



**COWICHAN VALLEY  
REGIONAL DISTRICT**

**FINANCIAL STATEMENTS  
December 31, 2014**

**COWICHAN VALLEY REGIONAL DISTRICT**

---

---

**ELECTED AND APPOINTED OFFICIALS  
2014**

**BOARD OF DIRECTORS  
(to December 10, 2014)**

City of Duncan	P. Kent
Town of Ladysmith	R. Hutchins (Chair)
Town of Lake Cowichan	T. McGonigle
District of North Cowichan	R. Hartman
District of North Cowichan	J. Lefebure
District of North Cowichan	B. Lines
Electoral Area "A" – Mill Bay/Malahat	M. Walker (Vice-chair)
Electoral Area "B" – Shawnigan Lake	B. Fraser
Electoral Area "C" – Cobble Hill	G. Giles
Electoral Area "D" – Cowichan Bay	L. Iannidardo
Electoral Area "E" – Cowichan Station/Sahtlam/Glenora	L. Duncan
Electoral Area "F" – Cowichan Lake South/Skutz Falls	I. Morrison
Electoral Area "G" – Saltair/Gulf Island	M. Dorey
Electoral Area "H" – North Oyster/Diamond	M. Marcotte
Electoral Area "I" – Youbou/Meade Creek	P. Weaver

**BOARD OF DIRECTORS  
(effective December 11, 2014)**

City of Duncan	P. Kent
Town of Ladysmith	R. Hutchins
Town of Lake Cowichan	B. Day
District of North Cowichan	R. Douglas
District of North Cowichan	J. Lefebure (Chair)
District of North Cowichan	T. Walker
Electoral Area "A" – Mill Bay/Malahat	K. Davis
Electoral Area "B" – Shawnigan Lake	S. Furstenau
Electoral Area "C" – Cobble Hill	M. Clement
Electoral Area "D" – Cowichan Bay	L. Iannidardo (Vice-chair)
Electoral Area "E" – Cowichan Station/Sahtlam/Glenora	A. Nicholson
Electoral Area "F" – Cowichan Lake South/Skutz Falls	I. Morrison
Electoral Area "G" – Saltair/Gulf Island	M. Dorey
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 -	M. Kueber

**COWICHAN VALLEY REGIONAL DISTRICT**

---

---

**FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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

**FINANCIAL STATEMENTS**

- 1 Statement of Financial Position
- 2 Statement of Operations
- 3 Statement of Change in Net Debt
- 4 Statement of Cash Flow

Notes to Financial Statements

**SUPPORTING SCHEDULES (Unaudited)**

- A Operating Fund Statement of Financial Position
- B Statement of Operating Fund Financial Activities
- C Capital Fund Statement of Financial Position
- D Statement of Capital Fund Financial Activities
- E Reserve Fund Statement of Financial Position
- F Statement of Operating Surplus



# CVRD

175 Ingram Street  
Duncan, BC V9L 1N8  
www.cvr.bc.ca

Office: 250.746.2500  
Fax: 250.746.2513  
Toll Free: 1.800.665.3955

## 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 report. 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 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 to discuss their audit findings.

Brian Carruthers  
Chief Administrative Officer

Sharon Moss, CPA, CGA  
Finance Manager



Tel: 604 688 5421  
Fax: 604 688 5132  
vancouver@bdo.ca  
www.bdo.ca

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Board of Directors of Cowichan Valley Regional District

We have audited the accompanying financial statements of the Cowichan Valley Regional District, which comprise the Statement of Financial Position as at December 31, 2014, and the Statements of Operations, Change in Net Debt and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

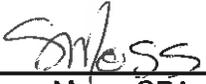
In our opinion, the financial statements present fairly in all material respects, the financial position of the Cowichan Valley Regional District as at December 31, 2014 and its results of operations, changes in net debt, and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

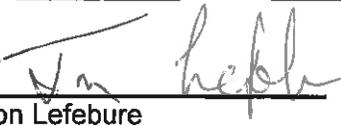
Chartered Accountants

Vancouver, British Columbia  
May 13, 2015

**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2014**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash	\$ 16,810,604	\$ 14,494,262
Portfolio Investments (Note 2)	4,937,338	4,884,129
Receivables		
Due from Provincial Government	466,558	1,387,781
Due from Local Governments	79,621	115,667
Due from Federal Government	229,577	2,611,983
Trade Accounts	1,482,495	1,759,024
Land Held for Resale (Note 13)	326,388	661,881
Debt Recoveries from Member Municipalities And Other Organizations (Note 16)	<u>26,125,898</u>	<u>27,688,928</u>
	<u>\$ 50,458,479</u>	<u>\$ 53,603,655</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 3,163,613	\$ 4,788,904
Deferred Government Transfers (Note 4)	81,609	2,970,161
Deferred Revenue (Note 3)	1,354,736	1,073,413
Restricted Contributions & Performance Bonds (Note 10)	1,372,926	1,399,226
Employee Future Benefits (Note 5)	464,979	509,133
Landfill Closure and Post Closure Costs (Note 6)	4,064,745	1,979,021
MFA Agreement Debt (Note 17 & 23)	4,409,495	3,750,263
Debenture Debt (Note 17 & 24)		
Cowichan Valley Regional District	18,157,310	18,457,121
Member Municipalities and Other Organizations	<u>26,125,898</u>	<u>27,688,928</u>
	<u>\$ 59,195,311</u>	<u>\$ 62,616,170</u>
<b>NET DEBT</b>	<u>\$ (8,736,832)</u>	<u>\$ (9,012,515)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 22)	142,249,655	139,029,881
Inventories	28,444	28,172
Prepaid Expenses	<u>159,376</u>	<u>119,610</u>
	<u>142,437,475</u>	<u>139,177,663</u>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<u><b>\$133,700,643</b></u>	<u><b>\$130,165,148</b></u>

  
 Sharon Moss, CPA, CGA  
 Finance Manager

  
 Jon Lefebure  
 Chairperson

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

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>REVENUE</b>	2014 <b>BUDGET</b> (Note 8)	2014 <b>ACTUAL</b>	2013 <b>ACTUAL</b>
Tax Requisition	\$ 30,691,543	\$ 30,691,543	\$ 29,982,616
User Fees	3,649,765	3,371,780	3,581,182
Parcel Taxes	2,204,087	2,105,555	1,986,300
Government Transfers	6,048,161	6,323,011	8,770,436
Services Provided to Other Local Governments	58,190	58,190	59,870
Revenue from Own Sources	8,140,823	8,164,611	8,264,968
Other Revenue	2,347,469	2,249,199	2,956,612
Interest Income	70,980	172,879	176,066
Donations	<u>255,300</u>	<u>1,092,836</u>	<u>2,279,141</u>
	<u>\$ 53,466,318</u>	<u>\$ 54,229,604</u>	<u>\$ 58,057,191</u>
<b>EXPENSES (Note 11 &amp; 25)</b>			
General Government Services	\$ 7,489,014	\$ 6,910,467	\$ 6,168,724
Vancouver Island Regional Library	1,573,705	1,573,705	1,483,948
Transportation Services	2,917,485	2,756,314	2,533,920
Electoral Area Services	3,260,070	3,058,303	2,902,802
Protective Services	2,790,881	2,624,245	2,511,906
Parks & Recreation	14,560,987	16,208,096	15,914,116
Environmental Services	10,404,772	12,739,855	13,861,717
Sewer & Water Utilities	<u>3,949,383</u>	<u>4,823,124</u>	<u>4,579,258</u>
	<u>46,946,297</u>	<u>50,694,109</u>	<u>49,956,391</u>
<b>Annual Surplus</b>	6,520,021	3,535,495	8,100,800
Accumulated Surplus, Beginning of the Year	<u>130,165,148</u>	<u>130,165,148</u>	<u>122,064,348</u>
<b>Accumulated Surplus, End of the year (Note 15)</b>	<u><b>\$136,685,169</b></u>	<u><b>\$133,700,643</b></u>	<u><b>\$130,165,148</b></u>

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

---



---

**STATEMENT OF CHANGE IN NET DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014 <b>BUDGET</b> (Note 8)	2014 <b>ACTUAL</b>	2013 <b>ACTUAL</b>
Annual Surplus	\$ 6,520,021	\$ 3,535,495	\$ 8,100,800
Additions of tangible capital assets	(17,759,989)	(8,191,714)	(10,162,919)
Additions of donated tangible capital assets	-	(803,023)	(2,235,062)
Amortization of tangible capital assets	-	5,750,645	5,482,284
Proceeds on disposal of tangible capital assets	-	-	30,603
Reclassification - WIP	-	24,318	-
Reclassification - Land for Resale	-	-	661,881
Change in inventories	-	(272)	4,284
Use of prepaid expense	-	<u>(39,766)</u>	<u>(60,480)</u>
(Increase)/ Decrease in Net Debt	(11,239,968)	275,683	1,821,391
Opening Net Debt	<u>(9,012,515)</u>	<u>(9,012,515)</u>	<u>(10,833,906)</u>
Closing Net Debt (Statement 1)	<u>\$ (20,252,483)</u>	<u>\$ (8,736,832)</u>	<u>\$ (9,012,515)</u>

