



**COWICHAN VALLEY  
REGIONAL DISTRICT**

**FINANCIAL STATEMENTS  
December 31, 2015**

**COWICHAN VALLEY REGIONAL DISTRICT**

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**ELECTED AND APPOINTED OFFICIALS  
2015**

**BOARD OF DIRECTORS**

City of Duncan	P. Kent
Town of Ladysmith	A. Stone
Town of Lake Cowichan	B. Day (Vice-chair)
District of North Cowichan	T. Walker
District of North Cowichan	J. Lefebure (Chair)
District of North Cowichan	K. Marsh
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. Iannidinardo
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**

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**FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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- C Capital Fund Statement of Financial Position
- D Statement of Capital Fund Financial Activities
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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 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 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 to discuss their audit findings.

Brian Carruthers  
Chief Administrative Officer

Sharon Moss, CPA, CGA  
Finance Manager

May 11, 2016



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## INDEPENDENT AUDITOR'S REPORT

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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, 2015, 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, 2015 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.

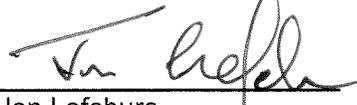
Chartered Professional Accountants

Vancouver, British Columbia  
May 11, 2016

**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2015**

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash	\$ 21,318,747	\$ 16,810,604
Portfolio Investments (Note 2)	4,979,516	4,937,338
Receivables		
Due from Provincial Government	49,175	466,558
Due from Local Governments	49,348	79,621
Due from Federal Government	1,058,462	445,101
Trade Accounts	1,125,809	1,266,971
Land Held for Resale (Note 13)	-	326,388
Debt Recoveries from Member Municipalities And Other Organizations (Note 16)	<u>26,497,516</u>	<u>26,125,898</u>
	<u>\$ 55,078,573</u>	<u>\$ 50,458,479</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 3,951,754	\$ 3,163,613
Deferred Government Transfers (Note 4)	-	81,609
Deferred Revenue (Note 3)	1,342,289	1,354,736
Restricted Contributions & Performance Bonds (Note 10)	1,629,407	1,372,926
Employee Future Benefits (Note 5)	419,745	464,979
Landfill Closure and Post Closure Costs (Note 6)	5,324,684	4,064,745
MFA Agreement Debt (Note 17 & 23)	4,489,496	4,409,495
Debenture Debt (Note 17 & 24)		
Cowichan Valley Regional District	16,628,298	18,157,310
Member Municipalities and Other Organizations	<u>26,497,516</u>	<u>26,125,898</u>
	<u>\$ 60,283,189</u>	<u>\$ 59,195,311</u>
<b>NET DEBT</b>	<u>\$ (5,204,616)</u>	<u>\$ (8,736,832)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 22)	143,465,569	142,249,655
Inventories	32,483	28,444
Prepaid Expenses	<u>113,308</u>	<u>159,376</u>
	<u>143,611,360</u>	<u>142,437,475</u>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<u><b>\$138,406,744</b></u>	<u><b>\$133,700,643</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, 2015**

<b>REVENUE</b>	2015 <b>BUDGET</b> (Note 8)	2015 <b>ACTUAL</b>	2014 <b>ACTUAL</b>
Tax Requisition	\$ 32,420,102	\$ 32,420,102	\$ 30,691,543
User Fees	4,019,871	3,660,070	3,371,780
Parcel Taxes	2,197,552	2,197,535	2,105,555
Government Transfers	3,926,544	3,730,301	6,323,011
Services Provided to Other Local Governments	51,786	51,790	58,190
Revenue from Own Sources	7,987,608	8,485,747	8,164,611
Other Revenue	2,683,206	2,839,679	2,249,199
Interest Income	70,900	168,635	172,879
Donations	<u>89,538</u>	<u>2,799,166</u>	<u>1,092,836</u>
	<u>\$ 53,447,107</u>	<u>\$ 56,353,025</u>	<u>\$ 54,229,604</u>
<b>EXPENSES (Note 11 &amp; 25)</b>			
General Government Services	\$ 6,845,354	\$ 6,156,700	\$ 6,910,467
Vancouver Island Regional Library	1,648,088	1,648,088	1,573,705
Transportation Services	3,048,235	2,972,047	2,756,314
Electoral Area Services	3,536,008	3,498,614	3,057,803
Protective Services	2,825,884	2,857,763	2,624,245
Parks & Recreation	14,610,810	16,564,131	16,208,596
Environmental Services	13,829,638	12,763,247	12,739,855
Sewer & Water Utilities	<u>3,892,874</u>	<u>5,186,334</u>	<u>4,823,124</u>
	<u>50,236,891</u>	<u>51,646,924</u>	<u>50,694,109</u>
<b>Annual Surplus</b>	3,210,216	4,706,101	3,535,495
Accumulated Surplus, Beginning of the Year	<u>133,700,643</u>	<u>133,700,643</u>	<u>130,165,148</u>
<b>Accumulated Surplus, End of the year (Note 15)</b>	<u><b>\$136,910,859</b></u>	<u><b>\$138,406,744</b></u>	<u><b>\$133,700,643</b></u>

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

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**STATEMENT OF CHANGE IN NET DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 <b>BUDGET</b> (Note 8)	2015 <b>ACTUAL</b>	2014 <b>ACTUAL</b>
Annual Surplus	\$ 3,210,216	\$ 4,706,101	\$ 3,535,495
Additions of tangible capital assets	(15,309,665)	(4,452,740)	(8,191,714)
Additions of donated tangible capital assets	-	(2,655,876)	(803,023)
Amortization of tangible capital assets	-	5,892,702	5,750,645
Reclassification - WIP	-	-	24,318
Change in inventories	-	(4,039)	(272)
Use of prepaid expense	<u>-</u>	<u>46,068</u>	<u>(39,766)</u>
(Increase)/ Decrease in Net Debt	(12,099,449)	3,532,216	275,683
Opening Net Debt	<u>(8,736,832)</u>	<u>(8,736,832)</u>	<u>(9,012,515)</u>
Closing Net Debt (Statement 1)	<u>\$ (20,836,281)</u>	<u>\$ (5,204,616)</u>	<u>\$ (8,736,832)</u>

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

**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	\$ 4,706,101	\$ 3,535,495
Non-cash items included in surplus		
Amortization of tangible capital assets	5,892,702	5,750,645
Contributed tangible capital assets	(2,655,876)	(803,023)
Debt actuarial adjustment	(522,753)	(457,653)
Employee future benefits	(45,234)	(44,154)
Landfill closure and post closure	1,259,939	2,085,724
Change in non-cash working capital balances related to operations		
Accounts receivable	(24,543)	3,616,204
Prepaid expenses & inventories	42,029	(40,038)
Accounts payable and accrued liabilities	788,141	(1,625,291)
Deferred revenue	(12,447)	281,323
Deferred government transfers	(81,609)	(2,888,552)
Interest on portfolio investments	(42,178)	(53,209)
Land held for resale	326,388	335,493
Restricted contributions and performance bonds	<u>256,481</u>	<u>(26,300)</u>
Cash provided by operating transactions	<u>9,887,141</u>	<u>9,666,664</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(4,452,740)	(8,191,714)
Reclassification of work in progress	<u>-</u>	<u>24,318</u>
Cash used in capital transactions	<u>(4,452,740)</u>	<u>(8,167,396)</u>
<b>FINANCING TRANSACTIONS</b>		
Debenture debt issued	-	1,120,713
MFA agreement debt issued	1,714,191	2,964,693
Debenture debt repayment	(1,006,259)	(962,871)
MFA agreement debt repayment	<u>(1,634,190)</u>	<u>(2,305,461)</u>
Cash provided by financing transactions	<u>(926,258)</u>	<u>817,074</u>
Increase in Cash	4,508,143	2,316,342
Cash - Beginning of Year	<u>16,810,604</u>	<u>14,494,262</u>
Cash - End of Year (Statement 1)	<u>\$ 21,318,747</u>	<u>\$ 16,810,604</u>
Interest paid for year	\$ 1,110,222	\$ 1,115,743

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

## COWICHAN VALLEY REGIONAL DISTRICT

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### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

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 as estimated expenses as set out in the regulatory requirement to close and maintain active and inactive landfill sites.

