 5,043,139 |
| | <u>\$ 154,270,546</u> | <u>\$ 148,249,861</u> |

For additional information, see the Schedule of Tangible Capital Assets (Note 24).

During the year land, and sewer/water/drainage systems built by others valued at \$ 58,500 (2017 - \$ 1,396,016) were accepted and recorded as contributed assets.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

17) Budget Figures

Budget figures represent the 2018 Financial Plan Bylaw adopted by the Board on January 10, 2018. The financial plan budgeted for capital expenditures rather than amortization expense, and reflects the use of prior year operating surpluses as part of its annual budget. The carry forward of operating surpluses by the department is a requirement under the Local Government Act of BC. The financial plan forms the basis of taxation and fees and charges rates which may be required for a particular year. The following reconciliation of the "Surplus for the year" is provided to show which items must be added or removed from the budget on Statement 2 to reflect the financial plan.

| | 2018 |
|--|--------------|
| Surplus for the year (Statement 2) | \$ 6,551,473 |
| Add: | |
| Transfer from Reserves | 5,951,970 |
| Prior Year Operating Surplus | 4,533,116 |
| MFA Funding | 10,659,443 |
| Less: | |
| Debt Principal Repayments/Actuarial Adjustments | (3,286,051) |
| Transfer to Reserves | (992,582) |
| Purchase of Capital Assets | (23,417,369) |
| Surplus, per Cowichan Valley Regional District Financial Plan Bylaw No. 4172 | <u>\$ -</u> |

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

18) Accumulated Surplus

Accumulated Surplus consists of individual fund surpluses (deficits) and reserves as follows:

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| Surplus | | |
| Operating Fund Reserve Fund - Operating Surplus | \$ 13,455,819 | \$ 12,171,850 |
| Operating Fund Reserve Fund - Community Works | 4,371,487 | 4,752,240 |
| Operating Fund - Future Liabilities - Sick Leave | (312,039) | (328,019) |
| Operating Fund - Future Liabilities - Landfill Costs | (786,358) | (1,463,335) |
| Equity in Tangible Capital Assets | <u>136,786,974</u> | <u>130,333,502</u> |
| Total Surplus | 153,515,883 | 145,466,238 |
| Statutory Reserve Funds | 9,438,731 | 11,456,533 |
| Less: Restricted Remediation Reserve | <u>(168,008)</u> | <u>(165,052)</u> |
| Accumulated Surplus (Statement 1) | <u>\$ 162,786,606</u> | <u>\$ 156,757,719</u> |

The Regional District tracks the unspent amounts received under the Renewed Gas Tax Agreement in the Community Works Reserve Fund. The continuity of this fund is presented in the table below:

| | 2018 | 2017 |
|--|---------------------|---------------------|
| Community Works Reserve, opening balance | \$ 4,752,240 | \$ 4,228,355 |
| Add: | | |
| Community works funds received in year | 1,632,472 | 1,568,871 |
| Interest earned | 85,191 | 55,682 |
| Less: | | |
| Amounts spent on projects | <u>(2,098,416)</u> | <u>(1,100,668)</u> |
| Community Works Reserve, Ending Balance | <u>\$ 4,371,487</u> | <u>\$ 4,752,240</u> |

The Community Works Reserve is included in Operating Surplus (Schedule A).

The Regional District has established a reserve fund for the purpose of paying the costs of undertaking feasibility studies of services it proposes to provide. The net accumulated costs to December 31, 2018, which have not yet been recovered and that are repayable to the Feasibility Reserve upon establishment of the service, is \$ 242,293 (2017 - \$ 252,320).

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

19) Segment Disclosure

Segmentation has been determined on a functional basis with consideration to service delivery and departmental accountabilities. Categories of service that have been separately disclosed in the segmented information on Note 27 provide the following services:

General Government

General Government is comprised of electoral area governance, general administration which includes legislative services, finance, human resources and information systems, feasibility studies and economic development.

Vancouver Island Regional Library

Vancouver Island Regional Library is comprised of the Vancouver Island Regional Library.

Transportation Services

Transportation Services is comprised of local, Handydart, and Commuter transit.

Electoral Area Services

Electoral Area Services is comprised of grants in aid, animal control, building inspection, planning, bylaw enforcement, Cowichan and South Cowichan policing, environmental fund and all street lighting.

Protective Services

Protective Services is comprised of emergency planning, victim services, and all the fire departments.

Parks and Recreation

Parks and Recreation is comprised of all parks, all recreation centres, halls and societies, and the theatre.

Environmental Services

Environmental Services is comprised of the curbside garbage/recycling collection, solid waste site and environmental initiatives.

Sewer & Water Utilities

Sewer and Water utilities are comprised of all the drainage, water and sewer systems within the Regional District.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

20) Commitments

911 Agreement

The tri-party 5 year agreement with the Regional District of Nanaimo and the City of Nanaimo commenced January 1, 2016 to provide for emergency answering and fire dispatch service. The net operating costs are shared based on the populations of the jurisdictions of the parties. The Regional District's commitment for 2019 is \$600,000 or 44% of the 911 Central Island call centre expenses.

BC Transit Corporation

The Regional District's transit includes Handydart, Commuter, Youbou, Ladysmith and local service. The remainder due on the 2018/2019 annual transit operating agreement for these services is \$740,483.

City of Duncan

A five year agreement for the delivery of fire protection services to the Eagle Heights Fire Service Area, commenced December 2003 and is currently running year to year. Termination of this agreement requires 12 months notice prior to expiration. The 2019 commitment is \$196,623.

Town of Lake Cowichan

A five year agreement for the delivery of fire protection services to the Cowichan Lake Fire Service Area, commenced March 2005 and is currently running year to year. Termination of this agreement requires 12 months notice prior to expiration. The 2019 commitment is \$312,469.

Island Corridor Foundation

The Board committed to a \$488,100 contribution for bridge and trestle upgrades along the rail line between Victoria and Courtney. The parties entered into an agreement in 2014 setting out the payment terms. The 2018 budget included a \$488,100 Regional Grant in Aid which was not paid and continues to be held in surplus.

Town of Ladysmith and Municipality of North Cowichan

A five year agreement for the delivery of fire protection services to Saltair Fire Service Area commenced July 1972 and is currently running year to year. Termination of this agreement requires 12 months notice prior to expiration. The 2019 commitment is \$201,809.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

21) Cowichan Valley Regional Hospital District

The Cowichan Valley Regional Hospital District is related to the Cowichan Valley Regional District since the same individuals are members of the board of directors of both organizations. As legislated by the Hospital District Act, the officers and employees of the Regional District are the corresponding officers and employees of the hospital district. The Regional District and the Hospital District are separate legal entities as defined by the separate letters patent and authorized by separate legislation.

During the year, administrative support services supplied to the Hospital District by the Regional District totaled \$60,000 (2017 - \$64,589).

22) Environmental Regulations

The Regional District is subject to environmental regulations, which apply to a number of its operations. These regulations may require future expenditures to meet applicable standards and subject the Regional District to possible penalties for violations. Amounts required to meet these obligations will be charged to operations when incurred and/or when they can be reasonably estimated.