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

**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	\$ 3,535,495	\$ 8,100,800
Non-cash items included in surplus		
Amortization of tangible capital assets	5,750,645	5,482,284
Contributed tangible capital assets	(803,023)	(2,235,062)
Debt actuarial adjustment	(457,653)	(429,268)
Employee future benefits	(44,154)	(49,354)
Landfill closure and post closure	2,085,724	(1,381,012)
Change in non-cash working capital balances related to operations		
Accounts receivable	3,616,204	(1,714,228)
Prepaid expenses & inventories	(40,038)	(56,196)
Accounts payable and accrued liabilities	(1,625,291)	1,175,240
Deferred revenue	281,323	46,263
Deferred government transfers	(2,888,552)	(1,177,839)
Deferred subdivision capital levies	-	(9,000)
Interest on portfolio investments	(53,209)	(53,091)
Land held for resale	335,493	-
Restricted contributions and performance bonds	<u>(26,300)</u>	<u>306,711</u>
Cash provided by operating transactions	<u>9,666,664</u>	<u>8,006,248</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(8,191,714)	(10,162,919)
Reclassification of work in progress	24,318	-
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>30,603</u>
Cash used in capital transactions	<u>(8,167,396)</u>	<u>(10,132,316)</u>
<b>FINANCING TRANSACTIONS</b>		
Debenture debt issued	1,120,713	2,645,000
MFA agreement debt issued	2,964,693	2,677,697
Debenture debt repayment	(962,871)	(857,206)
MFA agreement debt repayment	<u>(2,305,461)</u>	<u>(875,390)</u>
Cash provided by financing transactions	<u>817,074</u>	<u>3,590,101</u>
Increase in Cash	2,316,342	1,464,033
Cash - Beginning of Year	<u>14,494,262</u>	<u>13,030,229</u>
Cash - End of Year (Statement 1)	<u>\$ 16,810,604</u>	<u>\$ 14,494,262</u>
Interest paid for year	\$ 1,115,743	\$ 1,142,957

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

## COWICHAN VALLEY REGIONAL DISTRICT

---

---

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

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 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.

#### 1) **Summary of Significant Accounting Policies**

It is the Regional District's policy to follow Canadian public sector accounting standards and to apply such principles consistently. These statements have been prepared using guidelines issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada (PSAB). As required by PSAB, the financial statements include all funds comprising the economic entity of the Regional District plus any unfunded liabilities and expenses. Inter-fund transfers have been eliminated.

##### (a) **Basis of Accounting**

The Regional District follows the fund basis of accounting. The resources and operations of the District have been segregated for accounting and financial purposes in Operating, Capital and Reserve Funds, which are presented as supplementary information in Note 15 and Schedules A through F.

##### (b) **Revenue and Expense Recognition**

###### 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 and 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.

###### 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 over the life of the landfill based upon capacity used.

**COWICHAN VALLEY REGIONAL DISTRICT**

---

---

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**1) Summary of Significant Accounting Policies (continued)**

**(c) 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 in the period of acquisition.

**(d) Financial Instruments**

Financial instruments consist of cash, portfolio investments, receivables, debt recoverable from member municipalities, accounts payable, accrued liabilities and debt. 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) 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.

**(f) 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 accrued sick liability, and amortization (which is based on estimated useful life). Actual results may vary from those estimates and adjustments will be reported in operations as they become known.

**2) Portfolio Investments**

Portfolio investments are MFA Money Market funds of \$4,937,338 (2013 - \$4,884,129). These pooled investments are recorded at market value which approximates cost. Interest income on investments has been allocated to deferred revenue, Reserve Funds and Operating Funds based on the relative equity in each Fund. The yield on funds for 2014 was 1.09% (2013 1.1%).

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**3) Deferred Revenue**

	2014	2013
Developer Capital Contributions	\$ 253,413	\$ 253,413
Recreation Deposits	200,083	188,170
Kinsol Trestle Donation	81,767	-
Other	<u>212,879</u>	<u>165,941</u>
Subtotal (Schedule A)	748,142	607,524
Parkland Cash-in-lieu Contributions	<u>606,594</u>	<u>465,889</u>
	<u>\$ 1,354,736</u>	<u>\$ 1,073,413</u>

- Developer Capital Contributions - is for Shawnigan Lake Water System.
- Recreation Deposits - consist of payments in advance for recreation programs, unredeemed recreation program awards, and facility rental deposits.
- Kinsol Trestle Donation - was received specifically for the maintenance of the Kinsol Trestle.
- Other - funds received for 2015 for advertising travel planner, wood stove program, dog licenses, bus passes, and miscellaneous deferred revenue.
- Parkland Cash-in-lieu Contributions - are amounts collected from developers under the authority of Section 941 of the *Local Government Act*, where the Board has determined that cash rather than land for parkland purposes may be accepted as a condition of the subdivision. These funds are held for the purpose of purchasing parkland.

**4) Deferred Government Transfers**

In the prior year, deferred government transfers comprised of a number of various grant programs, the largest provided through Community Works Funding (a component of the Gas Tax Agreement funding provided by the Government of Canada). The use of the funding is established by a funding agreement between the Cowichan Valley Regional District and the Union of British Columbia Municipalities.

During 2014 the Regional District entered into a Renewed Gas Tax Agreement that differed in several key ways from the previous agreement. The result of these differences (and in accordance with the Regional District's accounting policy of Government Transfers) is that revenues under the Community Works Fund portion of the program will be recognized when allocated to the Regional District.

The Renewed Gas Tax Agreement also provides that any unspent amounts from the previous agreement will be brought forward to the new agreement. These amounts were previously recorded as deferred revenue. The impact of this new agreement is a significant increase to revenue in 2014 to recognize the amounts previously deferred.

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**4) Deferred Government Transfers (continued)**

	2014	2013
Deferred government transfers, opening balance	\$ 2,970,161	\$ 4,148,000
Add:		
Community works funds allocated in year	-	958,525
Interest on community works funds	-	24,129
Less:		
Amounts allocated to projects	(466,146)	(1,386,242)
Grants reclassified to operating surplus	-	(774,251)
Unspent community works funds recognized on change of agreement	<u>(2,422,406)</u>	<u>-</u>
	<u>\$ 81,609</u>	<u>\$ 2,970,161</u>

Other Government Transfers include a grant for Bright Angel Park Recreation Rejuvenation Project and funding to create a Cowichan River and Koksilah River Long-term Flood Risk Mitigation and Management Program.

The Regional District continues to track the unspent amounts in the "Community Works Reserve Fund". The continuity of this fund is presented in the table below:

	2014
Community Works Reserve, opening balance	\$ -
Add:	
Transfer of unspent community works fund from prior agreement	2,422,406
Community works funds allocated in year	1,472,478
Interest on community works funds	64,416
Less:	
Amount allocated to projects	<u>(951,572)</u>
Community Works Reserve, ending balance	<u>\$ 3,007,728</u>

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

**5) Payroll Benefits**

It is the policy of the Regional District that all vacation entitlement earned in a year will be taken by December 31st, unless prior approval for vacation carry over has occurred. As at December 31, 2014, \$64,327 (2013 - \$54,701) in unpaid vacation was accrued. Banked time accrued from January 1 through November 30 has been taken or paid as at November 30, 2014. The accrual for banked time at December 31, 2014 amounted to \$8,201 (2013 - \$9,016), which must be taken or paid no later than November 30, 2015.

**COWICHAN VALLEY REGIONAL DISTRICT**

---

---

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**5) Payroll Benefits (continued)**

**(a) 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 overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from local government.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting).

This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan .

The Cowichan Valley Regional District paid \$1,240,381 (2013 - \$1,151,255) for employer contributions, while employees contributed \$1,098,144 (2013 - \$1,037,150) to the plan in fiscal 2014.

**(b) Employee Benefits**

Based on obligations as determined by collective agreements and contractual arrangements, employee benefit accruals, which include an allowance of sick leave entitlement are recorded in the year in which they are earned. The discounted value of future amounts payable for this benefit in 2014 is based on an actuarial evaluation prepared in 2012, by an independent firm and is updated annually and reviewed every three years. Due to the change to an actuarial evaluation an actuarial gain of \$503,541 occurred in 2012. This actuarial gain is amortized over the estimated employees' average remaining service lifetime, currently 9 years. As of December 31, 2014, \$464,979 (2013 - \$509,133) is recorded as the value of the unfunded employee benefit obligations.

	2014	2013
Discount rates	3.10%	4.00%
Expected future inflation rates	2.00%	2.00%
Expected wages/salary increases	2.08% - 4.00%	2.08% - 4.00%

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**5) Payroll Benefits (continued)**

**Accrued Benefit Obligation as at December 31, 2014**

	2014	2013
Accrued benefit obligation - beginning	\$ 102,300	\$ 105,300
Current service cost	11,300	11,700
Interest on accrued benefit obligation	4,400	3,800
Benefits paid during the year	(9,100)	(14,500)
Actuarial (Gain)/Loss	<u>8,200</u>	<u>(4,000)</u>
<b>Ending benefit obligation</b>	117,100	102,300
Plus - unamortized net actuarial gain	<u>347,879</u>	<u>406,833</u>
<b>Accrued Benefit Liability</b>	<u>\$ 464,979</u>	<u>\$ 509,133</u>

The total expense related to these benefits was:

	2014	2013
Current service costs	\$ 11,300	\$ 11,700
Interest on benefit obligation	4,400	3,800
Actuarial gain/loss	8,200	(4,000)
Amortization of actuarial gain	<u>(58,954)</u>	<u>(46,354)</u>
Total expense (recovery)	<u>\$ (35,054)</u>	<u>\$ (34,854)</u>

The total expense (recovery) is included in wages and benefits expense.