## COWICHAN VALLEY REGIONAL DISTRICT

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### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

#### 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 and 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, amortization (which is based on estimated useful life), and estimations related to contaminated sites. Actual results may vary from those estimates and adjustments will be reported in operations as they become known.

##### (g) Contaminated Sites Liability

Effective January 1, 2015, the Regional District adopted the new Public Sector Accounting Standard PS3260 Liability for Contaminated Sites. The new standard can be applied retroactively or prospectively and the Regional District has elected to apply it prospectively.

Under PS3260, 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.

**COWICHAN VALLEY REGIONAL DISTRICT**

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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

**(g) Contaminated Sites Liability (continued)**

Management has assessed its potential liabilities under the new standard, 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 at this time. Therefore, no liability was recognized upon adoption as at January 1, 2015 or as at December 31, 2015. Further assessment will be made in regard to the site and potential contamination. Should an liability be determined to exist they will be recorded in the period discovered.

**2) Portfolio Investments**

Portfolio investments are MFA Money Market funds of \$4,979,516 (2014 - \$4,937,338 ). 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 2015 was .85% (2014 1.09%).

**3) Deferred Revenue**

	2015	2014
Developer Capital Contributions	\$ 253,413	\$ 253,413
Recreation Deposits	350,114	200,083
Kinsol Trestle Donation	63,321	81,767
Flood Mitigation Grant	12,224	-
Other	<u>166,339</u>	<u>212,879</u>
Subtotal (Schedule A)	845,411	748,142
Parkland Cash-in-lieu Contributions	<u>496,878</u>	<u>606,594</u>
	<u>\$ 1,342,289</u>	<u>\$ 1,354,736</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.
- Flood Mitigation Grant - for the Koksilah River Management Project and remaining funding for Drought Alert Project.

**COWICHAN VALLEY REGIONAL DISTRICT**

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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**3) Deferred Revenue (continued)**

- Other - funds received for 2016 for advertising travel planner, 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**

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 for Government Transfers) is that revenues under the Community Works Fund portion of the program is recognized when annually allocated to the Regional District.

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

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:

	2015	2014
Community Works Reserve, opening balance	\$ 3,007,728	\$ -
Add:		
Transfer of unspent community works fund from prior agreement	-	2,422,406
Community works funds allocated in year	1,484,196	1,472,478
Interest on community works funds	52,745	64,416
Adjust for Regionally Significant Funding	4,831	-
Less:		
Amount allocated to projects	<u>(747,101)</u>	<u>(951,572)</u>
Community Works Reserve, ending balance	<u>\$ 3,802,399</u>	<u>\$ 3,007,728</u>

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

## COWICHAN VALLEY REGIONAL DISTRICT

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### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

#### 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, 2015, \$ 66,434 (2014 - \$64,327) in unpaid vacation was accrued. Banked time accrued from January 1 through November 30 has been taken or paid as at November 30, 2015. The accrual for banked time at December 31, 2015 amounted to \$ 10,847 (2014 - \$8,201), which must be taken or paid no later than November 30, 2016.

#### (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 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, 2014 the Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local government.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2012, indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2015, with results available in late 2016.

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 \$ 1,376,164 (2014 - \$1,240,381) for employer contributions, while employees contributed \$ 1,221,960 (2014 - \$1,098,144) to the plan in fiscal 2015.

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**5) Payroll Benefits (continued)**

**(b) Employee Future 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 2015 is based on an actuarial evaluation prepared in 2015, 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 8 years. As of December 31, 2015, \$419,745 (2014 - \$464,979) is recorded as the value of the unfunded employee benefit obligations.

	2015	2014
Discount rates	3.10%	3.10%
Expected future inflation rates	2.00%	2.00%
Expected wages/salary increases	2.08% - 4.00%	2.08% - 4.00%

**Accrued Benefit Obligation as at December 31, 2015**

	2015	2014
Accrued benefit obligation - beginning	\$ 117,100	\$ 102,300
Current service cost	12,900	11,300
Interest on accrued benefit obligation	3,800	4,400
Benefits paid during the year	(12,000)	(9,100)
Actuarial (Gain)/Loss	<u>(19,400)</u>	<u>8,200</u>
<b>Ending benefit obligation</b>	<b>102,400</b>	<b>117,100</b>
Plus - unamortized net actuarial gain	<u>317,345</u>	<u>347,879</u>
<b>Accrued Benefit Liability</b>	<b><u>\$ 419,745</u></b>	<b><u>\$ 464,979</u></b>

The total expense related to these benefits was:

	2015	2014
Current service costs	\$ 12,900	\$ 11,300
Interest on benefit obligation	3,800	4,400
Actuarial gain/loss	(19,400)	8,200
Amortization of actuarial gain	<u>(30,534)</u>	<u>(58,954)</u>
Total expense (recovery)	<u>\$ (33,234)</u>	<u>\$ (35,054)</u>

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

**COWICHAN VALLEY REGIONAL DISTRICT**

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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

	2015	2014
Abandoned landfills	\$ 2,518,048	\$ 3,049,401
Meade Creek TRP	2,392,092	580,656
Peerless Road TRP	354,077	453,973
Koksilah Road	<u>165,236</u>	<u>104,128</u>
Gross liability	5,429,453	4,188,158
Less: cash held in Remediation Reserve Fund	<u>(104,769)</u>	<u>(123,413)</u>
	<u>\$ 5,324,684</u>	<u>\$ 4,064,745</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.

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 nine general 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 2015 dollars) for a total of \$2,518,048. These estimates are adjusted for future anticipate inflation and then discounted back to date upon the CVRD's cost of borrowing for the expected 18 year period of 3.40% annually.

## COWICHAN VALLEY REGIONAL DISTRICT

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### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

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

At the Meade Creek ashfill site, the Regional District has decided to consolidate and encapsulate the ash waste on site which allows for on-site risk management. The capital project works are expected to begin 2017 with completion in early 2018. The cost of this option is estimated at \$2,158,135 (in 2015 dollars) with additional \$10,000 per year of monitoring requirements beginning 2018, 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 3.46% annually.

The Peerless Road remediation and closure works were completed in 2015. The post-closure maintenance costs are estimated at \$15,000 annually (in 2015 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 3.46% annually.

The Regional District currently maintains an inactive landfill site on Koksilah Road which has been closed for 19 years. The Regional District is responsible for long-term groundwater monitoring at this location at a cost estimated at \$7,000 annually (in 2015 dollars) for 25 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 25 year period of 3.46% 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.