23) Comparative Figures

Certain 2017 comparative figures have been reclassified to confirm to the current years presentation especially within the Statement of Operations, Consolidated Schedule of Segment Disclosure and Cash note.

| COWICHAN VALLEY REGIONAL DISTRICT | | | | | | | | | | | |
|---|---------------|---------------|---|------------------------------------|------------------------------------|------------------------------------|---------------|----------------------------------|---------------------|----------------|----------------|
| NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018 | | | | | | | | | | | |
| 24) Consolidated Schedule of Tangible Capital Assets | | | | | | | | | | | |
| | Land | Buildings | Vehicles, Machinery and Equipment | Engineering Structures | | | Parks | Other Tangible Capital Assets | Work in Progress | 2018 Total | 2017 Total |
| | | | | Water Engineering Structures | Sewer Engineering Structures | Other Engineering Structures | | | | | |
| Cost | | | | | | | | | | | |
| Opening Balance | \$ 52,025,810 | \$ 46,145,428 | \$ 23,361,292 | \$ 43,546,403 | \$ 37,159,858 | \$ 693,992 | \$ 19,374,186 | \$ 11,994,903 | \$ 5,043,139 | \$ 239,345,011 | \$ 229,809,356 |
| Add: Additions | 1,425,678 | 2,145,657 | 987,430 | 837,615 | 412,637 | 479,159 | 356,326 | 3,561,734 | 7,297,645 | 17,503,881 | 12,770,538 |
| Less: Completed W.I.P. | - | - | - | - | - | - | - | - | (5,043,139) | (5,043,139) | (2,969,641) |
| Less: Disposals | - | - | (18,181) | - | - | - | - | - | - | (18,181) | (265,242) |
| Closing Balance | 53,451,488 | 48,291,085 | 24,330,541 | 44,384,018 | 37,572,495 | 1,173,151 | 19,730,512 | 15,556,637 | 7,297,645 | 251,787,572 | 239,345,011 |
| Accumulated Amortization | | | | | | | | | | | |
| Opening Balance | - | 23,616,280 | 18,725,649 | 17,978,026 | 14,852,972 | 200,790 | 11,330,073 | 4,391,361 | - | 91,095,150 | 85,325,152 |
| Add: Amortization | - | 1,422,551 | 760,551 | 1,027,298 | 958,834 | 38,411 | 1,571,703 | 660,708 | - | 6,440,056 | 6,035,240 |
| Less: Disposals | - | - | (18,181) | - | - | - | - | - | - | (18,181) | (265,242) |
| Closing Balance | - | 25,038,831 | 19,468,019 | 19,005,324 | 15,811,806 | 239,201 | 12,901,776 | 5,052,069 | - | 97,517,025 | 91,095,150 |
| Net Book Value for the year ended December 31, 2018 | \$ 53,451,488 | \$ 23,252,254 | \$ 4,862,522 | \$ 25,378,694 | \$ 21,760,689 | \$ 933,950 | \$ 6,828,736 | \$ 10,504,568 | \$ 7,297,645 | \$ 154,270,546 | |
| Net Book Value for the year ended December 31, 2017 | \$ 52,025,810 | \$ 22,529,148 | \$ 4,635,643 | \$ 25,568,377 | \$ 22,306,886 | \$ 493,202 | \$ 8,044,114 | \$ 7,603,542 | \$ 5,043,139 | | \$ 148,249,861 |

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

25) Schedule of Short-term Debt

| | Board Resolution | Maturity Dates | Originally Authorized | Principal Payment 2018 | Net Balance December 31, 2018 | Net Balance December 31, 2017 |
|-----------------------------------|---------------------|-------------------|--------------------------|------------------------------|-------------------------------------|-------------------------------------|
| Administration | 14-222 | 2019 | \$ 347,775 | \$ 86,831 | \$ 88,796 | \$ 175,627 |
| Com Parks - Area B - Land | 12-558T | 2018 | 294,500 | 62,040 | - | 62,040 |
| Com Parks - Area B - Land | 13-412-3 | 2018 | 140,000 | 29,295 | - | 29,295 |
| Com Parks - Area B - Land | 15-521.2.2 | 2020 | 1,259,903 | 225,403 | 596,413 | 821,816 |
| Com Parks - Area C - Boatswain | 14-555-1 | 2021 | 169,500 | 33,883 | 70,088 | 103,971 |
| Com Parks - Area G - Saltair Land | 14-328 | 2019 | 136,930 | 30,400 | 30,230 | 60,630 |
| Com Parks - Area D - Land | 14-112 | 2019 | 155,000 | 31,397 | 32,529 | 63,926 |
| Com Parks - Area E | 18-224.2 | 2023 | 263,840 | - | 263,840 | - |
| CLR - Truck/Sports Court Flooring | 15-246 | 2020 | 57,132 | 11,226 | 23,222 | 34,448 |
| CLR - Dehumidifier | 16-131 | 2020 | 141,483 | 27,058 | 55,966 | 83,024 |
| CLR - Chiller & Digital Sign | 17-24 | 2022 | 249,947 | 47,931 | 150,398 | 198,329 |
| Community Planning - Renovations | 18-77 | 2023 | 178,680 | - | 178,680 | - |
| Eng Services - Truck | 13-428 | 2019 | 35,738 | 7,530 | - | 7,530 |
| Eng Utilities - Truck | 15-239 | 2020 | 30,218 | 5,350 | 1,537 | 6,887 |
| Eng Utilities - Vans | 16-69.1 | 2020 | 85,956 | 15,692 | 49,237 | 64,929 |
| Eng Utilities - Equipment | 18-81.12 | 2023 | 98,400 | 4,586 | 93,814 | - |
| Eng Utilities - Equipment | 18-81.12 | 2023 | 45,000 | 2,097 | 42,903 | - |
| ISC - Theatre | 18-85.1 | 2023 | 349,000 | 5,399 | 343,601 | - |
| KPR - Capital Improvements | 13-637 | 2019 | 1,750,000 | 315,137 | 322,269 | 637,406 |
| KPR - Arena Improvements | 13-637 | 2021 | 260,000 | 45,582 | 94,281 | 139,863 |
| Parks & Trails - Truck | 15-234 | 2020 | 40,000 | 10,110 | 10,339 | 20,449 |
| Parks & Trails - Portable | 16-554-2 | 2021 | 18,567 | 2,931 | 5,575 | 8,506 |
| Regional Parks - Portable | 16-554-2 | 2021 | 18,567 | 1,672 | 3,982 | 5,654 |
| Regional Parks - CVT Malahat | 16-393.3 | 2022 | 450,000 | 46,120 | 144,716 | 190,836 |
| Reg Parkland - Heart/Stocking | 16-597 | 2022 | 775,000 | 54,584 | - | 54,584 |
| Reg Parkland - CVT | 17-502 | 2023 | 344,000 | - | 344,000 | - |
| Sahtlam Fire - Fire Truck | 15-187-10.2 | 2020 | 184,085 | 36,731 | 75,978 | 112,709 |
| Saltair Rec - Saltair C.C. | 14-328 | 2019 | 167,030 | 35,475 | - | 35,475 |
| Saltair Rec - New Roof | 17-472.2 | 2023 | 137,000 | - | 112,318 | - |