**6) Landfill Closure and Post Closure Maintenance Costs**

	2014	2013
Abandoned landfills	\$ 3,049,401	\$ 804,315
Meade Creek TRP	580,656	512,622
Peerless Road TRP	453,973	629,557
Koksilah Road	<u>104,128</u>	<u>153,126</u>
Gross liability	4,188,158	2,099,620
Less: cash held in Remediation Reserve Fund	<u>(123,413)</u>	<u>(120,599)</u>
	<u>\$ 4,064,745</u>	<u>\$ 1,979,021</u>

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.

## COWICHAN VALLEY REGIONAL DISTRICT

---

---

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

#### 6) Landfill Closure and Post Closure Maintenance Costs (continued)

These 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).

The SWMP identifies ten sites within the region historically used as "end of the road" illegal dumps for residential waste. Limited information is available regarding historical users, waste types, or volumes of material disposed at these sites. Closure of these sites is an outstanding SWMP commitment. Following the completed closure of CVRD ash landfills, the CVRD will initiate investigations of the illegal dump sites and develop a strategy for their closure. Site investigation and closure costs are estimated to be approximately \$300,000 per site (in 2014 dollars) for a total of \$3,049,401. These estimates are adjusted for future anticipated inflation and then discounted back to date upon the CVRD's cost of borrowing for the expected 20 year period of 2.82% annually.

At the Meade Creek ashfill site, the Regional District has decided to consolidate and encapsulate the ash waste in 2015 on site which allows for on-site risk management. The cost of this option is estimated at \$406,318 (in 2014 dollars) with additional \$7,000 per year of monitoring requirements for up to 25 years. These estimates are adjusted for future anticipated inflation and then discounted back to date based upon the CVRD's cost of borrowing for the expected 25 year period of 2.93% annually.

The Peerless Road remediation and closure work will be completed in 2015 with additional expenditure of \$80,391 (in 2014 dollars). The post-closure maintenance costs are estimated at \$15,000 annually (in 2014 dollars) for 25 years. These estimates are adjusted for future anticipated inflation and then discounted back to date based upon the CVRD's cost of borrowing for the expected 25 year period of 2.93% annually.

The Regional District currently maintains an inactive landfill site on Koksilah Road which has been closed for 18 years. The Regional District is responsible for long-term groundwater monitoring at this location at a cost estimated at \$10,000 annually (in 2014 dollars) for 10 years. These estimates are adjusted for future anticipated inflation and then discounted back to date based upon the CVRD's costs of borrowing for the expected 10 year period of 2.15% annually.

**COWICHAN VALLEY REGIONAL DISTRICT**

---

---

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**6) Landfill Closure and Post Closure Maintenance Costs (continued)**

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.

**7) 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.

**8) Budget Figures**

Budget figures represent the Financial Plan Bylaw adopted by the Board on March 26, 2014. 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 to reflect the financial plan.

Surplus for the year (Statement 2)	\$ 6,520,021
Add:	
Transfers from Reserves	2,258,436
Prior Year Operating Surplus	5,150,664
MFA Funding	9,569,626
Less:	
Debt Principal Repayments/Actuarial Adjustments	(4,114,129)
Transfer to Reserves	(1,623,129)
Transfers to Feasibility Studies recorded as Transfers to Reserves in Bylaw No. 3798	(1,500)
Purchase of tangible capital assets	<u>(17,759,989)</u>
Surplus, per Cowichan Valley Regional District Financial Plan Bylaw No. 3798	<u>-</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

---

---

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**9) Contingent Liabilities**

As at December 31, 2014 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.

**10) Restricted Contributions and Performance Deposits**

The Regional District receives and manages various types of restricted contributions on deposit. 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. District of North Cowichan has provided a deposit for works necessary to complete Phase 1 of the Diking Project. Once the project is complete remaining funds will be returned to North Cowichan. Holdback funds are monies held from payments to contractors for work on the flood, Peerless Recycling Centre and water infrastructure projects to ensure completion of said projects. Island Savings Center 2014 sponsorship funding from Island Savings Credit Union is funding for capital upgrades planned for 2015. 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. The following balances are included in the totals reported for Restricted Contributions and Performance deposits.

	2014	2013
Warranty Deposits	\$ 534,446	\$ 516,566
Dike Project Deposit	333,645	-
Holdbacks	161,046	670,323
ISC Sponsorship Funding	100,000	-
Cowichan Lake Water Protection	76,000	76,000
Arts & Sports Scholarship Fund	45,783	46,771
Nature and Habitat	34,550	23,800
Other	<u>87,456</u>	<u>65,766</u>
	<u>\$ 1,372,926</u>	<u>\$ 1,399,226</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**11) Consolidated Schedule of Expense by Object**

<b>EXPENSES</b>	2014 BUDGET (Note 8)	2014 ACTUAL	2013 ACTUAL
Operations & Maintenance	\$ 16,533,634	\$ 15,504,533	\$ 15,887,776
Wages & Benefits	19,449,014	19,077,017	18,079,762
Contract for Services	6,695,637	6,259,678	6,515,111
Debt Charges - Interest	1,212,512	1,115,743	1,142,957
Contributions to Community Facilities	155,135	155,481	182,055
Grants to Organizations	512,634	490,213	445,196
Library Services Provided by Other Governments	1,573,705	1,573,704	1,483,948
Fire & Recreation Services Provided by Other Local Governments	727,799	726,043	692,674
Amortization	-	5,750,645	5,482,284
Contributions to Other Functions	31,227	23,395	29,534
Contribution to Third Party Capital	55,000	17,657	15,094
	<u>\$ 46,946,297</u>	<u>\$ 50,694,109</u>	<u>\$ 49,956,391</u>

**12) 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 and include assets financed from annual budgets, MFA agreement and debenture debt. 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 of tangible capital assets, less any estimated residual value, is amortized on a straight-line basis over their estimated useful lives as follows:

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**12) Tangible Capital Assets (continued)**

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
Work in progress	N/A

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

Net Book Value	2014	2013
Land	\$ 45,186,580	\$ 42,891,943
Building	23,746,677	21,394,372
Vehicle, machinery & equipment	4,307,536	4,845,468
Engineering structures	49,899,005	47,790,940
Parks	9,726,003	10,122,372
Other Tangible Capital Assets	7,136,864	4,719,571
Work in progress	<u>2,246,990</u>	<u>7,265,215</u>
	<u>\$142,249,655</u>	<u>\$139,029,881</u>

For additional information, see the Schedule of Tangible Capital Assets (Note 22).

During the year land, and sewer/water/drainage systems built by others valued at \$ 803,023 (2013 - \$ 2,235,062 ) were accepted and recorded as donated assets.

**13) Land Held for Resale**

During 2013 the Regional District Board determined that land purchased in 2010 for a South End Eco Depot was surplus to the Regional District's needs. During 2014 the property was subdivided into two parcels and one parcel was sold. Currently the process is underway to sell the remaining parcel of land.

**14) Debt Reserve Fund**

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

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**14) Debt Reserve Fund (continued)**

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 Member Municipalities, 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 elsewhere in the financial statements.

	2014	2013
Cash Deposits - Cowichan Valley Regional District	\$ 439,341	\$ 415,847
Member Municipalities	485,036	471,375
Demand Notes - Cowichan Valley Regional District	912,973	884,106
Member Municipalities	<u>1,107,030</u>	<u>1,107,030</u>
	<u>\$ 2,944,380</u>	<u>\$ 2,878,358</u>

**15) Accumulated Surplus**

Operating Funds These funds include the General, Water and Sewer current funds. They are used to record the operating activities of the Regional District.

Capital Funds These funds include the General, Water and Sewer capital funds. They are used to reflect capital assets and work-in-progress financed by the related long-term debt and investment in capital assets.

Reserve Funds These funds have been established to hold assets for specific future requirements. Use of these funds is defined in the reserve fund establishment bylaws.