**COWICHAN VALLEY REGIONAL DISTRICT**

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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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 25, 2015. 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)	\$ 3,210,216
Add:	
Transfers from Reserves	5,123,945
Prior Year Operating Surplus	5,166,488
MFA Funding	7,690,425
Difference between Operating and Reserve on Bylaw No. 3913	
Saltair Fire Protection	320,000
Less:	
Debt Principal Repayments/Actuarial Adjustments	(3,339,080)
Debt Principal Recorded as Operating on Bylaw	(69,555)
Transfer to Reserves	(2,318,152)
Transfers to Feasibility Studies recorded as Transfers to Reserves in Bylaw No. 3913	(8,077)
Difference between Operating and Reserves on Bylaw No. 3913	
Emergency Planning	(50,000)
Regional Parkland Acquisition	(363,282)
Honeymoon Bay Fire Protection	(14,623)
Bald Mountain Water	(4,000)
Mesachie Lake Water	(10,000)
Mesachie Lake Sewer	(18,000)
Shawnigan Lake Weir Recovery	(6,640)
Purchase of capital assets	<u>(15,309,665)</u>
Surplus, per Cowichan Valley Regional District Financial Plan Bylaw No. 3913	<u>-</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**9) Contingent Liabilities**

As at December 31, 2015 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. Holdback funds are monies held from payments to contractors for work on the dike project, Kinsol Lookouts, Elsie Miles upgrade, and water infrastructure projects to ensure completion of said projects. Island Savings Center 2014/15 sponsorship funding from Island Savings Credit Union is funding for capital upgrades planned for 2016. 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. 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. Nature and Habitat funds are received through voluntary contributions for projects that environmentally enhance Electoral Area I-Youbou/Meade Creek. Capital Improvement Fee (CFI) funds are received through ticket sales at the Cowichan Performing Arts Centre and will be used to help replace equipment. The following balances are included in the totals reported for Restricted Contributions and Performance deposits.

	2015	2014
Warranty Deposits	\$ 850,015	\$ 534,446
Holdbacks	253,712	161,046
ISC Sponsorship Funding	139,285	100,000
Cowichan Lake Water Protection	76,000	76,000
Arts & Sports Scholarship Fund	44,687	45,783
Dike Project Deposit	43,752	333,645
Nature and Habitat	34,550	34,550
Cowichan Performing Arts - CFI	10,444	-
Other	<u>176,962</u>	<u>87,456</u>
	<u>\$ 1,629,407</u>	<u>\$ 1,372,926</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

<b>EXPENSES</b>	2015 BUDGET (Note 8)	2015 ACTUAL	2014 ACTUAL
Operations & Maintenance	\$ 18,922,625	\$ 14,894,720	\$ 15,504,533
Wages & Benefits	19,890,320	19,507,802	19,077,017
Contract for Services	6,780,181	6,982,660	6,259,678
Debt Charges - Interest	1,262,927	1,110,222	1,115,743
Contributions to Community Facilities	231,282	210,188	155,481
Grants to Organizations	640,302	575,981	490,213
Library Services Provided by Other Governments	1,648,088	1,648,088	1,573,704
Fire & Recreation Services Provided by Other Local Governments	798,089	797,848	726,043
Amortization	-	5,892,702	5,750,645
Contributions to Other Functions	8,077	8,077	23,395
Contribution to Third Party Capital	<u>55,000</u>	<u>18,636</u>	<u>17,657</u>
	<u>\$ 50,236,891</u>	<u>\$ 51,646,924</u>	<u>\$ 50,694,109</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, 2015**

**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	2015	2014
Land	\$ 47,798,263	\$ 45,186,580
Building	23,289,986	23,746,677
Vehicle, machinery & equipment	4,215,292	4,307,536
Engineering structures	50,860,283	49,899,005
Parks	8,459,807	9,726,003
Other Tangible Capital Assets	7,418,015	7,136,864
Work in progress	<u>1,423,923</u>	<u>2,246,990</u>
	<u>\$143,465,569</u>	<u>\$142,249,655</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 \$ 2,655,876 (2014 - \$ 803,023 ) 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, with one parcel sold in 2014 and the remainder sold in 2015.

**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, 2015**

**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.

	2015	2014
Cash Deposits - Cowichan Valley Regional District	\$ 448,283	\$ 439,341
Member Municipalities	488,915	485,036
Demand Notes - Cowichan Valley Regional District	904,573	912,973
Member Municipalities	<u>1,065,569</u>	<u>1,107,030</u>
	<u>\$ 2,907,340</u>	<u>\$ 2,944,380</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:

	2015	2014
Surplus		
Operating Fund Revenue Fund (Schedule A)	\$ 11,120,706	\$ 9,169,776
Operating Fund - Future Liabilities - Sick Leave	(419,745)	(464,979)
Operating Fund - Future Liabilities - Landfill Costs	(5,324,684)	(4,064,745)
Equity in Capital Assets (Schedule C)	122,347,774	120,009,238
Capital Fund Advances (Schedule C)	-	<u>15,803</u>
Total Surplus	<u>\$127,724,051</u>	<u>\$124,665,093</u>
Statutory Reserve Funds (Schedule E)	10,787,462	9,158,963
Less: Restricted Remediation Reserve	<u>(104,769)</u>	<u>(123,413)</u>
Accumulated Surplus (Statement 1)	<u>\$138,406,744</u>	<u>\$133,700,643</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, 2015, which have not yet been recovered, are:

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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

2016	2017	2018	2019	2020	Total
\$1,259,443	\$1,057,349	\$ 979,231	\$ 864,964	\$ 328,509	\$ <u>4,489,496</u>

Debenture Debt

2016	2017	2018	2019	2020	Total
\$ 992,932	\$ 932,026	\$ 889,450	\$ 753,358	\$ 734,536	\$ <u>4,302,302</u>

Total Five Year Future Debt Principal Payments \$ 8,791,798

## COWICHAN VALLEY REGIONAL DISTRICT

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### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

#### 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

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### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

#### 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 (2014 - \$60,000). In addition, staff resources supplied to the Hospital District to assist with purchasing a potential hospital site totaled \$50,000 (2014 - \$50,000).

#### 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 based on the populations of the jurisdictions of the parties. The Regional District's commitment for 2016 is \$550,000 or 44% 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 2015/2016 annual transit operating agreement for these services is \$757,353.

##### 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 2016 commitment is \$174,376.

##### 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 2016 commitment is \$216,658.

##### Island Corridor Foundation

The Board committed to a \$488,100 contribution for bridge and trestle upgrades along the rail line between Victoria and Courtenay. The parties entered into an agreement in 2014 setting out the payment terms. The General Government 2015 budget included \$366,075 Regional Grant in Aid which is currently held in surplus.

**COWICHAN VALLEY REGIONAL DISTRICT**

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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**20) Commitments (continued)**

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 2016 commitment is \$136,417.

**21) Comparative Figures**

Certain 2014 comparative figures have been reclassified specifically to accounts receivable.