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

25) Schedule of Short-term Debt (continued)

| | Board Resolution | Maturity Dates | Originally Authorized | Principal Payment 2018 | Net Balance December 31, 2018 | Net Balance December 31, 2017 |
|----------------------------------|---------------------|-------------------|--------------------------|------------------------------|-------------------------------------|-------------------------------------|
| SLCC - Elsie Miles School | 12-558T | 2018 | 310,500 | 64,400 | - | 64,400 |
| SWM - Roll off Truck and Bins | 17-54.4 | 2022 | 192,397 | 37,112 | 116,461 | 153,573 |
| SWM - Excavator | 15-536.2.2 | 2019 | 243,298 | 48,680 | 49,910 | 98,590 |
| SWM - Bings Solar Project | 16-75.2.3 | 2020 | 47,622 | 8,901 | 18,411 | 27,312 |
| SWM - Bings Energy Project | 16-75.2.2 | 2020 | 72,784 | 14,385 | 29,756 | 44,141 |
| SWM - Meade Creek Capital Prj | 4135 | 2022 | 1,000,000 | 1,000,000 | - | 1,000,000 |
| SWM - Meade Creek Capital Prj | 4135 | 2023 | 958,300 | - | 958,300 | - |
| Honeymoon Bay Water - Well | 13-509-5 | 2019 | 78,720 | 16,048 | - | 16,048 |
| Arbutus Mt Sewer | 4252 | 2023 | 152,316 | - | 152,316 | - |
| Brulette Sewer - Treatment Plant | 3559 | 2022 | 48,608 | 48,608 | - | 48,608 |
| Cobble Hill Sewer - Upgrades | 16-550-4 | 2022 | 24,009 | 4,589 | 19,420 | 24,009 |
| Kerry Village Sewer - Upgrades | 13-270-2 | 2018 | 10,433 | 2,174 | - | 2,174 |
| Shawnigan Beach Sewer - Upgrades | 16-366-12 | 2022 | 44,097 | 8,429 | 35,668 | 44,097 |
| Youbou Sewer - Land | 14-340 | 2019 | 60,000 | 7,582 | 7,754 | 15,336 |
| | | | | <u>\$ 2,435,368</u> | <u>\$ 4,522,708</u> | <u>\$ 4,456,222</u> |

Debt bears interest at a variable rate which is paid monthly.
The weighted average interest rate at December 31, 2018 was 1.04% (December 31, 2017 1.56%).
Regular principal payments are not required but debt must be paid within five years of borrowing.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

26) Schedule of Long-term Debt

| | L/A Bylaw | Term | Maturity Dates | Originally Authorized | Principal Payment 2018 | Net Balance December 31, 2018 | Interest Rate |
|--|--------------|------|-------------------|--------------------------|------------------------------|-------------------------------------|------------------|
| Issued by the Municipal Finance Authority for the Regional District | | | | | | | |
| Administration Building | 2339 | 20 | 2022 | 3,020,000 | \$ 189,874 | \$ 859,300 | 2.10 % |
| Cowichan Lake Recreation | 3197 | 20 | 2029 | 2,500,000 | 114,897 | 1,611,528 | 4.13 % |
| Cowichan Lake Recreation | 3197 | 20 | 2030 | 3,700,000 | 163,507 | 2,555,110 | 4.50 % |
| Kerry Park Recreation | 2439 | 20 | 2023 | 1,700,000 | 101,793 | 590,594 | 4.90 % |
| Island Savings Centre | 2501 | 20 | 2024 | 2,500,000 | 142,567 | 1,018,217 | 4.90 % |
| Malahat Fire | 3630 | 15 | 2028 | 265,000 | 15,483 | 193,318 | 3.15 % |
| Sahtlam Fire | 3272 | 10 | 2020 | 130,000 | 14,249 | 30,230 | 4.50 % |
| Curbside Collection | 3607 | 15 | 2028 | 1,600,000 | 93,478 | 1,167,205 | 3.15 % |
| Curbside Collection | 3607 | 15 | 2029 | 175,000 | 9,831 | 137,887 | 3.30 % |
| Solid Waste Mgmt Complex | 4178 | 20 | 2038 | 709,700 | - | 709,700 | 3.15 % |
| Solid Waste Mgmt Complex | 4174 | 20 | 2038 | 300,000 | - | 300,000 | 3.10 % |
| Solid Waste Mgmt Complex | 1866 | 20 | 2018 | 4,500,000 | 343,897 | - | 4.65 % |
| Solid Waste Mgmt Complex | 2011 | 20 | 2020 | 600,000 | 41,089 | 87,809 | 4.50 % |
| Solid Waste Mgmt Complex | 3277 | 20 | 2030 | 590,000 | 26,073 | 407,436 | 4.50 % |
| Solid Waste Mgmt Complex | 3278 | 20 | 2030 | 720,000 | 31,817 | 497,211 | 3.73 % |
| Solid Waste Mgmt Complex | 3277 | 20 | 2033 | 780,000 | 30,643 | 638,126 | 3.85 % |
| Solid Waste Mgmt Complex | 3727 | 20 | 2034 | 871,000 | 32,902 | 746,792 | 3.30 % |
| Arbutus Ridge Water | 3287 | 20 | 2031 | 100,000 | 4,249 | 73,476 | 3.25 % |
| Carlton Water | 3628 | 10 | 2024 | 50,000 | 4,685 | 32,315 | 3.00 % |
| Central Youbou Water | 2665 | 25 | 2033 | 488,000 | 16,678 | 347,314 | 5.15 % |
| Dogwood Ridge Water | 3281 | 25 | 2036 | 94,000 | 2,856 | 76,173 | 3.25 % |
| Douglas Hill Water | 3383 | 20 | 2031 | 150,000 | 6,374 | 110,214 | 4.20 % |
| Fern Ridge Water | 2995 | 20 | 2029 | 23,175 | 1,065 | 14,939 | 4.13 % |
| Honeymoon Bay Water | 2973 | 20 | 2030 | 37,000 | 1,635 | 25,551 | 3.73 % |
| Lambourn Water | 3062 | 20 | 2030 | 100,000 | 4,420 | 69,056 | 3.73 % |

| COWICHAN VALLEY REGIONAL DISTRICT | | | | | | | |
|---|--------------|------|-------------------|--------------------------|------------------------------|-------------------------------------|------------------|
| NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018 | | | | | | | |
| 26) Schedule of Long-term Debt (continued) | | | | | | | |
| | L/A Bylaw | Term | Maturity Dates | Originally Authorized | Principal Payment 2018 | Net Balance December 31, 2018 | Interest Rate |
| Satellite Park Water | 3029 | 20 | 2029 | 160,000 | 7,353 | 103,138 | 4.13 % |
| Shellwood Water | 3625 | 20 | 2036 | 85,000 | 3,111 | 78,883 | 2.10 % |
| Youbou Water | 2092 | 20 | 2030 | 120,000 | 5,303 | 82,868 | 3.73 % |
| Arbutus Ridge Sewer | 3289 | 20 | 2031 | 125,000 | 5,312 | 91,845 | 3.25 % |
| Brulette Place Sewer | 3297 | 15 | 2029 | 24,713 | 1,388 | 19,472 | 3.00 % |
| Cobble Hill Sewer | 3106 | 10 | 2019 | 25,000 | 2,849 | 2,964 | 4.13 % |
| Cowichan Bay Sewer | 2439 | 10 | 2013 | 600,000 | 35,927 | 208,445 | 4.90 % |
| Kerry Village Sewer | 3019 | 20 | 2030 | 80,000 | 3,535 | 55,246 | 4.50 % |
| Lambourn Sewer | 3063 | 20 | 2030 | 150,000 | 6,628 | 103,586 | 3.73 % |
| Shawnigan Lake Sewer | 1964 | 20 | 2019 | 505,000 | 36,239 | 37,880 | 4.50 % |
| Shawnigan Lake Sewer | 2194 | 20 | 2021 | 110,000 | 7,262 | 24,037 | 3.05 % |
| Grand Total | | | | | <u>\$1,508,969</u> | <u>\$13,107,865</u> | |