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

	2014	2013
Surplus		
Operating Fund Revenue Fund (Schedule A)	\$ 9,169,776	\$ 6,408,502
Operating Fund - Future Liabilities - Sick Leave	(464,979)	(509,133)
Operating Fund - Future Liabilities - Landfill Costs	(4,064,745)	(1,979,021)
Equity in Capital Assets (Schedule C)	120,009,238	117,484,378
Capital Fund Advances (Schedule C)	<u>15,803</u>	<u>299,151</u>
Total Surplus	\$124,665,093	\$121,703,877
Statutory Reserve Funds (Schedule E)	9,158,963	8,461,271
Less: Restricted Remediation Reserve	<u>(123,413)</u>	<u>-</u>
Accumulated Surplus (Statement 1)	<u>\$133,700,643</u>	<u>\$130,165,148</u>

The following amounts are repayable to the Feasibility Reserve upon establishment of the service. 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, 2014, which have not yet been recovered, are:

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**15) Accumulated Surplus (continued)**

Sewerage	\$ 8,550	Liquid Waste (Southend)	\$ 9,324
Water	\$ 8,046	Indoor Pool (Cowichan Lake)	\$ 12,500
Community School	\$ 6,734	Arena (Northend)	\$ 6,738
Recreation	\$ 32,992	Industrial Park (Area G &	
Community Parks	\$ 2,040	Town of Ladysmith)	\$ 4,813
Cowichan Bay Wharf	\$ 1,210	Fire Protection Review (Area F)	\$ 3,605
Track Facility (Sports Plex)	\$ 27,420	Recreation Land Use	
Liquid Waste Management Plan	\$ 1,366	Plan (Area F)	\$ 4,371
Kimalu Water	\$ 2,440	Saltair Sewer Study	\$ 6,000
Liquid Waste (Central)	\$ 5,628	Outdoor Recreation Park	\$ 59,992
Vancouver Island Railway		Cowichan Place (2005)	\$ 26,706
Report (2003)	\$ 6,200	Diking Assessment (Area E)	\$ <u>15,000</u>
Water Management Plan	\$ 4,921		
			\$ <u>256,596</u>

**16) Debt Recoverable from Other Authorities**

Pursuant to the Local Government Act, the Regional District acts as the agency through which its member municipalities borrow funds from the Municipal Finance Authority. The annual cost of servicing the municipal debt is recovered entirely from the borrowing municipality. However, the Regional District is joint and severally liable for municipal debt in the event of default. Please see Note 24 for details of the amounts receivable.

**17) Future Debt Principal Payments**

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 MFA agreement debt are summarized in Note 23. Details of debenture debt, including debt issue numbers, maturity dates, interest rates and outstanding amounts are summarized in Note 24.

Payments of principal on issued debt of the Regional District, not including direct municipal member and other organizations debt, for the next five years are:

MFA Agreement Debt

2015	2016	2017	2018	2019	Total
\$1,625,533	\$ 890,005	\$ 757,322	\$ 671,707	\$ 465,117	\$ <u>4,409,684</u>

Debenture Debt

2015	2016	2017	2018	2019	Total
\$1,007,065	\$ 993,232	\$ 932,325	\$ 889,750	\$ 753,658	\$ <u>4,576,030</u>

Total Five Year Future Debt Principal Payments \$ 8,985,714

## COWICHAN VALLEY REGIONAL DISTRICT

---

---

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

#### 18) Segment Disclosure

The Cowichan Valley Regional District is a diversified local government providing a wide range of services to over 80,332 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. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and also amounts that are allocated on a reasonable basis.

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 25 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.

#### 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, Recreation & Culture

Parks, Recreation & Culture is comprised of the Vancouver Island Regional Library, 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 FINANCIAL STATEMENTS DECEMBER 31, 2014

#### 19) 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 (2013 - \$60,000). In addition, staff resources supplied to the Hospital District to assist with purchasing a potential hospital site totaled \$50,000 (2013 - \$0).

#### 20) Commitments

##### 911 Agreement

The tri party 5 year agreement with the Regional District of Nanaimo and the City of Nanaimo commenced January 1, 2011 to provide for emergency answering and fire dispatch service. The net operating costs are shared on the populations of the jurisdictions of the parties. The Regional District's commitment for 2015 is \$490,884 or 45% of the 911 Central Island call centre expenses.

##### BC Transit Corporation

The Regional District's transit includes Handydart, Commuter, Youbou and local service. The remainder due on the 2014/2015 annual transit operating agreement for these services is \$760,075.

##### 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 2015 commitment is \$155,746.

##### 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 2015 commitment is \$189,012.

##### 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 General Government 2014 requisition included \$122,025 (2013 - \$244,050) which is currently held in surplus until an agreement has been signed.

##### 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 2015 commitment is \$ 130,082.

**COWICHAN VALLEY REGIONAL DISTRICT**

---

---

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**21) Comparative Figures**

Certain 2013 comparative figures have been reclassified specifically to Statement of Change in Net Debt, Statement of Cash Flow, and Consolidated Schedule of Expense by Object.

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014**

**22) Consolidated Schedule of Tangible Capital Assets**

	Land	Building	Vehicles/ Machinery Equipment	Water	Engineering Structures Sewer/ Drainage	Other	Parks	Other Tangible Capital Assets	Work In Progress	2014 Total	2013 Total
<b>COST</b>											
Opening Balance	\$ 42,891,943	\$ 39,643,648	\$ 20,734,484	\$ 39,437,528	\$ 33,453,689	\$ 399,850	\$ 16,321,848	\$ 7,110,428	\$ 7,265,215	\$207,258,633	\$195,675,044
Add: Additions	2,305,680	3,548,926	591,124	1,886,740	1,653,383	294,142	956,281	2,800,405	2,246,990	16,283,671	14,763,839
Less: Completed W.I.P.	-	-	-	-	-	-	-	-	(7,265,215)	(7,265,215)	(2,396,460)
Less: Disposals	(11,044)	(16,686)	-	-	-	-	(44,555)	-	-	(72,285)	(121,909)
Less: Reclass	-	-	-	-	-	-	-	-	-	-	(661,881)
Closing Balance	45,186,579	43,175,888	21,325,608	41,324,268	35,107,072	693,992	17,233,574	9,910,833	2,246,990	216,204,804	207,258,633
<b>ACCUMULATED AMORTIZATION</b>											
Opening Balance	-	18,249,276	15,889,016	14,188,788	11,220,213	91,126	6,199,476	2,390,857	-	68,228,752	62,868,376
Add: Amortization	-	1,193,284	1,129,055	866,296	840,365	19,538	1,318,995	383,112	-	5,750,645	5,482,284
Less: Acc Amortization on Disposed Assets	-	(13,349)	-	-	-	-	-	(10,899)	-	(24,248)	(121,909)
Closing Balance	-	19,429,211	17,018,071	15,055,084	12,060,578	110,664	7,518,471	2,763,070	-	73,955,149	68,228,752
Net Book Value for year ended December 31, 2014	<u>\$ 45,186,579</u>	<u>\$ 23,746,677</u>	<u>\$ 4,307,537</u>	<u>\$ 26,269,184</u>	<u>\$ 23,046,494</u>	<u>\$ 583,328</u>	<u>\$ 9,715,103</u>	<u>\$ 7,147,763</u>	<u>\$ 2,246,990</u>	<u>\$142,249,655</u>	
Net Book Value for year ended December 31, 2013	<u>\$ 42,891,943</u>	<u>\$ 21,394,372</u>	<u>\$ 4,845,468</u>	<u>\$ 25,248,740</u>	<u>\$ 22,233,476</u>	<u>\$ 308,724</u>	<u>\$ 10,122,372</u>	<u>\$ 4,719,571</u>	<u>\$ 7,265,215</u>		<u>\$139,029,881</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**23) Schedule of MFA Agreement Debt**

	<u>Board Resolution</u>	<u>Maturity Dates</u>	<u>Originally Authorized</u>	<u>Principal Payments 2014</u>	<u>Net Unmatured December 31, 2014</u>	<u>Net Unmatured December 31, 2013</u>
Administration	14-222	2015-2019	347,775	-	347,775	-
Bright Angel Park	14-454-2	2015-2019	28,500	-	28,500	-
Com Parks - Area D - Water Lease	12-290.2		35,000	6,140	-	6,140
Com Parks - Area G - Land	10-177.2.3	2015	72,000	13,750	13,875	27,625
Com Parks - Area B - Land	12-558T	2015-2018	294,500	57,000	236,300	293,300
Com Parks - Area B - Land	13-412-3	2015-2018	140,000	27,500	112,500	140,000
Com Parks - Area G - Mt Brenton Sch.	14-328	2015-2019	136,930	-	136,930	-
Com Parks - Area D - Land	14-112	2015-2019	155,000	-	155,000	-
CLR - Acoustics Treatments	12-279	2015-2016	81,119	15,200	28,869	44,069
Curbside - Trucks & Totes	3777	2015-2017	175,000	172,200	-	172,200
ECD - Regional Visitor Centre	12-094	2015-2016	293,000	56,500	112,940	169,440
Emergency Planning - Building	10-176-.2	2015	135,000	26,300	26,330	52,630
Eng Services - Vehicle/Excavator	10-311.7	2015	141,709	21,100	21,660	42,760
Eng Services - Office Furniture	09-522.3	2015	22,000	4,000	4,255	8,255
Eng Services - Truck	13-428	2015-2019	35,738	7,100	28,638	-
Eng Services - Office Furniture	11-237.8	2015	26,185	4,950	4,975	9,925
Eng Services - Nissan Leaf	11-522.4	2015	40,456	12,100	10,686	22,786
Honeymoon Bay Fire - Fire Truck	12-278.2	2015-2016	65,000	12,500	24,400	36,900
ISC - Capital Improvements	14-66-2	2015-2019	335,000	34,800	300,200	-
KPR - Bus	11-291.3		59,269	12,669	-	12,669
KPR - Sound System	11-466	2015	61,659	11,700	11,631	23,331
KPR - Score Clock	11-608.3	2015-2016	14,186	2,000	4,114	6,114
KPR - Capital Improvements	13-637	2015-2019	2,010,000	-	1,620,000	-
Mesachie Lake Fire - Pumper Truck	09-066.1.3		50,000	3,880	-	3,880
Reg Parkland - Heart/Stocking Land	09-439		640,870	110,265	1	110,266
Reg Parkland - Samsun Point Land	11-053.1.4	2015	700,000	110,500	109,800	220,300
Reg Parkland - Samsun Point Land	11-321.3		541,750	120,458	-	120,458
Regional Parks - CVT	10-254.3	2015	155,000	30,800	30,890	61,690
Regional Parks - Kinsol Trestle	11.2.2	2015	416,000	80,000	79,640	159,640
Saltair Recreation - Mt Brenton Sch.	14-328	2015-2019	167,030	-	167,030	-
<b>Sub Total</b>				<b>\$ 953,412</b>	<b>\$ 3,616,939</b>	<b>\$ 1,744,378</b>