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

	Land	Building	Vehicles/ Machinery Equipment	Water	Engineering Structures Sewer/ Drainage	Other	Parks	Engineering Structures Capital Assets	Other Tangible Capital Assets	Work In Progress	2015 Total	2014 Total
<b>COST</b>												
Opening 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	\$ 2,246,990	\$216,204,804	\$207,258,633
Add: Additions	2,611,684	1,000,196	648,900	1,087,610	1,775,907	-	85,451	790,824	1,423,923	1,423,923	9,424,495	16,283,671
Less: Completed W.I.P.	-	-	-	-	-	-	-	-	(2,246,990)	(2,246,990)	(2,246,990)	(7,265,215)
Less: Disposals	-	(87,205)	(77,716)	-	-	-	(58,313)	-	-	-	(223,234)	(72,285)
Less: Re-class	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	47,798,263	44,088,879	21,896,792	42,411,878	36,882,979	693,992	17,260,712	10,701,657	1,423,923	1,423,923	223,159,075	216,204,804
<b>ACCUMULATED AMORTIZATION</b>												
Opening Balance	-	19,429,211	17,018,071	15,055,084	12,060,578	110,664	7,507,572	2,773,969	-	-	73,955,149	68,228,752
Add: Amortization	-	1,387,998	741,145	963,232	908,965	30,043	1,351,646	509,673	-	-	5,892,702	5,750,645
Less: Acc. Amortization on Disposed Assets	-	(18,316)	(77,716)	-	-	-	(58,313)	-	-	-	(154,345)	(24,248)
Closing Balance	-	20,798,893	17,681,500	16,018,316	12,969,543	140,707	8,800,905	3,283,642	-	-	79,693,506	73,955,149
Net Book Value for year ended December 31, 2015	\$ 47,798,263	\$ 23,289,986	\$ 4,215,292	\$ 26,393,562	\$ 23,913,436	\$ 553,285	\$ 8,459,807	\$ 7,418,015	\$ 1,423,923	\$ 1,423,923	\$143,465,569	\$142,249,655
Net Book Value for year ended December 31, 2014	\$ 45,186,579	\$ 23,746,677	\$ 4,307,537	\$ 26,269,184	\$ 23,046,494	\$ 583,328	\$ 9,726,002	\$ 7,136,864	\$ 2,246,990	\$ 2,246,990	\$142,249,655	\$142,249,655

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**23) Schedule of MFA Agreement Debt**

	<u>Board Resolution</u>	<u>Maturity Dates</u>	<u>Originally Authorized</u>	<u>Principal Payments 2015</u>	<u>Net Unmatured December 31, 2015</u>	<u>Net Unmatured December 31, 2014</u>
Administration	14-222	2016-2019	347,775	20,000	327,775	347,775
Bright Angel Park	14-454-2		28,500	28,500	-	28,500
Com Parks - Area G - Land	10-177.2.3		72,000	13,875	-	13,875
Com Parks - Area B - Land	12-558.T	2016-2018	294,500	56,800	179,500	236,300
Com Parks - Area B - Land	13-412-3	2016-2018	140,000	27,135	85,365	112,500
Com Parks - Area B - Land	15-521.2.2	2016-2020	1,259,903	-	1,259,903	-
Com Parks - Area G - Mt Brenton Sch.	14-328	2016-2019	136,930	15,500	121,430	136,930
Com Parks - Area D - Land	14-112	2016-2019	155,000	29,513	125,487	155,000
CLR - Acoustics Treatments	12-279	2016	81,119	14,275	14,594	28,869
CLR - Truck/Sports Court Flooring	15-246	2016-2020	57,132	-	57,132	-
ECD - Regional Visitor Centre	12-094	2016	293,000	55,835	57,105	112,940
Emergency Planning - Building	10-176-2		135,000	26,330	-	26,330
Eng Services - Vehicle/Excavator	10-311.7		141,709	21,660	-	21,660
Eng Services - Office Furniture	09-522.3		22,000	4,255	-	4,255
Eng Services - Truck	13-428	2016-2019	35,738	6,930	21,708	28,638
Eng Services - Office Furniture	11-237.8		26,185	4,975	-	4,975
Eng Services - Nissan Leaf	11-522.4		40,456	10,686	-	10,686
Eng Utilities - Truck	15-239	2016-2020	30,218	9,050	21,168	-
Honeymoon Bay Fire - Fire Truck	12-278.2	2016	65,000	12,060	12,340	24,400
ISC - Capital Improvements	14-66-2	2016-2019	335,000	99,000	201,200	300,200
KPR - Sound System	11-466		61,659	11,631	-	11,631
KPR - Score Clock	11-608.3	2016	14,186	2,035	2,079	4,114
KPR - Capital Improvements	13-637	2016-2019	2,010,000	373,085	1,246,915	1,620,000
Parks & Trails - Truck	15-234	2016-2020	40,000	-	40,000	-
Reg Parkland - Heart/Stocking Land	09-439		640,870	-	1	1
Reg Parkland - Samsun Point Land	11-053.1.4		700,000	109,800	-	109,800
Regional Parks - CVT	10-254.3		155,000	30,890	-	30,890
Regional Parks - Kinsol Trestle	11.2.2		416,000	79,640	-	79,640
Saltair Recreation - Mt Brenton Sch.	14-328	2016-2019	167,030	62,600	104,430	167,030
<b>Sub Total</b>			<b>\$ 1,126,060</b>	<b>\$ 3,878,132</b>	<b>\$ 3,616,939</b>	

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

	<u>Board Resolution</u>	<u>Maturity Dates</u>	<u>Originally Authorized</u>	<u>Principal Payments 2015</u>	<u>Net Unmatured December 31, 2015</u>	<u>Net Unmatured December 31, 2014</u>
Brought Forward				\$ 1,126,060	\$ 3,878,132	\$ 3,616,939
SLCC - Bus	10-379		10,500	1,750	-	1,750
SLCC - Bus 2012	12-276T	2016	58,246	14,555	14,891	29,446
SLCC - Elsie Miles School	12-558T	2016-2018	310,500	59,550	187,650	247,200
SWM - Roll off Truck and Bins	10-463.1.1	2016	255,000	40,000	40,970	80,970
SWM - Borrowing in lieu of land sale	13-369.8		600,000	264,507	-	264,507
SWM - Excavator	15-536.2.2	2016-2019	243,298	49,354	193,944	-
Honeymoon Bay Water - Upgrades	09-580.2		50,000	8,130	-	8,130
Honeymoon Bay Water - Well	13-509-5	2016-2019	78,720	31,634	47,086	78,720
Shellwood Range Water Study	3975	2016	83,640	-	83,640	-
Kerry Village Sewer - Upgrades	13-270-2	2016-2018	10,433	2,040	6,393	8,433
Shawnigan Beach Sewer - Upgrades	11-354.1	2016	33,000	6,610	6,790	13,400
Youbou Sewer - Land	14-340	2016-2019	60,000	30,000	30,000	60,000
				\$ 508,130	\$ 611,364	\$ 792,556
				\$ 1,634,190	\$ 4,489,496	\$ 4,409,495

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

\*\* The interest rate at December 31, 2015 was 1.78% (December 31, 2014 1.80%).