| COWICHAN VALLEY REGIONAL DISTRICT | | | | | | | | | |
|---|-----------------------------------|--|----------------------------|----------------------------|------------------------|-------------------------|---------------------------|------------------------------|----------------------|
| NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018 | | | | | | | | | |
| 27) Consolidated Schedule of Segment Disclosure | | | | | | | | | |
| | General Government Services | Vancouver Island Regional Library | Transportation Services | Electoral Area Services | Protective Services | Parks and Recreation | Environmental Services | Sewer and Water Utilities | 2018 Consolidated |
| Revenues | | | | | | | | | |
| Tax Requisition | \$ 2,954,782 | \$ 1,884,619 | \$ 2,610,608 | \$ 4,304,401 | \$ 3,873,996 | \$ 16,759,168 | \$ 5,517,100 | \$ 65,731 | \$ 37,970,405 |
| User Fees | - | - | - | 2,448 | - | (25,822) | 813,906 | 3,019,008 | 3,809,540 |
| Parcel Taxes | - | - | - | 34,200 | - | 10,000 | 26,546 | 2,438,281 | 2,509,027 |
| Government Transfers - Provincial | 380,527 | - | 75,942 | 726 | 52,736 | 238,742 | 423,975 | 221,741 | 1,394,389 |
| Government Transfers - Federal | 1,718,098 | - | 429 | 57,037 | 280 | 122,031 | 1,723,118 | 6,424 | 3,627,418 |
| Services Provided Other Local Govt | - | - | - | - | 68,310 | - | - | - | 68,310 |
| Revenue from Own Sources | 320,701 | - | 899,376 | 1,080,055 | 26,724 | 4,110,364 | 3,128,198 | 239 | 9,565,657 |
| Other Revenue | 215,463 | - | 23,001 | 56,821 | 186,874 | 278,099 | 1,081,628 | 284,074 | 2,125,960 |
| Interest Income | 250,915 | - | - | 3,055 | 44,949 | 94,049 | 17,761 | 55,508 | 466,237 |
| Donations | - | - | - | - | 6,500 | 73,657 | - | - | 80,157 |
| Services Provided to Other Functions | 53,520 | - | - | - | - | (13,383) | (496,428) | 456,291 | - |
| | <u>5,894,006</u> | <u>1,884,619</u> | <u>3,609,356</u> | <u>5,538,743</u> | <u>4,260,369</u> | <u>21,646,905</u> | <u>12,235,804</u> | <u>6,547,297</u> | <u>61,617,100</u> |
| Expenses | | | | | | | | | |
| Operations and Maintenance | 2,507,889 | - | 28,921 | 1,356,228 | 1,249,517 | 5,309,362 | 4,064,349 | 1,716,384 | 16,232,650 |
| Wages and Benefits | 4,530,935 | - | 88,465 | 2,347,142 | 554,500 | 9,199,542 | 3,275,496 | 1,959,506 | 21,955,586 |
| Contract for Services | 202,196 | - | 2,982,589 | 139,764 | 685,074 | 246,599 | 2,740,922 | 26,322 | 7,023,466 |
| Landfill Closure/Post Closure Costs | - | - | - | - | - | - | (676,977) | - | (676,977) |
| Debt Charges - Interest | 71,216 | - | - | 149 | 16,455 | 427,984 | 258,565 | 105,292 | 879,661 |
| Contributions to Community Facilities | - | - | - | - | - | 136,527 | - | - | 136,527 |
| Grants to Organizations | - | - | - | 412,449 | - | 135,358 | 26,000 | - | 573,807 |
| Library Services | - | 1,850,776 | - | - | - | - | - | - | 1,850,776 |
| Fire and Recreation Services Provided by Other Governments | - | - | - | - | 637,457 | 321,210 | - | - | 958,667 |
| Amortization | 167,098 | - | - | 52,605 | 286,821 | 3,040,188 | 816,694 | 2,076,650 | 6,440,056 |
| Contributions to Third Party Capital | - | - | - | - | - | 50,000 | - | 163,994 | 213,994 |
| | <u>7,479,334</u> | <u>1,850,776</u> | <u>3,099,975</u> | <u>4,308,337</u> | <u>3,429,824</u> | <u>18,866,770</u> | <u>10,505,049</u> | <u>6,048,148</u> | <u>55,588,213</u> |
| Net Annual Surplus/(Deficit) | <u>\$ (1,585,328)</u> | <u>\$ 33,843</u> | <u>\$ 509,381</u> | <u>\$ 1,230,406</u> | <u>\$ 830,545</u> | <u>\$ 2,780,135</u> | <u>\$ 1,730,755</u> | <u>\$ 499,149</u> | <u>\$ 6,028,887</u> |