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**23) Schedule of MFA Agreement Debt (continued)**

	<u>Board Resolution</u>	<u>Maturity Dates</u>	<u>Originally Authorized</u>	<u>Principal Payments 2014</u>	<u>Net Unmatured December 31, 2014</u>	<u>Net Unmatured December 31, 2013</u>
Brought Forward				\$ <u>953,412</u>	\$ <u>3,616,939</u>	\$ <u>1,744,378</u>
SLCC - Bus	10-379	2015	10,500	1,700	1,750	3,450
SLCC - Bus 2012	12-276T	2015-2016	58,246	14,600	29,446	44,046
SLCC - Elsie Miles School	12-558T	2015-2018	310,500	60,500	247,200	307,700
SWM - Roll off Truck and Bins	10-463.1.1	2015-2016	255,000	40,000	80,970	120,970
SWM - Borrowing in lieu of land sale	13-369.8	2015-2017	600,000	335,493	264,507	600,000
SWM - Peerless Road upgrade	3774	2015-2017	871,000	857,064	-	857,064
Honeymoon Bay Water - Upgrades	09-580.2	2015	50,000	8,000	8,130	16,130
Honeymoon Bay Water - Well	13-509-5	2015-2019	78,720	-	78,720	-
Brulette Sewer - Upgrades	3297	2015-2016	24,318	24,318	-	24,318
Kerry Village Sewer - Upgrades	13-270-2	2015-2018	10,433	2,000	8,433	10,433
Maple Hills Sewer - Upgrades	09-580.3		8,250	1,674	-	1,674
Shawnigan Beach Sewer - Upgrades	11-354.1	2015-2016	33,000	6,700	13,400	20,100
Youbou Sewer - Land	14-340	2015-2019	60,000	-	60,000	-
				\$ <u>1,352,049</u>	\$ <u>792,556</u>	\$ <u>2,005,885</u>
				\$ <u>2,305,461</u>	\$ <u>4,409,495</u>	\$ <u>3,750,263</u>

\*\* Debt bears interest at a variable rate which is paid monthly.

\*\* The interest rate at December 31, 2014 was 1.80% (December 31, 2013 1.72%).

\*\* Regular principal payments are not required but debt must be paid within five years of borrowing.

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**24) Schedule of Debenture Debt**

	<u>L/A Bylaw</u>	<u>Term</u>	<u>Maturity Dates</u>	<u>Originally Authorized</u>	<u>Principal/Actuarial 2014</u>	<u>Net Unmatured December 31, 2014</u>	<u>Interest Rate</u>
Issued by the Municipal Finance Authority for our Member Municipalities and Other Organizations							
City of Duncan	1936	20	2015-2019	420,000	25,250	144,457	5.49 %
City of Duncan	2004	15	2015-2026	1,450,000	<u>78,323</u>	<u>1,223,951</u>	4.20 %
Sub Total					<u>\$ 103,573</u>	<u>\$ 1,368,408</u>	
District of North Cowichan	1755	20	2015-2016	790,000	54,760	117,871	7.75 %
District of North Cowichan	1784	20	2015-2016	300,000	20,795	44,761	7.75 %
District of North Cowichan	1802	20	2015-2017	1,935,700	127,787	422,990	6.90 %
District of North Cowichan	2686	20	2015-2025	1,600,000	73,534	1,031,378	5.85 %
District of North Cowichan	3301	20	2015-2028	500,000	20,429	388,626	4.65 %
District of North Cowichan	3259	20	2015-2028	15,000,000	612,860	11,658,796	5.15 %
District of North Cowichan	3352	20	2015-2029	2,265,500	89,002	1,853,429	4.13 %
District of North Cowichan	3358	20	2015-2029	530,000	20,821	433,599	4.13 %
District of North Cowichan	3391	20	2015-2030	1,750,000	66,106	1,500,444	4.50 %
District of North Cowichan	3458	20	2015-2032	745,475	26,036	694,405	2.90 %
District of North Cowichan	3484	20	2015-2033	1,000,000	33,582	966,418	3.15 %
District of North Cowichan	3449	20	2015-2033	1,500,000	<u>50,373</u>	<u>1,449,627</u>	3.85 %
Sub Total					<u>\$ 1,196,085</u>	<u>\$ 20,562,344</u>	
Town of Ladysmith	2121	15	2015	1,438,000	124,844	130,462	6.36 %
Town of Ladysmith	2054	15	2015	93,500	8,117	8,483	6.45 %
Town of Ladysmith	2753	25	2015-2031	2,750,000	86,895	2,141,558	4.66 %
Town of Ladysmith	1763	25	2015-2037	1,000,000	<u>24,972</u>	<u>951,016</u>	4.66 %
Sub Total					<u>\$ 244,828</u>	<u>\$ 3,231,519</u>	
Library Board	3475	30	2015-2042	1,000,000	<u>18,543</u>	<u>963,627</u>	2.90 %
Sub Total					<u>\$ 18,543</u>	<u>\$ 963,627</u>	
<b>Member Municipalities and Other Organizations Total</b>					<b><u>\$ 1,563,030</u></b>	<b><u>\$ 26,125,898</u></b>	

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**24) Schedule of Debenture Debt (continued)**

	<u>L/A</u>		<u>Maturity</u>	<u>Originally</u>	<u>Principal/Actuarial</u>	<u>Net Unmatured</u>	<u>Interest</u>
	<u>Bylaw</u>	<u>Term</u>	<u>Dates</u>	<u>Authorized</u>	<u>2014</u>	<u>December 31, 2014</u>	<u>Rate</u>
Brought Forward: Member Municipalities And Other Organizations					\$ <u>1,563,030</u>	\$ <u>26,125,898</u>	
Issued by the Municipal Finance Authority for the Cowichan Valley Regional District							
Administration Building	2339	20	2015-2022	3,020,000	156,210	1,566,247	2.10 %
Cowichan Lake Recreation	3197	20	2015-2029	2,500,000	98,215	2,045,276	4.13 %
Cowichan Lake Recreation	3197	20	2015-2030	3,700,000	139,767	3,172,366	4.50 %
Kerry Park Recreation	2439	20	2015-2023	1,700,000	83,745	969,595	4.90 %
Kerry Park Recreation	2818	10	2015-2016	200,000	21,921	46,508	4.65 %
Island Savings Centre	1801	20	2015-2017	700,000	46,211	152,964	4.55 %
Island Savings Centre	2501	20	2015-2024	2,500,000	117,290	1,549,030	4.90 %
Honeymoon Bay Fire	2982	10	2015-2017	207,000	21,816	70,824	4.82 %
Malahat Fire	3630	15	2015-2028	265,000	13,234	251,766	3.15 %
Sahtlam Fire	2685	10	2015-2015	160,000	18,238	18,968	4.17 %
Sahtlam Fire	3272	10	2015-2020	130,000	12,180	84,020	4.50 %
Curbside Collection	3607	15	2015-2028	1,600,000	79,906	1,520,094	3.15 %
Curbside Collection	3607	15	2015-2029	175,000	-	175,000	3.30 %
Solid Waste Mgmt Complex	1782	20	2015-2016	1,050,000	72,783	156,664	4.43 %
Solid Waste Mgmt Complex	1866	20	2015-2018	4,500,000	282,925	1,280,413	4.65 %
Solid Waste Mgmt Complex	2011	20	2015-2020	600,000	34,456	241,850	4.50 %
Solid Waste Mgmt Complex	3277	20	2015-2030	590,000	22,287	505,864	4.50 %
Solid Waste Mgmt Complex	3278	20	2015-2030	720,000	27,198	617,325	3.73 %
Solid Waste Mgmt Complex	3277	20	2015-2033	780,000	26,194	753,806	3.85 %
Solid Waste Mgmt Complex	3727	20	2015-2034	871,000	-	871,000	3.30 %
Arbutus Ridge Water	3287	20	2015-2031	100,000	3,632	89,517	3.25 %
Carlton Water	3628	10	2015-2024	50,000	-	50,000	3.00 %
Central Youbou Water	2665	25	2015-2033	488,000	<u>14,257</u>	<u>410,276</u>	5.15 %
Sub Total					\$ <u>1,292,465</u>	\$ <u>16,599,373</u>	

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**24) Schedule of Debenture Debt (continued)**