\*\* 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, 2015**

**24) Schedule of Debenture Debt**

	L/A Bylaw	Term	Maturity Dates	Originally Authorized	Principal/Actuarial 2015	Net Unmatured December 31, 2015	Interest Rate
Issued by the Municipal Finance Authority for our Member Municipalities and Other Organizations							
City of Duncan	1936	20	2016-2019	420,000	26,392	118,066	5.49 %
City of Duncan	2004	15	2016-2026	1,450,000	81,457	1,142,494	4.20 %
Sub Total				\$ 1,07,849	\$ 1,260,560		
District of North Cowichan	1755	20	2016-2016	790,000	57,498	60,373	7.75 %
District of North Cowichan	1784	20	2016-2016	300,000	21,835	22,926	7.75 %
District of North Cowichan	1802	20	2016-2017	1,935,700	134,176	288,814	6.90 %
District of North Cowichan	2686	20	2016-2025	1,600,000	76,476	954,902	5.85 %
District of North Cowichan	3301	20	2016-2028	500,000	21,246	367,381	4.65 %
District of North Cowichan	3259	20	2016-2028	15,000,000	637,374	11,021,422	5.15 %
District of North Cowichan	3352	20	2016-2029	2,265,500	92,562	1,760,867	4.13 %
District of North Cowichan	3358	20	2016-2029	530,000	21,654	411,944	4.13 %
District of North Cowichan	3391	20	2016-2030	1,750,000	68,751	1,431,693	4.50 %
District of North Cowichan	3458	20	2016-2032	745,475	27,077	667,328	2.90 %
District of North Cowichan	3484	20	2016-2033	1,000,000	34,925	931,493	3.15 %
District of North Cowichan	3449	20	2016-2033	1,500,000	52,388	1,397,240	3.85 %
District of North Cowichan	3500	25	2016-2040	2,000,000	-	2,000,000	3.50 %
Sub Total				\$ 1,245,962	\$ 21,316,383		
Town of Ladysmith	2121	15		1,438,000	130,462	-	6.36 %
Town of Ladysmith	2054	15		93,500	8,483	-	6.45 %
Town of Ladysmith	2753	25	2016-2031	2,750,000	90,371	2,051,187	4.66 %
Town of Ladysmith	1763	25	2016-2037	1,000,000	25,971	925,044	4.66 %
Sub Total				\$ 255,287	\$ 2,976,231		
Library Board	3475	30	2016-2042	1,000,000	19,285	944,342	2.90 %
Sub Total				\$ 19,285	\$ 944,342		
<b>Member Municipalities and Other Organizations Total</b>				<b>\$ 1,628,383</b>	<b>\$ 26,497,516</b>		

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

	L/A	Term	Maturity Dates	Originally Authorized	Principal/Actuarial 2015	Net Unmatured December 31, 2015	Interest Rate
Brought Forward: Member Municipalities And Other Organizations							
				\$ 1,628,383		\$ 26,497,516	
Issued by the Municipal Finance Authority for the Cowichan Valley Regional District							
Administration Building	2339	20	2016-2022	3,020,000	164,020	1,402,227	2.10 %
Cowichan Lake Recreation	3197	20	2016-2029	2,500,000	102,143	1,943,133	4.13 %
Cowichan Lake Recreation	3197	20	2016-2030	3,700,000	145,358	3,027,008	4.50 %
Kerry Park Recreation	2439	20	2016-2023	1,700,000	87,933	881,662	4.90 %
Kerry Park Recreation	2818	10	2016-2016	200,000	22,798	23,710	4.65 %
Island Savings Centre	1801	20	2016-2017	700,000	48,521	104,443	4.55 %
Island Savings Centre	2501	20	2016-2024	2,500,000	123,155	1,425,875	4.90 %
Honeymoon Bay Fire	2982	10	2016-2017	207,000	22,690	48,135	4.82 %
Malahat Fire	3630	15	2016-2028	265,000	13,764	238,002	3.15 %
Sahtlam Fire	2685	10	2016-2015	160,000	18,968	-	4.17 %
Sahtlam Fire	3272	10	2016-2020	130,000	12,667	71,353	4.50 %
Curbside Collection	3607	15	2016-2028	1,600,000	83,102	1,436,992	3.15 %
Curbside Collection	3607	15	2016-2029	175,000	8,740	166,260	3.30 %
Solid Waste Mgmt Complex	1782	20	2016-2016	1,050,000	76,421	80,243	4.43 %
Solid Waste Mgmt Complex	1866	20	2016-2018	4,500,000	297,071	983,342	4.65 %
Solid Waste Mgmt Complex	2011	20	2016-2020	600,000	36,006	205,844	4.50 %
Solid Waste Mgmt Complex	3277	20	2016-2030	590,000	23,179	482,685	4.50 %
Solid Waste Mgmt Complex	3278	20	2016-2030	720,000	28,285	589,040	3.73 %
Solid Waste Mgmt Complex	3277	20	2016-2033	780,000	27,241	726,565	3.85 %
Solid Waste Mgmt Complex	3727	20	2016-2034	871,000	29,250	841,750	3.30 %
Arbutus Ridge Water	3287	20	2016-2031	100,000	3,777	85,740	3.25 %
Carlton Water	3628	10	2016-2024	50,000	4,165	45,835	3.00 %
Central Youbou Water	2665	25	2016-2033	488,000	14,828	395,449	5.15 %
Sub Total					\$ 1,394,082	\$ 15,205,293	

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

<b>24) Schedule of Debenture Debt (continued)</b>	L/A	Term	Maturity Dates	Originally Authorized	Principal/Actuarial 2015	Net Unmatured December 31, 2015	Interest Rate
Brought Forward: Member Municipalities And Other Organizations							
Issued by the Municipal Finance Authority for the Cowichan Valley Regional District							
Brought Forward:							
Dogwood Ridge Water	3281	25	2016-2036	94,000	2,539	84,415	3.25 %
Douglas Hill Water	3383	20	2016-2031	150,000	5,667	128,609	4.20 %
Fern Ridge Water	2995	20	2016-2029	23,175	947	18,013	4.13 %
Honeymoon Bay Water	2973	20	2016-2030	37,000	1,455	30,270	3.73 %
Lambourn Water	3062	20	2016-2030	100,000	3,930	81,811	3.73 %
Satellite Park Water	2982	10	2016-2017	50,000	5,479	11,627	4.82 %
Satellite Park Water	3029	20	2016-2029	160,000	6,538	124,361	4.13 %
Shawnigan Lake North Water	2818	10	2016-2016	150,000	17,099	17,782	4.65 %
Youbou Water	2902	20	2016-2030	120,000	4,714	98,173	3.73 %
Arbutus Ridge Sewer	3289	20	2016-2031	125,000	4,720	107,175	3.25 %
Brulette Place Sewer	3297	15	2016-2029	24,713	1,234	23,479	3.00 %
Cobble Hill Sewer	3106	10	2016-2019	25,000	2,534	11,188	4.13 %
Cowichan Bay Sewer	2439	10	2016-2013	600,000	31,035	311,175	4.90 %
Kerry Village Sewer	3019	20	2016-2030	80,000	3,143	65,449	4.50 %
Lambourn Sewer	3063	20	2016-2030	150,000	5,891	122,717	3.73 %
Shawnigan Lake Sewer	1964	20	2016-2019	505,000	31,733	141,960	4.50 %
Shawnigan Lake Sewer	2194	20	2016-2021	110,000	6,273	44,802	3.05 %
Cowichan Valley Regional District Total					\$ 1,529,013	\$ 16,628,298	
GRAND TOTAL					\$ 3,157,396	\$ 43,125,814	