| COWICHAN VALLEY REGIONAL DISTRICT | | | | | | | | | |
|---|-----------------------------------|--|----------------------------|----------------------------|------------------------|-------------------------|---------------------------|------------------------------|----------------------|
| NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018 | | | | | | | | | |
| 27) Consolidated Schedule of Segment Disclosure (continued) | | | | | | | | | |
| | General Government Services | Vancouver Island Regional Library | Transportation Services | Electoral Area Services | Protective Services | Parks and Recreation | Environmental Services | Sewer and Water Utilities | 2017 Consolidated |
| Revenues | | | | | | | | | |
| Tax Requisition | \$ 2,554,561 | \$ 1,814,783 | \$ 2,544,516 | \$ 3,893,374 | \$ 3,743,136 | \$ 16,280,563 | \$ 5,145,231 | \$ 65,501 | \$ 36,041,665 |
| User Fees | - | - | - | 2,403 | - | (26,547) | 797,142 | 2,614,091 | 3,387,089 |
| Parcel Taxes | - | - | - | 33,499 | - | 10,000 | 22,213 | 2,404,978 | 2,470,690 |
| Government Transfers - Provincial | 246,965 | - | 73,539 | 20,502 | 13,306 | 346,022 | 198,311 | - | 898,645 |
| Government Transfers - Federal | 1,626,677 | - | 454 | 45,310 | 275 | 16,763 | 1,837,822 | 21 | 3,527,322 |
| Services Provided Other Local Govt | - | - | - | - | 53,360 | - | - | - | 53,360 |
| Revenue from Own Sources | 130,892 | - | 783,670 | 1,104,898 | 28,898 | 4,458,373 | 2,967,615 | 4,250 | 9,478,596 |
| Other Revenue | 85,770 | - | 28,086 | 1,305 | 148,050 | 182,124 | 898,232 | 614,893 | 1,958,460 |
| Interest Income | 146,935 | - | - | 1,822 | 24,817 | 48,182 | 8,614 | 26,368 | 256,738 |
| Donations | - | - | - | - | 5,500 | 1,180,250 | - | 391,400 | 1,577,150 |
| Services Provided to Other Functions | 50,736 | - | - | - | - | (12,429) | (501,680) | 463,373 | - |
| | <u>4,842,536</u> | <u>1,814,783</u> | <u>3,430,265</u> | <u>5,103,113</u> | <u>4,017,342</u> | <u>22,483,301</u> | <u>11,373,500</u> | <u>6,584,875</u> | <u>59,649,715</u> |
| Expenses | | | | | | | | | |
| Operations and Maintenance | 1,805,464 | - | 49,555 | 940,404 | 1,052,174 | 4,872,918 | 2,251,860 | 1,832,533 | 12,804,908 |
| Wages and Benefits | 4,338,246 | - | 124,490 | 2,213,856 | 565,578 | 9,123,597 | 3,199,633 | 1,766,197 | 21,331,597 |
| Contract for Services | 166,716 | - | 2,912,712 | 116,061 | 646,129 | 210,912 | 2,756,888 | 111,395 | 6,920,813 |
| Landfill Closure/Post Closure Costs | - | - | - | - | - | - | (621,830) | - | (621,830) |
| Debt Charges - Interest | 67,386 | - | - | - | 25,496 | 429,197 | 393,723 | 105,497 | 1,021,299 |
| Contributions to Community Facilities | - | - | - | - | - | 142,547 | - | - | 142,547 |
| Grants to Organizations | - | - | - | 418,727 | - | 139,045 | 20,900 | - | 578,672 |
| Library Services | - | 1,781,820 | - | - | - | - | - | - | 1,781,820 |
| Fire and Recreation Services Provided by Other Governments | - | - | - | - | 569,671 | 305,910 | - | - | 875,581 |
| Amortization | 148,600 | - | - | 52,891 | 272,448 | 2,797,329 | 759,956 | 2,004,014 | 6,035,238 |
| Contributions to Third Party Capital | - | - | - | - | - | - | - | 132,840 | 132,840 |
| | <u>6,526,412</u> | <u>1,781,820</u> | <u>3,086,757</u> | <u>3,741,939</u> | <u>3,131,496</u> | <u>18,021,455</u> | <u>8,761,130</u> | <u>5,952,476</u> | <u>51,003,485</u> |
| Net Annual Surplus/(Deficit) | <u>\$ (1,683,876)</u> | <u>\$ 32,963</u> | <u>\$ 343,508</u> | <u>\$ 1,361,174</u> | <u>\$ 885,846</u> | <u>\$ 4,461,846</u> | <u>\$ 2,612,370</u> | <u>\$ 632,399</u> | <u>\$ 8,646,230</u> |

COWICHAN VALLEY REGIONAL DISTRICT

SCHEDULE A

STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2018

| Function | 2018 | 2017 |
|-----------------------------------|--------------|--------------|
| General Government Services | \$ 1,707,656 | \$ 1,218,293 |
| Community Health Network | 169,608 | 219,005 |
| Administration Office | 252,450 | 244,602 |
| I.T. / H.R. / M.I.A. / G.I.S | 505,288 | 337,006 |
| Vancouver Island Regional Library | 1 | - |
| Commuter Transit | 336,824 | 277,866 |
| Transit | 211,484 | 98,894 |
| 9-1-1 | 189,035 | 160,994 |
| Grant in Aid | 84,099 | 105,385 |
| Environmental Services | 210,237 | 225,214 |
| Emergency Planning | 474,339 | 398,624 |
| Economic Development | 193,533 | 194,299 |
| Regional Tourism | 454 | 16,048 |
| Electoral Feasibility Studies | 52,887 | 52,887 |
| Electoral Area Services | 314,949 | 263,604 |
| Victim Services | 233 | 210 |
| Victim Services - West | 30 | 6 |
| Community Parks | 606,928 | 563,608 |
| Parks & Trails | 87,662 | (33,755) |
| Regional Parks | 92,044 | 293,325 |
| Kinsol Trestle | 162,137 | 156,978 |
| Bright Angel Park | 10,838 | (4,186) |
| South Cowichan Community Parks | 12,558 | 13,652 |
| Regional Parkland Acquisition | 1,222,858 | 1,295,181 |
| Animal Control | 16,136 | 2,661 |
| Building Inspection | 272,620 | 374,480 |
| Bylaw Enforcement | 221,409 | - |
| Community Planning | 494,141 | 269,905 |
| North Oyster Fire Protection | 95,958 | 506,629 |
| Mesachie Lake Fire Protection | 23,562 | 24,168 |
| Sahtlam Fire Protection | 148,505 | 90,105 |
| Malahat Fire Protection | 135,419 | 76,524 |
| Eagle Heights Fire Protection | (59) | - |
| Honeymoon Bay Fire Protection | 52,917 | 4,273 |
| Youbou Fire Protection | 328,359 | 326,131 |
| GM Community Services/Facilities | 154,382 | 76,539 |
| Arts & Culture | 51,357 | 37,750 |
| Cowichan Lake Recreation | 71,223 | 107,872 |
| Kerry Park Recreation | 62,460 | 104,930 |
| Island Savings Centre | 471,629 | 386,350 |
| Theatre - Area B | - | 114 |

COWICHAN VALLEY REGIONAL DISTRICT

SCHEDULE A

STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2018

| Function | 2018 | 2017 |
|---------------------------------------|-----------|---------|
| Cowichan Sportsplex - Area A | 4 | 3 |
| Cowichan Sportsplex - Area C | - | 3 |
| Mill Bay Recreation | 300 | 305 |
| Saltair Recreation | (12,278) | 33,196 |
| Lake Cowichan Activity Centre | (664) | 27 |
| Cowichan Aquatic Centre - Area F | 4 | 5 |
| Shawnigan Lake Community Centre | 221,741 | 179,021 |
| Cobble Hill Historical Society | 3 | 3 |
| Cobble Hill Hall Recreation | - | 4 |
| Shawnigan Lake Historical Society | 15 | 14 |
| Senior Centre Grant | 52 | 8 |
| Kaatza Historical Society | 60 | 15 |
| Mill Bay/Malahat Historical Society | 4 | 3 |
| Cowichan Station Assoc - Area B | 4 | 4 |
| Shawnigan Basin Society | - | 40 |
| Nature and Habitat - Area I | 973 | 348 |
| Thetis Island Wharf | 65,002 | 58,607 |
| Thetis Island Boat Launch | 5,771 | 4,771 |
| Cowichan Lake Water Protection | 4,237 | 2,823 |
| Cowichan Housing Association | (108,306) | - |
| Safer Futures | 63 | 65 |
| Social Planning | 117 | 120 |
| South Cowichan Community Policing | 27 | 22 |
| Cowichan Community Policing | 453 | 465 |
| Cowichan Valley Hospice | 131 | 122 |
| Curbside Collection Garbage/Recycling | 362,185 | 611,346 |
| Solid Waste Management Complex | 291,808 | 294,740 |
| Cowichan Flood Management | 212,612 | 105,365 |
| South Cowichan Water Study Plan | 28,392 | 25,561 |
| Drinking Water & Watershed Protection | (101,974) | - |
| Liquid Waste Plan - Central Sector | 228,165 | 135,477 |
| Liquid Waste Plan - South Sector | 2,176 | 16,644 |
| Critical Street Lighting "A" | 2,467 | 2,073 |
| Critical Street Lighting "B" | 2,750 | 2,296 |
| Critical Street Lighting "C" | 3,459 | 3,003 |
| Critical Street Lighting "D" | 3,381 | 2,819 |
| Critical Street Lighting "E" | 858 | 611 |
| Critical Street Lighting "I" | 591 | 560 |
| Mesachie Lake Street Lighting | 871 | 741 |
| Youbou Street Lighting | 10,346 | 7,879 |
| Cowichan Bay Street Lighting | 400 | 176 |