	<u>L/A</u>		<u>Maturity</u>	<u>Originally</u>	<u>Principal/Actuarial</u>	<u>Net Unmatured</u>	<u>Interest</u>
	<u>Bylaw</u>	<u>Term</u>	<u>Dates</u>	<u>Authorized</u>	<u>2014</u>	<u>December 31, 2014</u>	<u>Rate</u>
Brought Forward: Member Municipalities And Other Organizations					\$ <u>1,563,030</u>	\$ <u>26,125,898</u>	
Issued by the Municipal Finance Authority for the Cowichan Valley Regional District							
Brought Forward:					\$ <u>1,292,465</u>	\$ <u>16,599,373</u>	
Dogwood Ridge Water	3281	25	2015-2036	94,000	2,441	86,954	3.25 %
Douglas Hill Water	3383	20	2015-2031	150,000	5,448	134,276	4.20 %
Fern Ridge Water	2995	20	2015-2029	23,175	910	18,960	4.13 %
Honeymoon Bay Water	2973	20	2015-2030	37,000	1,398	31,724	3.73 %
Lambourn Water	3062	20	2015-2030	100,000	3,778	85,740	3.73 %
Satellite Park Water	2982	10	2015-2017	50,000	5,269	17,107	4.82 %
Satellite Park Water	3029	20	2015-2029	160,000	6,286	130,898	4.13 %
Shawnigan Lake North Water	2818	10	2015-2016	150,000	16,441	34,881	4.65 %
Youbou Water	2902	20	2015-2030	120,000	4,532	102,888	3.73 %
Arbutus Ridge Sewer	3289	20	2015-2031	125,000	4,540	111,896	3.25 %
Brulette Place Sewer	3297	15	2015-2029	24,713	-	24,713	3.00 %
Cobble Hill Sewer	3106	10	2015-2019	25,000	2,436	13,722	4.13 %
Cowichan Bay Sewer	2439	10	2015-2013	600,000	29,557	342,210	4.90 %
Kerry Village Sewer	3019	20	2015-2030	80,000	3,022	68,592	4.50 %
Lambourn Sewer	3063	20	2015-2030	150,000	5,666	128,609	3.73 %
Shawnigan Lake Sewer	1964	20	2015-2019	505,000	30,360	173,693	4.50 %
Shawnigan Lake Sewer	2194	20	2015-2021	110,000	<u>5,974</u>	<u>51,074</u>	3.05 %
Cowichan Valley Regional District Total					\$ <u>1,420,523</u>	\$ <u>18,157,310</u>	
GRAND TOTAL					\$ <u>2,983,553</u>	\$ <u>44,283,208</u>	

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014**

**25) Consolidated Schedule of Segment Disclosure - Service**

	General Government Services	Transportation Services	Electoral Area Services	Protective Services	Parks Recreation & Culture	Environmental Services	Sewer & Water Utilities	Elimination Adjustment	Consolidation
<b>Revenues</b>									
Tax Requisition	\$ 2,728,879	\$ 2,092,896	\$ 2,755,758	\$ 3,011,095	\$ 16,131,158	\$ 3,897,503	\$ 74,254	\$ -	\$ 30,691,543
User Fees	-	-	2,172	-	-	1,168,338	2,206,675	(5,405)	3,371,780
Parcel Taxes	-	-	99,003	-	10,000	-	1,996,552	-	2,105,555
Grants	293,002	69,115	22,348	34,336	923,771	1,399,929	572,782	3,007,728	6,323,011
Services Provided Other Local Govt	-	-	-	58,190	-	-	-	-	58,190
Revenue from Own Sources	5,006	774,916	804,938	21,980	3,492,355	3,301,996	-	(236,580)	8,164,611
Other Revenue	129,183	375	65,699	109,054	329,639	943,035	582,375	89,839	2,249,199
Interest Income	82,072	-	934	-	279	-	522	89,072	172,879
Donations	-	-	-	57,639	232,174	-	-	803,023	1,092,836
Contributions from Other Functions	-	-	-	-	321,854	-	14,000	(335,854)	-
Services Provided to Other Function	3,802,240	-	143,000	105,780	351,660	1,072,979	-	(5,475,659)	-
	<u>\$ 7,040,382</u>	<u>\$ 2,937,302</u>	<u>\$ 3,893,852</u>	<u>\$ 3,398,074</u>	<u>\$ 21,792,890</u>	<u>\$ 11,783,780</u>	<u>\$ 5,447,160</u>	<u>\$ (2,063,836)</u>	<u>\$ 54,229,604</u>
<b>Expenses</b>									
Operations & Maintenance	\$ 2,154,889	\$ 73,271	\$ 696,623	\$ 956,566	\$ 4,569,676	\$ 5,741,980	\$ 1,293,597	\$ 17,931	\$ 15,504,533
Wages & Benefits	4,263,904	102,480	1,778,104	327,179	8,082,574	2,990,406	1,532,370	-	19,077,017
Contract for Services	265,374	2,580,563	110,776	576,292	150,845	2,476,626	99,202	-	6,259,678
Debt Charges - Interest	66,823	-	-	32,147	456,646	445,250	114,877	-	1,115,743
Contributions to Community Facility	-	-	24,632	-	130,849	-	-	-	155,481
Grants to Organizations	-	-	378,179	-	56,434	55,600	-	-	490,213
Library Serv. Prov. by Other Govt	-	-	-	-	1,573,704	-	-	-	1,573,704
Services Provided Other Local Govt	-	-	19,200	481,298	225,545	-	-	-	726,043
Amortization	159,477	-	45,789	250,763	2,535,528	1,013,257	1,745,831	-	5,750,645
Contributions to Other Functions	-	-	5,000	-	-	-	18,395	-	23,395
Contribution to Third Party Capital	-	-	-	-	-	-	-	17,657	17,657
	<u>\$ 6,910,467</u>	<u>\$ 2,756,314</u>	<u>\$ 3,058,303</u>	<u>\$ 2,624,245</u>	<u>\$ 17,781,801</u>	<u>\$ 12,723,119</u>	<u>\$ 4,804,272</u>	<u>\$ 35,588</u>	<u>\$ 50,694,109</u>
<b>Net Annual Surplus</b>	<u>\$ 129,915</u>	<u>\$ 180,988</u>	<u>\$ 835,549</u>	<u>\$ 773,829</u>	<u>\$ 4,011,089</u>	<u>\$ (939,339)</u>	<u>\$ 642,888</u>	<u>\$ (2,099,424)</u>	<u>\$ 3,535,495</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014**

**25) 2013 - Consolidated Schedule of Segment Disclosure - Service (continued)**

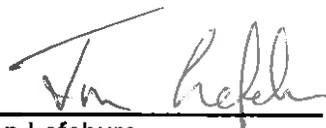
	General Government Services	Transportation Services	Electoral Area Services	Protective Services	Parks Recreation & Culture	Environmental Services	Sewer & Water Utilities	Elimination Adjustment	Consolidation
<b>Revenues</b>									
Tax Requisition	\$ 2,811,883	\$ 1,829,801	\$ 2,777,794	\$ 2,927,002	\$ 15,787,718	\$ 3,728,156	\$ 120,262	\$ -	\$ 29,982,616
User Fees	-	-	2,003	-	-	1,142,214	2,440,241	(3,276)	3,581,182
Parcel Taxes	-	-	67,700	-	10,000	-	1,908,600	-	1,986,300
Grants	967,670	74,028	7,366	19,144	531,723	6,525,925	644,580	-	8,770,436
Services Provided Other Local Govt	-	-	-	59,870	-	-	-	-	59,870
Revenue from Own Sources	67,402	770,154	685,891	16,582	3,435,774	3,500,528	-	(211,363)	8,264,968
Other Revenue	171,657	64,358	3,240	104,381	117,744	2,087,463	217,349	190,420	2,956,612
Interest Income	86,705	-	940	-	290	-	630	87,501	176,066
Donations	-	-	-	6,000	38,079	-	-	2,235,062	2,279,141
Contributions from Other Functions	-	-	-	-	334,944	-	350,000	(684,944)	-
Services Provided to Other Function	3,669,897	-	143,000	103,356	442,663	1,148,563	-	(5,507,479)	-
	<u>\$ 7,775,214</u>	<u>\$ 2,738,341</u>	<u>\$ 3,687,934</u>	<u>\$ 3,236,335</u>	<u>\$ 20,698,935</u>	<u>\$ 18,132,849</u>	<u>\$ 5,681,662</u>	<u>\$ (3,894,079)</u>	<u>\$ 58,057,191</u>
<b>Expenses</b>									
Operations & Maintenance	\$ 1,661,031	\$ 61,841	\$ 550,105	\$ 862,506	\$ 4,356,233	\$ 7,164,694	\$ 1,189,046	\$ 42,320	\$ 15,887,776
Wages & Benefits	3,793,122	106,971	1,769,841	350,415	7,957,427	2,701,034	1,400,952	-	18,079,762
Contract for Services	486,987	2,365,108	114,081	543,437	165,083	2,732,825	107,590	-	6,515,111
Debt Charges - Interest	63,931	-	-	30,652	546,015	377,567	124,792	-	1,142,957
Contributions to Community Facility	-	-	74,609	-	107,446	-	-	-	182,055
Grants to Organizations	-	-	335,395	-	70,601	39,200	-	-	445,196
Library Serv. Prov. by Other Govt	-	-	-	-	1,483,948	-	-	-	1,483,948
Services Provided Other Local Govt	-	-	-	465,981	226,693	-	-	-	692,674
Amortization	163,653	-	48,771	254,675	2,484,618	808,317	1,722,250	-	5,482,284
Contributions to Other Functions	-	-	10,000	-	-	-	19,534	-	29,534
Contribution to Third Party Capital	-	-	-	-	-	-	-	15,094	15,094
	<u>\$ 6,168,724</u>	<u>\$ 2,533,920</u>	<u>\$ 2,902,802</u>	<u>\$ 2,507,666</u>	<u>\$ 17,398,064</u>	<u>\$ 13,823,637</u>	<u>\$ 4,564,164</u>	<u>\$ 57,414</u>	<u>\$ 49,956,391</u>
<b>Net Annual Surplus</b>	<u>\$ 1,606,490</u>	<u>\$ 204,421</u>	<u>\$ 785,132</u>	<u>\$ 728,669</u>	<u>\$ 3,300,871</u>	<u>\$ 4,309,212</u>	<u>\$ 1,117,498</u>	<u>\$ (3,951,493)</u>	<u>\$ 8,100,800</u>