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

	General Government Services	Transportation Services	Electoral Area Services	Protective Services	Parks Recreation & Culture	Environmental Services	Water Utilities	Sewer & Water Utilities	Elimination Adjustment	Consolidation
<b>Revenues</b>										
Tax Requisition	\$ 3,139,558	2,306,253	2,796,403	3,092,312	16,425,340	4,603,662	56,574	\$	-	\$ 32,420,102
User Fees	-	-	2,053	-	-	1,187,353	2,488,623	(17,959)		3,660,070
Parcel Taxes	-	-	92,896	-	10,000	-	2,094,639	-		2,197,535
Grants	309,342	68,409	2,772	23,894	113,836	1,670,195	81	1,541,772		3,730,301
Services Provided Other Local Govt	-	-	-	51,790	-	-	-	-		51,790
Revenue from Own Sources	686	781,753	988,231	28,872	3,578,437	3,353,431	-	(245,663)		8,485,747
Other Revenue	147,388	2,389	6,023	100,080	221,579	2,074,674	81,994	205,552		2,839,679
Interest Income	83,733	-	691	-	300	-	-	83,911		168,635
Donations	-	-	-	6,000	137,290	-	-	2,655,876		2,799,166
Contributions from Other Functions	-	-	-	-	325,375	-	14,000	(339,375)		-
Services Provided to Other Function	4,000,750	-	143,000	109,959	330,884	1,333,521	7,000	(5,925,114)		-
	<u>\$ 7,681,457</u>	<u>3,158,804</u>	<u>4,032,069</u>	<u>3,412,907</u>	<u>21,143,041</u>	<u>14,222,836</u>	<u>4,742,911</u>	<u>(2,041,000)</u>		<u>\$ 56,353,025</u>
<b>Expenses</b>										
Operations & Maintenance	\$ 1,537,649	81,139	875,017	1,033,558	4,157,306	5,757,188	1,452,863	\$	-	\$ 14,894,720
Wages & Benefits	3,867,114	127,816	1,928,569	416,103	8,525,804	3,048,445	1,593,951	-		19,507,802
Contract for Services	517,677	2,763,092	111,623	618,365	198,093	2,686,207	87,603	-		6,982,660
Debt Charges - Interest	69,835	-	-	30,048	457,040	441,578	111,721	-		1,110,222
Contributions to Community Facility	-	-	26,197	-	183,991	-	-	-		210,188
Grants to Organizations	-	-	435,869	-	74,471	65,641	-	-		575,981
Library Serv. Prov. by Other Govt	-	-	-	-	1,648,088	-	-	-		1,648,088
Services Provided Other Local Govt	-	-	69,284	501,674	226,890	-	-	-		797,848
Amortization	164,425	-	52,055	258,015	2,740,536	764,110	1,913,561	-		5,892,702
Contributions to Other Functions	-	-	-	-	-	-	8,077	-		8,077
Contribution to Third Party Capital	-	-	-	-	-	-	-	18,636		18,636
	<u>\$ 6,156,700</u>	<u>2,972,047</u>	<u>3,498,614</u>	<u>2,857,763</u>	<u>18,212,219</u>	<u>12,763,169</u>	<u>5,167,776</u>	<u>18,636</u>		<u>\$ 51,646,924</u>
<b>Net Annual Surplus</b>	<u>\$ 1,524,757</u>	<u>186,757</u>	<u>533,455</u>	<u>555,144</u>	<u>2,930,822</u>	<u>1,459,667</u>	<u>(424,865)</u>	<u>(2,059,636)</u>		<u>\$ 4,706,101</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**25) 2014 - Consolidated Schedule of Segment Disclosure - Service (continued)**

	General Government Services	Transportation Services	Electoral Area Services	Protective Services	Parks Recreation & Culture	Environmental Services	Water Utilities	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	2,206,675	(5,405)	3,371,780
Parcel Taxes	-	-	99,003	-	10,000	-	1,996,552	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	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	89,839	2,249,199
Interest Income	82,072	-	934	-	279	-	522	89,072	89,072	172,879
Donations	-	-	-	57,639	232,174	-	-	-	803,023	1,092,836
Contributions from Other Functions	-	-	-	-	321,854	-	14,000	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>\$ -</u>	<u>\$ (2,063,836)</u>	<u>\$ 54,229,604</u>
<b>Expenses</b>										
Operations & Maintenance	\$ 2,154,889	\$ 73,271	\$ 696,123	\$ 956,566	\$ 4,570,176	\$ 5,741,980	\$ 1,293,597	\$ 17,931	\$ 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>\$ 3,057,803</u>	<u>\$ 2,624,245</u>	<u>\$ 17,782,301</u>	<u>\$ 12,723,119</u>	<u>\$ 4,804,272</u>	<u>\$ -</u>	<u>\$ 35,588</u>	<u>\$ 50,694,109</u>
<b>Net Annual Surplus</b>	\$ 129,915	\$ 180,988	\$ 836,049	\$ 773,829	\$ 4,010,589	\$ (939,339)	\$ 642,888	\$ (2,099,424)	\$ -	\$ 3,535,495

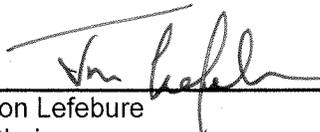
**OPERATING FUND STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**  
(unaudited)

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash	\$ 15,156,660	\$ 12,135,128
Receivables		
Due from Provincial Government	49,175	466,558
Due from Local Governments	49,348	79,621
Due from Federal Government	1,058,462	445,101
Trade Accounts	1,125,809	1,266,971
Prepaid Expenses	113,308	159,376
Inventories	32,483	28,444
MFA Debt Reserve Fund Deposits (Note 14)	<u>2,907,340</u>	<u>2,944,380</u>
	<u>\$ 20,492,585</u>	<u>\$ 17,525,579</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 3,951,754	\$ 3,163,613
Due to Capital Fund (Schedule C)	-	15,803
Due to Reserve Fund (Schedule E)	37,967	29,330
Deferred Government Transfers (Note 4)	-	81,609
Deferred Revenue (Note 3)	845,411	748,142
Restricted Contributions & Performance Deposits (Note 10)	1,629,407	1,372,926
MFA Debt Reserve Fund Deposits (Note 14)	<u>2,907,340</u>	<u>2,944,380</u>
	<u>9,371,879</u>	<u>8,355,803</u>
<b>Operating Fund Balance</b>	<b><u>\$ 11,120,706</u></b>	<b><u>\$ 9,169,776</u></b>


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Sharon Moss, CPA, CGA  
Finance Manager