COWICHAN VALLEY REGIONAL DISTRICT

SCHEDULE A

STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2018

| Function | 2018 | 2017 |
|--|---------|---------|
| Honeymoon Bay Street Lighting | 5,042 | 3,181 |
| Mill Bay Street Lighting | (12) | - |
| Cobble Hill Street Lighting | 192 | (176) |
| Wilmot Road Street Lighting | 7,918 | 7,010 |
| Sentinel Ridge Street Lighting | 6,395 | 5,843 |
| Twin Cedars Street Lighting | 1,553 | (739) |
| Arbutus Mtn. Street Lighting | 5,424 | 3,800 |
| Mill Springs Street Lighting | 10,975 | 14,499 |
| Engineering Services | 194,457 | 104,840 |
| Engineering - Utilities | 184,561 | 156,016 |
| Wilmot Road Drainage System | 13,586 | 11,357 |
| Sentinel Ridge Drainage System | 15,853 | 14,115 |
| Shawnigan Lake East Drainage System | 5,899 | 5,067 |
| Arbutus Mtn. Drainage System | 23,622 | 21,688 |
| Lanes Road Drainage System | 13,932 | 11,728 |
| Bald Mtn. Drainage System | 12,266 | 11,297 |
| Cobble Hill Drainage System | 25,752 | 24,307 |
| Arbutus Ridge Drainage System | 8,543 | 9,883 |
| Shawnigan Creek Cleanout System | 16,082 | 9,597 |
| Satellite Park Water System | 10,751 | 1,051 |
| Douglas Hill Water System | (4,664) | (3,897) |
| Lambourn Water System | 24,226 | 7,450 |
| Arbutus Mtn. Water System | 12,689 | 10,873 |
| Fern Ridge Water System | 14,307 | 13,702 |
| Bald Mtn. Water System | 97,502 | 69,821 |
| Dogwood Ridge Water System | 12,209 | 7,640 |
| Arbutus Ridge Water System | 95,680 | 79,005 |
| Carlton Water System | 13,885 | 5,359 |
| Shellwood Water System | 2,785 | (4,712) |
| Woodley Range Water System | 11,964 | 18,046 |
| Burnum Water System | 12,020 | 14,027 |
| Mesachie Lake Water System | 22,043 | 20,346 |
| Saltair Water System | 343,388 | 471,360 |
| Central Youbou Water Debt | 1,233 | - |
| Youbou Water System | 212,561 | 202,277 |
| Honeymoon Bay Water System | 20,475 | 20,475 |
| Honeymoon Bay (S.C.) Water System Debt | 1 | - |
| Honeymoon Bay Water (well 2) Debt | 51,488 | 25,744 |
| Cherry Point Estates Water System | 22,589 | 16,633 |
| Shawnigan Lake North Water System | 172,050 | 130,478 |
| Shawnigan Lake Weir | 3,275 | - |

COWICHAN VALLEY REGIONAL DISTRICT

SCHEDULE A

STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2018

| Function | 2018 | 2017 |
|---------------------------------------|----------------------|----------------------|
| Kerry Village Water System | (716) | 14,558 |
| Cowichan Bay Sewer System | 352,422 | 129,734 |
| Brulette Place Sewer System | 20,140 | 32,609 |
| Sentinel Ridge Sewer System | 2,891 | 5,871 |
| Twin Cedar Sewer System | - | (9,407) |
| Lambourn Sewer System | 9,231 | 18,238 |
| Arbutus Mtn. Sewer System | 247 | (17,202) |
| Cobble Hill Village Sewer System | 51,013 | 48,411 |
| Mesachie Lake Sewer System | 47,625 | 23,395 |
| Bald Mtn. Sewer System | 63,224 | 39,847 |
| Mill Springs Sewer System | 124,837 | 88,676 |
| Arbutus Ridge Sewer System | 190,922 | 150,288 |
| Eagle Heights Sewer System | (8,101) | (7,301) |
| Maple Hill Sewer System | 46,368 | 47,258 |
| Shawnigan Beach Estates Sewer System | 58,869 | 58,840 |
| Kerry Village Sewer System | 6,085 | 3,017 |
| Youbou Sewer System | 61,905 | 50,576 |
| Operating Fund Surplus Balance | 13,455,819 | 12,171,850 |
| Community Works Reserve Balance | 4,371,487 | 4,752,240 |
| Operating Fund Balance | <u>\$ 17,827,306</u> | <u>\$ 16,924,090</u> |

FINANCIAL
STATISTICS

| REVENUE | | | | | |
|--|------------|------------|------------|------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| TAX REQUISITION | 30,691,543 | 32,420,102 | 34,007,525 | 36,041,665 | 37,970,405 |
| USER FEES | 3,371,780 | 3,660,070 | 3,431,420 | 3,387,089 | 3,809,540 |
| PARCEL TAXES | 2,105,555 | 2,197,535 | 2,309,152 | 2,470,690 | 2,509,027 |
| GRANTS | 6,323,011 | 3,730,301 | 4,618,944 | 4,425,967 | 5,021,807 |
| SERVICES PROVIDED TO OTHER LOCAL GOVERNMENTS | 58,190 | 51,790 | 52,570 | 53,360 | 68,310 |
| REVENUE FROM OWN SOURCES | 8,164,611 | 8,485,747 | 9,112,444 | 9,478,596 | 9,565,657 |
| OTHER REVENUE | 2,249,199 | 2,839,679 | 1,960,835 | 1,958,460 | 2,125,960 |
| INTEREST INCOME | 172,879 | 168,635 | 175,073 | 256,738 | 466,237 |
| DONATIONS | 1,092,836 | 2,799,166 | 1,663,385 | 1,577,150 | 80,157 |
| | 54,229,604 | 56,353,025 | 57,331,348 | 59,649,715 | 61,617,100 |