**OPERATING FUND STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2014**  
(unaudited)

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash	\$ 12,135,128	\$ 10,541,267
Receivables		
Due from Provincial Government	466,558	1,387,781
Due from Local Governments	79,621	115,667
Due from Federal Government	229,577	2,611,983
Trade Accounts	1,482,495	1,759,024
Prepaid Expenses	159,376	119,610
Inventories	28,444	28,172
MFA Debt Reserve Fund Deposits (Note 14)	<u>2,944,380</u>	<u>2,878,358</u>
	<u>\$ 17,525,579</u>	<u>\$ 19,441,862</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 3,163,613	\$ 4,788,904
Due to Capital Fund (Schedule C)	15,803	299,151
Due to Reserve Fund (Schedule E)	29,330	90,036
Deferred Government Transfers (Note 4)	81,609	2,970,161
Deferred Revenue (Note 3)	748,142	607,524
Restricted Contributions & Performance Deposits (Note 10)	1,372,926	1,399,226
MFA Debt Reserve Fund Deposits (Note 14)	<u>2,944,380</u>	<u>2,878,358</u>
	<u>8,355,803</u>	<u>13,033,360</u>
<b>Operating Fund Balance</b>	<u><b>\$ 9,169,776</b></u>	<u><b>\$ 6,408,502</b></u>



Sharon Moss, CPA, CGA  
Finance Manager



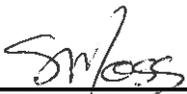
Jon Lefebure  
Chairperson

**STATEMENT OF OPERATING FUND FINANCIAL ACTIVITIES**  
**AS AT DECEMBER 31, 2014**  
(unaudited)

	2014 <b>BUDGET</b>	2014 <b>ACTUAL</b>	2013 <b>ACTUAL</b>
<b>REVENUE</b>			
Tax Requisition	\$ 30,691,543	\$ 30,691,543	\$ 29,982,616
User Fees	3,653,385	3,377,185	3,575,458
Parcel Taxes	2,204,087	2,105,555	1,986,300
Government Transfers	6,048,161	6,323,011	8,770,436
MFA Funding	9,569,626	4,350,823	5,327,083
Services Provided to			
Other Local Governments	58,190	58,190	59,870
Revenue from Own Sources	8,332,083	8,401,192	8,476,332
Other Revenue	2,358,173	2,168,613	2,774,592
Interest income	70,980	83,806	88,565
Donations	255,300	289,813	44,079
Services Provided to Other Functions	5,629,847	5,519,050	5,550,870
Contributions From Other Functions	335,852	335,854	684,944
Debt Recoveries from Member Municipalities	<u>2,836,250</u>	<u>2,833,297</u>	<u>2,838,055</u>
	<u>\$ 72,043,477</u>	<u>\$ 66,537,932</u>	<u>\$ 70,159,200</u>
<b>EXPENSES</b>			
General Government Services	\$ 8,245,469	\$ 7,897,229	\$ 6,774,010
Vancouver Island Regional Library	1,603,384	1,603,384	1,511,574
Transportation Services	3,140,156	2,979,458	2,749,234
Electoral Area Services	4,177,403	3,933,945	3,699,509
Protective Services	3,527,726	2,899,922	2,896,938
Parks & Recreation	27,990,901	20,881,393	18,363,420
Environmental Services	13,142,617	11,389,866	21,775,634
Sewer & Water Utilities	9,049,913	5,496,856	5,122,270
Debt Payments for Member Municipalities	<u>2,836,250</u>	<u>2,833,297</u>	<u>2,838,055</u>
	<u>73,713,819</u>	<u>59,915,350</u>	<u>65,730,644</u>
<b>Net Revenues/(Expenses)</b>	<b>(1,670,342)</b>	<b>6,622,582</b>	<b>4,428,556</b>
Transfer from Reserve Fund	2,258,436	1,272,090	1,158,186
Debenture Debt - Repayments	(962,872)	(962,871)	(857,206)
MFA Agreement Debt - Repayments	(3,151,257)	(2,305,461)	(875,390)
Transfer to Reserve Fund	<u>(1,624,629)</u>	<u>(1,865,066)</u>	<u>(1,674,005)</u>
	<u>(3,480,322)</u>	<u>(3,861,308)</u>	<u>(2,248,415)</u>
<b>Change in Fund Balance</b>	<b>(5,150,664)</b>	<b>2,761,274</b>	<b>2,180,141</b>
Fund Balance - Prior Year	<u>5,150,664</u>	<u>6,408,502</u>	<u>4,228,363</u>
<b>Ending Fund Balance</b>	<b>\$ <u>-</u></b>	<b>\$ <u>9,169,776</u></b>	<b>\$ <u>6,408,502</u></b>

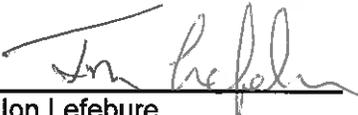
**CAPITAL FUND STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2014**  
(unaudited)

	2014	2013
<b>FINANCIAL ASSETS</b>		
Debt Recoveries		
from Member Municipalities (Note 24)	\$ 26,125,898	\$ 27,688,928
Due from Operating Fund (Schedule A)	15,803	299,151
Land Held for Resale	<u>326,388</u>	<u>661,881</u>
	<u>\$ 26,468,089</u>	<u>\$ 28,649,960</u>
<b>FINANCIAL LIABILITIES</b>		
MFA Agreement Debt (Note 23)	4,409,495	3,750,263
Debenture Debt (Note 24)		
Cowichan Valley Regional District	18,157,310	18,457,121
Member Municipalities	<u>26,125,898</u>	<u>27,688,928</u>
	<u>48,692,703</u>	<u>49,896,312</u>
<b>NET FINANCIAL LIABILITIES</b>	(22,224,614)	(21,246,352)
Capital Assets (Note 22)	<u>142,249,655</u>	<u>139,029,881</u>
	<u>\$120,025,041</u>	<u>\$117,783,529</u>
<b>EQUITY</b>		
Capital Fund Balance (Schedule D)	\$ 15,803	\$ 299,151
Equity in Capital Assets (Schedule D)	<u>120,009,238</u>	<u>117,484,378</u>
	<u>\$120,025,041</u>	<u>\$117,783,529</u>


---

Sharon Moss, CPA, CGA  
Finance Manager


---

Jon Lefebure  
Chairperson

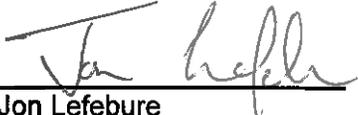
**STATEMENT OF CAPITAL FUND FINANCIAL ACTIVITIES**  
**AS AT DECEMBER 31, 2014**  
(unaudited)

	2014	2013
Capital Fund Advances - Beginning of Year	\$ 299,151	\$ 345,857
Add:		
Contributions from Operating Fund	2,616,838	3,662,046
Contributions from Reserve Fund	1,272,090	1,143,186
Sale of Capital Assets	72,285	30,603
Debenture Debt - Issued	1,120,713	2,645,000
MFA Agreement Debt - Issued	<u>2,964,693</u>	<u>2,677,697</u>
	8,345,770	10,504,389
Deduct:		
Purchase of Capital Assets	(8,239,751)	(10,132,315)
Debenture Financing Costs	(6,724)	(15,870)
Contributions to Debt Reserve Fund	(11,207)	(26,450)
Loss on Sale of Assets	<u>(72,285)</u>	<u>(30,603)</u>
Capital Fund Advances - End of Year	<u>\$ 15,803</u>	<u>\$ 299,151</u>
Equity in Capital Assets - Beginning of Year	\$117,484,378	\$113,751,117
Purchase of Capital Assets	8,239,751	10,132,315
Debenture Debt - Actuarial	457,653	429,268
Debenture Debt - Repayment	962,871	857,206
Loss on disposal of Assets	(48,037)	-
Disposal of Assets	(24,248)	(121,909)
Donated Assets	803,023	2,235,062
Amortization	(5,726,397)	(5,360,375)
Debenture Debt - Issued	(1,120,713)	(2,645,000)
Subdivision Levies - Transfer to Reserves	-	9,000
MFA Agreement Debt - Issued	(2,964,693)	(2,677,697)
MFA Agreement Debt - Repayment	2,305,461	875,390
Sale of Land Held for Resale	(335,493)	-
WIP reclassified	<u>(24,318)</u>	<u>-</u>
Equity in Capital Assets - End of Year	<u>\$120,009,238</u>	<u>\$117,484,378</u>