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Jon Lefebure  
Chairperson

**STATEMENT OF OPERATING FUND FINANCIAL ACTIVITIES**  
**AS AT DECEMBER 31, 2015**  
(unaudited)

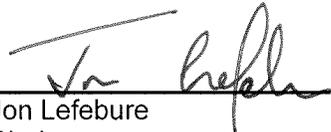
	2015 <b>BUDGET</b>	2015 <b>ACTUAL</b>	2014 <b>ACTUAL</b>
<b>REVENUE</b>			
Tax Requisition	\$ 32,420,102	\$ 32,420,102	\$ 30,691,543
User Fees	4,040,896	3,678,029	3,377,185
Parcel Taxes	2,197,552	2,197,535	2,105,555
Government Transfers	3,926,544	2,983,200	6,323,011
MFA Funding	7,690,425	1,729,994	4,350,823
Services Provided to			
Other Local Governments	51,786	51,790	58,190
Revenue from Own Sources	8,180,808	8,731,410	8,401,192
Other Revenue	2,687,270	2,634,578	2,168,613
Interest income	70,900	84,724	83,806
Donations	89,538	143,290	289,813
Services Provided to Other Functions	6,055,121	5,969,528	5,519,050
Contributions From Other Functions	339,374	339,375	335,854
Debt Recoveries from Member Municipalities	<u>2,830,368</u>	<u>2,851,620</u>	<u>2,833,297</u>
	<u>\$ 70,580,684</u>	<u>\$ 63,815,175</u>	<u>\$ 66,537,932</u>
<b>EXPENSES</b>			
General Government Services	\$ 7,840,675	\$ 6,881,479	\$ 7,897,229
Vancouver Island Regional Library	1,679,562	1,679,562	1,603,384
Transportation Services	3,275,117	3,194,966	2,979,458
Electoral Area Services	4,472,031	4,388,799	3,932,551
Protective Services	4,035,903	3,194,119	2,899,922
Parks & Recreation	25,513,375	18,594,839	20,882,787
Environmental Services	16,274,939	12,554,404	11,389,866
Sewer & Water Utilities	9,074,378	5,234,461	5,496,856
Debt Payments for Member Municipalities	<u>2,830,368</u>	<u>2,851,620</u>	<u>2,833,297</u>
	<u>74,996,348</u>	<u>58,574,249</u>	<u>59,915,350</u>
<b>Net Revenues/(Expenses)</b>	<b>(4,415,664)</b>	<b>5,240,926</b>	<b>6,622,582</b>
Transfer from Reserve Fund	1,717,302	471,681	1,272,090
Transfer from Gas Tax Fund	3,406,643	747,101	-
Debenture Debt - Repayments	(1,006,242)	(1,006,259)	(962,871)
MFA Agreement Debt - Repayments	(2,402,393)	(1,634,190)	(2,305,461)
Transfer to Reserve Fund	<u>(2,466,134)</u>	<u>(1,868,329)</u>	<u>(1,865,066)</u>
	<u>(750,824)</u>	<u>(3,289,996)</u>	<u>(3,861,308)</u>
<b>Change in Fund Balance</b>	<b>(5,166,488)</b>	<b>1,950,930</b>	<b>2,761,274</b>
Fund Balance - Prior Year	<u>5,166,488</u>	<u>9,169,776</u>	<u>6,408,502</u>
<b>Ending Fund Balance</b>	<b>\$ <u>-</u></b>	<b>\$ <u>11,120,706</u></b>	<b>\$ <u>9,169,776</u></b>

**CAPITAL FUND STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**  
(unaudited)

	2015	2014
<b>FINANCIAL ASSETS</b>		
Debt Recoveries		
from Member Municipalities (Note 24)	\$ 26,497,516	\$ 26,125,898
Due from Operating Fund (Schedule A)	-	15,803
Land Held for Resale	<u>-</u>	<u>326,388</u>
	<u>\$ 26,497,516</u>	<u>\$ 26,468,089</u>
<b>FINANCIAL LIABILITIES</b>		
MFA Agreement Debt (Note 23)	4,489,496	4,409,495
Debenture Debt (Note 24)		
Cowichan Valley Regional District	16,628,299	18,157,310
Member Municipalities	<u>26,497,516</u>	<u>26,125,898</u>
	<u>47,615,311</u>	<u>48,692,703</u>
<b>NET FINANCIAL LIABILITIES</b>	(21,117,795)	(22,224,614)
Capital Assets (Note 22)	<u>143,465,569</u>	<u>142,249,655</u>
	<u>\$122,347,774</u>	<u>\$120,025,041</u>
<b>EQUITY</b>		
Capital Fund Balance (Schedule D)	\$ -	\$ 15,803
Equity in Capital Assets (Schedule D)	<u>122,347,774</u>	<u>120,009,238</u>
	<u>\$122,347,774</u>	<u>\$120,025,041</u>



Sharon Moss, CPA, CGA  
Finance Manager



Jon Lefebure  
Chairperson

**STATEMENT OF CAPITAL FUND FINANCIAL ACTIVITIES**  
**AS AT DECEMBER 31, 2015**  
(unaudited)

	2015	2014
Capital Fund Advances - Beginning of Year	\$ 15,803	\$ 299,151
Add:		
Contributions from Operating Fund	2,319,953	2,616,838
Contributions from Reserve Fund	471,681	1,272,090
Sale of Capital Assets	(11,277)	72,285
Debenture Debt - Issued	-	1,120,713
MFA Agreement Debt - Issued	1,714,191	2,964,693
	<u>4,510,351</u>	<u>8,345,770</u>
Deduct:		
Purchase of Capital Assets	(4,521,628)	(8,239,751)
Debenture Financing Costs	-	(6,724)
Contributions to Debt Reserve Fund	-	(11,207)
Gain/Loss on Sale of Assets	<u>11,277</u>	<u>(72,285)</u>
Capital Fund Advances - End of Year	<u>\$ -</u>	<u>\$ 15,803</u>
Equity in Capital Assets - Beginning of Year	\$120,009,238	\$117,484,378
Purchase of Capital Assets	4,521,628	8,239,751
Debenture Debt - Actuarial	522,753	457,653
Debenture Debt - Repayment	1,006,259	962,871
Gain/(Loss) on disposal of Assets	(11,277)	(48,037)
Disposal of Assets	(154,344)	(24,248)
Donated Assets	2,655,876	803,023
Amortization	(5,738,358)	(5,726,397)
Debenture Debt - Issued	-	(1,120,713)
MFA Agreement Debt - Issued	(1,714,191)	(2,964,693)
MFA Agreement Debt - Repayment	1,634,190	2,305,461
Sale of Land Held for Resale	(384,000)	(335,493)
WIP reclassified	<u>-</u>	<u>(24,318)</u>
Equity in Capital Assets - End of Year	<u>\$122,347,774</u>	<u>\$120,009,238</u>

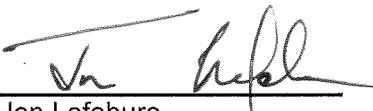
**RESERVE FUND STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**  
(unaudited)

	2015	2014
<b>FINANCIAL ASSETS</b>		
Cash	\$ 6,266,857	\$ 4,798,889
Portfolio Investments	4,979,516	4,937,338
Receivable from Operating Fund (Schedule A)	<u>37,967</u>	<u>29,330</u>
	<u>\$ 11,284,340</u>	<u>\$ 9,765,557</u>
<b>FINANCIAL LIABILITIES</b>		
Deferred Revenue (Note 3)	<u>496,878</u>	<u>606,594</u>
	<u>\$ 10,787,462</u>	<u>\$ 9,158,963</u>
<b>FUND ACTIVITY:</b>		
Add:		
Contribution from Operating Fund	\$ 1,868,329	\$ 1,865,066
Cash Distribution Surplus	2,940	643
Other Income	145,000	90,000
Interest Earned	<u>83,911</u>	<u>89,073</u>
	2,100,180	2,044,782
Less:		
Expenditures	471,681	1,272,090
Other Expenditures	<u>-</u>	<u>75,000</u>
Current Year Activity	1,628,499	697,692
Reserve Fund Balance - Beginning of Year	<u>9,158,963</u>	<u>8,461,271</u>
<b>Reserve Fund Balance - End of Year</b>	<u><b>\$ 10,787,462</b></u>	<u><b>\$ 9,158,963</b></u>


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Sharon Moss, CPA, CGA  
Finance Manager