| EXPENSES BY FUNCTION | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| GENERAL GOVERNMENT SERVICES | 6,910,467 | 6,156,700 | 5,695,821 | 6,526,412 | 7,479,334 |
| VANCOUVER ISLAND REGIONAL LIBRARY | 1,573,705 | 1,648,088 | 1,692,096 | 1,781,820 | 1,850,776 |
| TRANSPORTATION SERVICES | 2,756,314 | 2,972,047 | 3,015,172 | 3,086,757 | 3,099,975 |
| ELECTORAL AREA SERVICES | 3,058,303 | 3,498,614 | 3,559,181 | 3,741,939 | 4,308,337 |
| PROTECTIVE SERVICES | 2,624,245 | 2,857,763 | 3,367,827 | 3,131,496 | 3,429,824 |
| PARKS & RECREATION | 16,208,096 | 16,564,131 | 16,963,700 | 18,021,455 | 18,866,770 |
| ENVIRONMENTAL SERVICES | 12,739,855 | 12,763,247 | 7,581,326 | 8,761,130 | 10,505,049 |
| SEWER & WATER UTILITIES | 4,823,124 | 5,186,334 | 5,751,480 | 5,952,476 | 6,048,148 |
| | 50,694,109 | 51,646,924 | 47,626,603 | 51,003,485 | 55,588,213 |

| EXPENSES BY OBJECT | | | | | |
|----------------------------|------------|------------|------------|------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| WAGES AND BENEFITS | 19,077,017 | 19,507,802 | 20,131,994 | 21,331,597 | 21,955,586 |
| OPERATIONS AND MAINTENANCE | 15,504,533 | 13,634,781 | 13,204,833 | 12,804,908 | 16,232,650 |
| CONTRACT FOR SERVICES | 6,259,678 | 6,982,660 | 6,902,286 | 6,920,813 | 7,023,466 |
| AMORTIZATION | 5,750,645 | 5,892,702 | 5,910,115 | 6,035,238 | 6,440,056 |
| OTHER | 4,102,236 | 5,628,979 | 1,477,375 | 3,910,929 | 3,936,455 |
| | 50,694,109 | 51,646,924 | 47,626,603 | 51,003,485 | 55,588,213 |

| | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| ACCUMULATED SURPLUS, BEGINNING OF THE YEAR | 130,165,148 | 133,700,643 | 138,406,744 | 148,111,489 | 156,757,719 |
| ANNUAL SURPLUS | 3,535,495 | 4,706,101 | 9,704,745 | 8,646,230 | 6,028,887 |
| ACCUMULATED SURPLUS, END OF THE YEAR | 133,700,643 | 138,406,744 | 148,111,489 | 156,757,719 | 162,786,606 |

Net Taxable Assessment Values (Final Roll)

| | | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------|--------------|---------------|---------------|---------------|---------------|---------------|
| ELECTORAL AREA A | LAND | 467,834,569 | 470,983,843 | 482,479,251 | 538,344,491 | 641,622,585 |
| | IMPROVEMENTS | 419,165,619 | 425,593,105 | 481,269,243 | 541,106,382 | 589,484,095 |
| | TOTAL | 887,000,188 | 896,576,948 | 963,748,494 | 1,079,450,873 | 1,231,470,680 |
| ELECTORAL AREA B | LAND | 872,312,295 | 879,776,923 | 895,610,393 | 927,060,098 | 1,077,640,811 |
| | IMPROVEMENTS | 640,535,193 | 645,473,079 | 701,061,869 | 815,860,616 | 906,555,166 |
| | TOTAL | 1,512,847,488 | 1,525,250,002 | 1,596,672,262 | 1,742,920,714 | 1,984,195,977 |
| ELECTORAL AREA C | LAND | 419,925,726 | 420,003,592 | 412,092,397 | 458,132,076 | 551,705,415 |
| | IMPROVEMENTS | 437,112,792 | 449,569,867 | 505,469,567 | 568,316,791 | 602,865,830 |
| | TOTAL | 857,038,518 | 869,573,459 | 917,561,964 | 1,026,448,867 | |
| ELECTORAL AREA D | LAND | 268,155,321 | 274,285,288 | 276,425,788 | 293,645,119 | 309,564,517 |
| | IMPROVEMENTS | 254,207,203 | 248,927,520 | 280,563,716 | 316,012,424 | 389,587,902 |
| | TOTAL | 522,362,524 | 523,212,808 | 556,989,504 | 609,657,543 | 699,152,419 |
| ELECTORAL AREA E | LAND | 260,274,809 | 269,297,783 | 272,513,989 | 294,672,426 | 358,334,059 |
| | IMPROVEMENTS | 299,031,548 | 302,952,959 | 318,615,209 | 371,781,885 | 399,696,255 |
| | TOTAL | 559,306,357 | 572,250,742 | 591,129,198 | 666,454,311 | 758,030,314 |
| ELECTORAL AREA F | LAND | 278,681,295 | 286,935,108 | 310,810,444 | 333,919,584 | 377,934,417 |
| | IMPROVEMENTS | 126,451,035 | 128,175,296 | 128,526,225 | 150,665,450 | 185,987,850 |
| | TOTAL | 405,132,330 | 415,110,404 | 439,336,669 | 484,585,034 | 563,922,267 |
| ELECTORAL AREA G | LAND | 372,699,202 | 369,823,671 | 377,898,024 | 403,586,985 | 454,906,353 |
| | IMPROVEMENTS | 187,508,833 | 191,291,006 | 211,818,769 | 245,781,875 | 269,404,017 |
| | TOTAL | 560,208,035 | 561,114,677 | 589,716,793 | 649,368,860 | 724,310,370 |
| ELECTORAL AREA H | LAND | 265,834,857 | 271,716,288 | 261,383,543 | 284,636,678 | 334,127,423 |
| | IMPROVEMENTS | 271,052,325 | 270,525,676 | 292,138,348 | 310,766,965 | 357,816,681 |
| | TOTAL | 536,887,182 | 542,241,964 | 553,521,891 | 595,403,643 | 691,944,104 |
| ELECTORAL AREA I | LAND | 331,914,412 | 332,905,162 | 349,546,528 | 376,747,630 | 456,188,632 |
| | IMPROVEMENTS | 149,423,879 | 148,359,579 | 165,633,713 | 194,248,713 | 230,876,413 |
| | TOTAL | 481,338,291 | 481,264,741 | 515,180,241 | 570,996,343 | 687,065,045 |
| CITY OF DUNCAN | LAND | 285,461,203 | 277,160,363 | 279,676,368 | 309,963,641 | 375,546,301 |
| | IMPROVEMENTS | 306,183,957 | 316,035,497 | 330,736,867 | 344,114,942 | 384,902,532 |
| | TOTAL | 591,645,160 | 593,195,860 | 610,413,235 | 654,078,583 | 760,448,833 |
| DISTRICT OF NORTH COWICHAN | LAND | 2,064,804,894 | 2,023,356,190 | 2,037,995,867 | 2,197,076,352 | 2,481,246,055 |
| | IMPROVEMENTS | 2,219,945,464 | 2,197,420,974 | 2,302,463,489 | 2,568,369,821 | 2,898,060,067 |
| | TOTAL | 4,284,750,358 | 4,220,777,164 | 4,340,459,356 | 4,765,446,173 | 5,379,306,122 |
| TOWN OF LADYSMITH | LAND | 552,477,381 | 545,322,332 | 557,447,713 | 606,569,973 | 700,405,664 |
| | IMPROVEMENTS | 564,094,380 | 570,597,958 | 603,073,077 | 695,013,217 | 830,747,976 |
| | TOTAL | 1,116,571,761 | 1,115,920,290 | 1,160,520,790 | 1,301,583,190 | 1,531,153,640 |
| TOWN OF LAKE COWICHAN | LAND | 59,533,970 | 159,166,767 | 161,218,167 | 172,388,312 | 179,449,061 |
| | IMPROVEMENTS | 199,807,581 | 204,266,084 | 211,695,684 | 243,544,839 | 296,890,890 |
| | TOTAL | 259,341,551 | 363,432,851 | 372,913,851 | 415,933,151 | 476,339,951 |