**RESERVE FUND STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2014**  
(unaudited)

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash	\$ 4,798,889	\$ 3,952,995
Portfolio Investments	4,937,338	4,884,129
Receivable from Operating Fund (Schedule A)	<u>29,330</u>	<u>90,036</u>
	9,765,557	8,927,160
<b>FINANCIAL LIABILITIES</b>		
Deferred Revenue (Note 3)	<u>606,594</u>	<u>465,889</u>
	\$ <u>9,158,963</u>	\$ <u>8,461,271</u>
<b>FUND ACTIVITY:</b>		
Add:		
Contribution from Operating Fund	\$ 1,865,066	\$ 1,674,005
Cash Distribution Surplus	643	55,420
Other Income	90,000	145,000
Interest Earned	<u>89,073</u>	<u>87,501</u>
	2,044,782	1,961,926
Less:		
Expenditures	1,272,090	1,158,186
Other Expenditures	<u>75,000</u>	<u>-</u>
Current Year Activity	697,692	803,740
Reserve Fund Balance - Beginning of Year	<u>8,461,271</u>	<u>7,657,531</u>
<b>Reserve Fund Balance - End of Year</b>	<u>\$ 9,158,963</u>	<u>\$ 8,461,271</u>

  
Sharon Moss, CPA, CGA  
Finance Manager

  
Jon Lefebure  
Chairperson

**STATEMENT OF OPERATING SURPLUS**  
**AS AT DECEMBER 31, 2014**  
(unaudited)

Function	Balance of Surplus (Deficit) at End of Year	Balance of Surplus (Deficit) at Beginning of Year
General Government	\$ (62,370)	\$ 546,956
Community Health Network	77,337	228,125
Homelessness	316,035	375,504
Administration Building	47,937	137,102
I.T./H.R./L.I./G.I.S.	236,945	206,848
Commuter Transit	174,351	175,864
Transit	191,813	232,455
9-1-1	(25,519)	13,699
Grants-In-Aid	22,497	22,733
Environmental Initiatives	136,304	114,269
Emergency Planning	303,332	173,735
Economic Development	66,895	3,126
Regional Tourism	67,659	116,440
Electoral Feasibility Studies	44,809	21,142
Electoral Area Services	85,846	95,604
Victim Services	244	270
Victim Services - West	-	11
Community Parks	348,057	231,333
Parks & Trails	40,619	8,050
Regional Parks	(12,882)	5,254
Kinsol Trestle	1,301	5,231
Bright Angel Park	(6,553)	78,388
South End Parks	7,739	13,366
Regional Parkland Acquisition	874,388	424,674
Animal Control	13,644	10,317
Enforcement & Inspection	47,858	(79,546)
Community Planning	147,388	49,912
North Oyster Fire Protection	121,637	114,788
Mesachie Lake Fire Protection	15,519	7,009
Saltair Fire Protection	-	5,664
Sahtlam Fire Protection	5,764	82,958
Malahat Fire Protection	85,214	106,648
Eagle Heights Fire Protection	9,067	3,242
Honeymoon Bay Fire Protection	26,293	37,743
Youbou Fire Protection	243,273	172,989
Recreation & Culture / Facilities	33,815	19,831
Cowichan Lake Recreation	95,782	76,584
Kerry Park Recreation Centre	280,363	324,585
Island Savings Centre	352,051	388,325
Theatre - Area B	58	40
Cowichan Sportsplex - Area A	(581)	-
Cowichan Sportsplex - Area C	(581)	-

**STATEMENT OF OPERATING SURPLUS**  
**AS AT DECEMBER 31, 2014**  
(unaudited)

Function	Balance of Surplus (Deficit) at End of Year	Balance of Surplus (Deficit) at Beginning of Year
Cowichan Sportsplex - Area D	\$ (581)	\$ -
Cowichan Sportsplex - Area E	(581)	-
Saltair Recreation	42,425	24,274
Lake Cowichan Activity Centre	-	20
Cowichan Aquatic Centre - Area F	(3,620)	-
Cowichan Aquatic Centre - Area I	(3,475)	-
Shawnigan Lake Community Centre	116,829	49,908
Senior Centre Grant Area F & I	-	18
Kaatza Historical Society	-	28
Nature and Habitat - Area I	74	31
Thetis Island Wharf	49,393	42,796
Thetis Island Boat Launch	3,959	3,044
Cowichan Lake Water Protection	1,484	8,550
Safer Futures	75	70
Social Planning	129	127
Cowichan Community Policing	421	418
Cowichan Valley Hospice	(1,110)	-
Thetis Island Solid Waste & Recycling	-	(14,626)
Curbside Collection Garbage/Recycling	473,562	138,447
Solid Waste Management Complex	(508,773)	(67,018)
South Cowichan Water Study Plan	112,043	131,744
Liquid Waste Plan - Central Sector	110,835	75,190
Critical Street Lighting "A"	1,260	334
Critical Street Lighting "B"	2,043	1,417
Critical Street Lighting "C"	2,255	1,878
Critical Street Lighting "D"	1,677	1,633
Critical Street Lighting "E"	(277)	1,132
Critical Street Lighting "I"	278	333
Mesachie Lake Street Lighting	(403)	228
Youbou Street Lighting	2,514	1,851
Cowichan Bay Street Lighting	(7)	104
Honeymoon Bay Street Lighting	(908)	1,311
Cobble Hill Street Lighting	774	610
Wilmot Road Street Lighting	6,682	6,343
Sentinel Ridge Street Lighting	8,987	12,392
Twin Cedars Street Lighting	4,164	6,225
Arbutus Mtn. Street Lighting	9,528	13,156
Engineering Services	74,552	60,001
Engineering Services - Utilities	132,795	73,811
Capital Projects Division	(143,740)	(8,305)
Wilmot Road Drainage System	6,177	4,888
Sentinel Ridge Drainage System	13,536	13,679

**STATEMENT OF OPERATING SURPLUS**  
**AS AT DECEMBER 31, 2014**  
(unaudited)

Function	Balance of Surplus (Deficit) at End of Year	Balance of Surplus (Deficit) at Beginning of Year
Shawnigan Lake East Drainage System	\$ 2,727	\$ 2,152
Arbutus Mtn. Drainage System	25,293	27,138
Lanes Road Drainage System	9,448	7,018
Bald Mountain Drainage System	10,852	12,307
Cobble Hill Drainage System	20,674	16,833
Arbutus Ridge Drainage System	30,228	23,598
Shawnigan Creek Clean Out	6,975	5,723
Satellite Park Water System	6,226	4,190
Douglas Hill Water System	34,375	53,718
Lambourn Water System	(17,590)	3,235
Arbutus Mtn. Water System	27,801	42,453
Fern Ridge Water System	13,554	14,840
Bald Mtn. Water System	20,176	17,086
Dogwood Ridge Water System	8,990	8,459
Arbutus Ridge Water System	101,354	120,895
Carlton Water System	1,226	6,051
Shellwood Water System	5,946	3,872
Woodley Range Water System	(16,624)	-
Burnum Water System	60,735	-
Mesachie Lake Water System	27,289	20,760
Saltair Water System	42,491	298,204
Central Youbou Water System	47,906	23,407
Honeymoon Bay Water System	28,551	30,573
Cherry Point Estates Water System	17,246	17,492
Shawnigan Lake North Water System	57,233	(9,382)
Kerry Village Water System	20,968	20,382
Cowichan Bay Sewer System	113,168	42,033
Brulette Place Sewer System	16,256	19,510
Sentinel Ridge Sewer System	28,968	70,670
Twin Cedar Sewer System	(344)	14,365
Lambourn Sewer System	162,222	178,386
Arbutus Mtn Sewer System	4,237	153
Cobble Hill Village Sewer System	28,625	24,374
Mesachie Lake Sewer System	18,121	9,361
Bald Mountain Sewer System	17,796	18,073
Arbutus Ridge Sewer System	134,931	94,737
Eagle Heights Sewer System	(18,592)	(41,260)
Maple Hills Sewer System	25,899	22,363

---

---

**STATEMENT OF OPERATING SURPLUS**  
**AS AT DECEMBER 31, 2014**  
(unaudited)

Shawnigan Beach Estates Sewer System	\$ 111,956	\$ 56,753
Kerry Village Sewer System	(25,913)	(16,649)
Youbou Sewer System	<u>22,345</u>	<u>7,307</u>
Operating Fund Surplus Balance	\$ 6,162,048	\$ 6,408,502
Community Works Reserve Balance	<u>3,007,728</u>	<u>-</u>
Operating Fund Balance	<u>\$ 9,169,776</u>	<u>\$ 6,408,502</u>