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Jon Lefebure  
Chairperson

**STATEMENT OF OPERATING SURPLUS**  
**AS AT DECEMBER 31, 2015**  
(unaudited)

Function	Balance of Surplus (Deficit) at End of Year	Balance of Surplus (Deficit) at Beginning of Year
General Government	\$ 610,437	\$ (62,370)
Community Health Network	42,463	77,337
Homelessness	-	316,035
Administration Building	58,984	47,937
I.T./H.R./L.I./G.I.S.	186,171	236,945
Commuter Transit	195,747	174,351
Transit	134,255	191,813
9-1-1	(32,967)	(25,519)
Grants-In-Aid	49,419	22,497
Environmental Initiatives	136,623	136,304
Emergency Planning	303,056	303,332
Economic Development	225,352	66,895
Regional Tourism	30,063	67,659
Electoral Feasibility Studies	52,888	44,809
Electoral Area Services	97,710	85,846
Victim Services	228	244
Victim Services - West	31	-
Community Parks	166,779	348,057
Parks & Trails	7,773	40,619
Regional Parks	27,542	(12,882)
Kinsol Trestle	-	1,301
Bright Angel Park	(5,979)	(6,553)
South End Parks	248	7,739
Regional Parkland Acquisition	1,250,243	874,388
Animal Control	7,502	13,644
Enforcement & Inspection	140,555	47,858
Community Planning	28,658	147,388
North Oyster Fire Protection	307,463	121,637
Mesachie Lake Fire Protection	10,589	15,519
Sahtlam Fire Protection	58,312	5,764
Malahat Fire Protection	(5,875)	85,214
Eagle Heights Fire Protection	-	9,067
Honeymoon Bay Fire Protection	10,687	26,292
Youbou Fire Protection	348,815	243,273
Recreation & Culture / Facilities	15,967	33,815
Arts & Culture	(2,213)	-
Cowichan Lake Recreation	85,732	95,782
Kerry Park Recreation Centre	105,435	280,363
Island Savings Centre	485,933	352,051
Theatre - Area B	62	58
Cowichan Sportsplex - Area A	-	(581)
Cowichan Sportsplex - Area C	-	(581)

**STATEMENT OF OPERATING SURPLUS**  
**AS AT DECEMBER 31, 2015**  
(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)
Mill Bay Recreation	42	-
Saltair Recreation	22,907	42,425
Lake Cowichan Activity Centre	144	-
Cowichan Aquatic Centre - Area E	(855)	-
Cowichan Aquatic Centre - Area F	-	(3,620)
Cowichan Aquatic Centre - Area I	-	(3,475)
Shawnigan Lake Community Centre	33,181	116,829
Shawnigan Lake Historical Society	18	-
Senior Centre Grant Area F & I	61	-
Kaatza Historical Society	75	-
Cowichan Station Assoc - Area B	5	-
Nature and Habitat - Area I	14	74
Thetis Island Wharf	53,081	49,393
Thetis Island Boat Launch	2,814	3,959
Cowichan Lake Water Protection	1,815	1,484
Safer Futures	70	75
Social Planning	128	129
South Cowichan Community Policing	22	-
Cowichan Community Policing	462	421
Cowichan Valley Hospice	116	(1,110)
Curbside Collection Garbage/Recycling	776,356	473,562
Solid Waste Management Complex	(124,085)	(508,773)
South Cowichan Water Study Plan	53,400	112,043
Liquid Waste Plan - Central Sector	(4,031)	110,835
Liquid Waste Plan - South Sector	16,644	-
Critical Street Lighting "A"	1,223	1,260
Critical Street Lighting "B"	1,966	2,043
Critical Street Lighting "C"	2,058	2,255
Critical Street Lighting "D"	1,699	1,677
Critical Street Lighting "E"	(2,281)	(277)
Critical Street Lighting "I"	462	278
Mesachie Lake Street Lighting	530	(403)
Youbou Street Lighting	4,578	2,514
Cowichan Bay Street Lighting	301	(7)
Honeymoon Bay Street Lighting	2,154	(908)
Mill Bay Street Lighting	1	-
Cobble Hill Street Lighting	487	774
Wilmot Road Street Lighting	6,813	6,682
Sentinel Ridge Street Lighting	7,123	8,987
Twin Cedars Street Lighting	638	4,164
Arbutus Mtn. Street Lighting	4,707	9,528
Mill Springs Street Lighting	6,826	-

**STATEMENT OF OPERATING SURPLUS**  
**AS AT DECEMBER 31, 2015**  
(unaudited)

<b>Function</b>	<b>Balance of Surplus (Deficit) at End of Year</b>	<b>Balance of Surplus (Deficit) at Beginning of Year</b>
Engineering Services	\$ 35,131	\$ 74,552
Engineering Services - Utilities	9,511	132,795
Capital Projects Division	(43,047)	(143,740)
Wilmot Road Drainage System	7,016	6,177
Sentinel Ridge Drainage System	11,501	13,536
Shawnigan Lake East Drainage System	3,496	2,727
Arbutus Mtn. Drainage System	23,485	25,293
Lanes Road Drainage System	10,024	9,448
Bald Mountain Drainage System	10,461	10,852
Cobble Hill Drainage System	21,829	20,674
Arbutus Ridge Drainage System	(11,022)	30,228
Shawnigan Creek Clean Out	4,733	6,975
Satellite Park Water System	659	6,226
Douglas Hill Water System	817	34,375
Lambourn Water System	(20,358)	(17,590)
Arbutus Mtn. Water System	8,529	27,801
Fern Ridge Water System	10,076	13,554
Bald Mtn. Water System	32,420	20,176
Dogwood Ridge Water System	4,622	8,990
Arbutus Ridge Water System	79,359	101,354
Carlton Water System	(8,997)	1,226
Shellwood Water System	(2,839)	5,946
Woodley Range Water System	(10,308)	(16,624)
Burnum Water System	54,893	60,735
Mesachie Lake Water System	22,527	27,289
Saltair Water System	222,445	42,491
Central Youbou Water System	125,521	47,906
Honeymoon Bay Water System	(9,375)	28,551
Cherry Point Estates Water System	9,451	17,246
Shawnigan Lake North Water System	113,461	57,233
Kerry Village Water System	12,417	20,968
Cowichan Bay Sewer System	117,673	113,168
Brulette Place Sewer System	10,937	16,256
Sentinel Ridge Sewer System	2,146	28,968
Twin Cedar Sewer System	(1,620)	(344)
Lambourn Sewer System	202,261	162,222
Arbutus Mtn Sewer System	(5,096)	4,237
Cobble Hill Village Sewer System	25,546	28,625
Mesachie Lake Sewer System	7,018	18,120
Bald Mountain Sewer System	21,257	17,796
Mill Springs Sewer	12,561	-
Arbutus Ridge Sewer System	146,118	134,931
Eagle Heights Sewer System	(3,005)	(18,592)
Maple Hills Sewer System	29,532	25,899

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**STATEMENT OF OPERATING SURPLUS**  
**AS AT DECEMBER 31, 2015**  
(unaudited)

Shawnigan Beach Estates Sewer System	\$ 22,229	\$ 111,956
Kerry Village Sewer System	(25,935)	(25,913)
Youbou Sewer System	<u>21,903</u>	<u>22,345</u>
Operating Fund Surplus Balance	\$ 7,318,320	\$ 6,162,047
Community Works Reserve Balance	<u>3,802,399</u>	<u>3,007,728</u>
Operating Fund Balance	<u>\$ 11,120,706</u>	<u>\$ 9,169,776</u>