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------|-------------|------------|------------|------------|
| GROSS OUSTANDING LONG-TERM DEBT: | | | | | |
| REGIONAL DISTRICT | 29,109,888 | 29,109,888 | 29,034,888 | 27,984,888 | 28,687,588 |
| MEMBER MUNICIPALITIES | 36,068,175 | 38,068,175 | 49,100,675 | 48,210,675 | 45,274,975 |
| TOTAL | 65,178,063 | 67,178,063 | 78,135,563 | 76,195,563 | 73,962,563 |
| LESS: PRINCIPAL PAYMENTS AND ACTUARIAL ADJUSTMENTS FOR DEBT | | | | | |
| REGIONAL DISTRICT | 10,952,578 | 12,481,590 | 13,900,726 | 14,377,751 | 14,697,990 |
| MEMBER MUNICIPALITIES | 9,942,277 | 11,570,659 | 11,643,658 | 12,727,262 | 12,766,451 |
| NET LONG-TERM DEBT | 44,283,208 | 43,125,814 | 52,591,179 | 49,090,550 | 46,498,122 |
| GENERAL | 16,066,688 | 14,689,896 | 13,269,608 | 11,892,863 | 12,432,195 |
| SEWER | 914,510 | 827,944 | 737,374 | 642,616 | 543,474 |
| WATER | 1,176,112 | 1,110,459 | 1,127,180 | 1,071,657 | 1,013,929 |
| MEMBER MUNICIPALITIES | 26,125,898 | 26,497,516 | 37,457,017 | 35,483,413 | 32,508,524 |
| NET LONG-TERM DEBT | 44,283,208 | 43,125,814 | 52,591,179 | 49,090,550 | 46,498,122 |
| PROPERTY TAX SUPPORTED | 1,822,305 | 1,843,654 | 1,823,655 | 1,703,942 | 1,595,692 |
| SEWER UTILITY | 100,169 | 96,842 | 96,127 | 95,412 | 95,412 |
| WATER UTILITY | 111,179 | 116,844 | 117,949 | 102,921 | 102,921 |
| TOTAL LONG-TERM DEBT SERVICING COSTS * | 2,033,653 | 2,057,339 | 2,037,731 | 1,902,275 | 1,794,025 |
| TOTAL EXPENSES (EXCLUDING MUNICIPALITY DEBT PAYMENTS) | 51,646,924 | 47,626,603 | 51,003,485 | 51,003,485 | 55,588,213 |
| POPULATION | 80,332 | 80,332 | 83,739 | 83,739 | 83,739 |
| NET LONG-TERM DEBT PER CAPITA | 551 | 537 | 628 | 586 | 555 |
| LONG-TERM DEBT SERVICING PER CAPITA | 25 | 26 | 24 | 23 | 21 |
| LONG-TERM DEBT SERVICE AS % OF EXPENSES | 3.94% | 4.32% | 4.00% | 3.73% | 3.23% |
| FINANCIAL ASSETS | 50,458,479 | 55,078,573 | 68,375,864 | 72,379,204 | 68,793,123 |
| FINANCIAL LIABILITIES | 59,195,311 | 60,283,189 | 64,927,847 | 64,035,205 | 60,500,560 |
| NET FINANCIAL ASSETS/(NET DEBT) | (8,736,832) | (5,204,616) | 3,448,017 | 8,343,999 | 8,292,563 |

* Does not include Debt Servicing for Municipal Debt

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| CITY OF DUNCAN | 1,273,726 | 1,376,091 | 1,359,871 | 1,409,224 | 1,511,036 |
| DISTRICT OF NORTH COWICHAN | 6,698,753 | 7,211,645 | 7,393,971 | 7,820,168 | 8,097,809 |
| TOWN OF LADYSMITH | 1,017,593 | 1,137,609 | 1,144,312 | 1,239,007 | 1,331,489 |
| TOWN OF LAKE COWICHAN | 923,179 | 958,720 | 928,575 | 956,807 | 988,426 |

ELECTORAL AREAS:

| | | | | | |
|------------------|-----------|-----------|-----------|-----------|-----------|
| ELECTORAL AREA A | 2,342,039 | 2,454,371 | 2,648,763 | 2,836,118 | 3,043,344 |
| ELECTORAL AREA B | 4,773,110 | 4,936,524 | 5,299,136 | 5,534,740 | 5,785,921 |
| ELECTORAL AREA C | 2,413,626 | 2,531,916 | 2,708,394 | 3,004,234 | 3,011,940 |
| ELECTORAL AREA D | 1,830,859 | 1,909,199 | 2,005,122 | 2,063,273 | 2,244,910 |
| ELECTORAL AREA E | 1,887,932 | 1,986,324 | 2,053,695 | 2,189,824 | 2,338,669 |
| ELECTORAL AREA F | 1,899,483 | 2,054,608 | 2,177,665 | 2,277,632 | 2,406,552 |
| ELECTORAL AREA G | 937,829 | 978,817 | 1,039,774 | 1,110,583 | 1,181,302 |
| ELECTORAL AREA H | 895,129 | 981,459 | 1,027,640 | 1,062,957 | 1,154,094 |
| ELECTORAL AREA I | 1,889,491 | 1,964,652 | 2,118,785 | 2,195,781 | 2,403,748 |

| | | | | | |
|---------------------------|------------|------------|------------|------------|------------|
| GENERAL PROPERTY TAXES | 28,782,749 | 30,481,935 | 31,905,703 | 33,700,347 | 35,499,240 |
| LOCAL SERVICE AREA | 1,908,795 | 1,938,167 | 2,101,822 | 2,341,318 | 2,471,166 |
| TOTAL ANNUAL PROPERTY TAX | 30,691,544 | 32,420,102 | 34,007,525 | 36,041,665 | 37,970,406 |

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|-----------|------------|
| ACQUISITION OF TANGIBLE CAPITAL ASSETS | 8,191,714 | 4,452,740 | 5,541,233 | 8,404,882 | 12,409,452 |

RESERVES

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------|-----------|------------|------------|------------|-----------|
| GENERAL | 6,825,749 | 8,197,048 | 8,188,328 | 8,484,440 | 6,376,474 |
| WATER | 655,813 | 715,537 | 733,560 | 738,053 | 734,426 |
| SEWER | 1,677,401 | 1,874,877 | 1,947,909 | 2,234,040 | 2,327,831 |
| | 9,158,963 | 10,787,462 | 10,869,797 | 11,456,533 | 9,438,731 |



**COWICHAN VALLEY
REGIONAL DISTRICT**