



**COWICHAN VALLEY
REGIONAL DISTRICT**

**FINANCIAL STATEMENTS
December 31, 2016**

COWICHAN VALLEY REGIONAL DISTRICT

ELECTED AND APPOINTED OFFICIALS 2016

BOARD OF DIRECTORS

City of Duncan	S. Jackson
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. Furstenuau
Electoral Area "C" – Cobble Hill	M. Clement
Electoral Area "D" – Cowichan Bay	L. Iannidinaro
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, 2016**

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- D Statement of Capital Fund Financial Activities
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- F Statement of Operating Surplus



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Management's Responsibility for Financial Reporting

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

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

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

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

Brian Carruthers
Chief Administrative Officer

Sharon Moss, CPA, CGA
Finance Manager

May 10, 2017



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, 2016, 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, 2016 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.

Supplemental Information

The supplementary financial information presented in Exhibits A to I is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the main financial statements. The supplementary information has not been subject to audit.

BDO Canada LLP


Chartered Professional Accountants


Vancouver, British Columbia

May 10, 2017

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 23,538,278	\$ 21,318,747
Portfolio Investments (Note 2)	5,019,089	4,979,516
Receivables		
Due from Local Government	56,970	49,348
Due from Provincial Governments	418,714	49,175
Due from Federal Government	693,325	1,058,462
Trade Accounts	1,045,471	1,125,809
Land Held for Resale (Note 13)	147,000	-
Debt Recoveries from Members (Note 16)	<u>37,457,017</u>	<u>26,497,516</u>
	<u>\$ 68,375,864</u>	<u>\$ 55,078,573</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 3,203,445	\$ 3,951,754
Deferred Revenue (Note 3)	1,212,225	1,278,968
Restricted Contributions & Performance Deposits (Note 10)	1,452,594	1,692,728
Employee Future Benefits (Note 5)	374,063	419,745
Landfill Closure and Post Closure Costs (Note 6)	2,085,165	5,324,684
Short-term Debt (Note 17 & 23)	4,009,176	4,489,496
Long-term Debt (Note 17 & 24)		
Regional District	15,134,162	16,628,298
Members	<u>37,457,017</u>	<u>26,497,516</u>
	<u>\$ 64,927,847</u>	<u>\$ 60,283,189</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ 3,448,017</u>	<u>\$ (5,204,616)</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 22)	144,484,201	143,465,569
Inventories	31,116	32,483
Prepaid Expenses	<u>148,155</u>	<u>113,308</u>
	<u>144,663,472</u>	<u>143,611,360</u>
ACCUMULATED SURPLUS (Note 15)	<u>\$148,111,489</u>	<u>\$138,406,744</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, 2016**

REVENUE	2016 BUDGET (Note 8)	2016 ACTUAL	2015 ACTUAL
Tax Requisition	\$ 34,007,525	\$ 34,007,525	\$ 32,420,102
User Fees	3,780,251	3,431,420	3,660,070
Parcel Taxes	2,308,591	2,309,152	2,197,535
Government Transfers	3,782,720	4,618,944	3,730,301
Services Provided to Other			
Local Governments	52,621	52,570	51,790
Revenue from Own Sources	8,546,147	9,112,444	8,485,747
Other Revenue	2,598,386	1,960,835	2,839,679
Interest Income	76,000	175,073	168,635
Donations	<u>119,466</u>	<u>1,663,385</u>	<u>2,799,166</u>
	<u>\$ 55,271,707</u>	<u>\$ 57,331,348</u>	<u>\$ 56,353,025</u>
EXPENSES (Note 11 & 25)			
General Government Services	\$ 6,636,169	\$ 5,695,821	\$ 6,156,700
Vancouver Island Regional Library	1,692,097	1,692,096	1,648,088
Transportation Services	3,119,374	3,015,172	2,972,047
Electoral Area Services	3,648,839	3,559,181	3,498,614
Protective Services	3,205,023	3,367,827	2,857,763
Parks & Recreation	14,679,445	16,963,700	16,564,131
Environmental Services	11,109,680	7,581,326	12,763,247
Sewer & Water Utilities	<u>3,863,726</u>	<u>5,751,480</u>	<u>5,186,334</u>
	<u>47,954,353</u>	<u>47,626,603</u>	<u>51,646,924</u>
Annual Surplus	7,317,354	9,704,745	4,706,101
Accumulated Surplus, Beginning of the Year	<u>138,406,744</u>	<u>138,406,744</u>	<u>133,700,643</u>
Accumulated Surplus, End of the Year (Note 15)	<u>\$145,724,098</u>	<u>\$148,111,489</u>	<u>\$138,406,744</u>

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

**STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 BUDGET (Note 8)	2016 ACTUAL	2015 ACTUAL
Annual Surplus	\$ 7,317,354	\$ 9,704,745	\$ 4,706,101
Additions of tangible capital assets	(22,669,252)	(5,541,233)	(4,452,740)
Contributed tangible capital assets	-	(1,534,514)	(2,655,876)
Amortization of tangible capital assets	-	5,910,115	5,892,702
Reclassification - Land for Resale	-	147,000	-
Change in inventories	-	1,367	(4,039)
Change in prepaid expenses	<u>-</u>	<u>(34,847)</u>	<u>46,068</u>
(Increase)/ Decrease in Net Debt	(15,351,898)	8,652,633	3,532,216
Opening Net Debt	<u>(5,204,616)</u>	<u>(5,204,616)</u>	<u>(8,736,832)</u>
Closing Financial Assets (Net Debt) (Statement 1)	<u>\$ (20,556,514)</u>	<u>\$ 3,448,017</u>	<u>\$ (5,204,616)</u>

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

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
OPERATING ACTIVITIES		
Annual Surplus	\$ 9,704,745	\$ 4,706,101
Non-cash items included in surplus		
Amortization of tangible capital assets	5,910,115	5,892,702
Contributed tangible capital assets	(1,534,514)	(2,655,876)
Debt actuarial adjustment	(586,204)	(522,753)
Employee future benefits	(45,682)	(45,234)
Landfill closure and post closure	(3,239,519)	1,259,939
Change in non-cash working capital balances related to operations		
Accounts receivable	68,314	(24,543)
Prepaid expenses & inventories	(33,480)	42,029
Accounts payable and accrued liabilities	(748,309)	788,141
Deferred revenue	(66,743)	(75,768)
Deferred government transfers	-	(81,609)
Interest on portfolio investments	(39,573)	(42,178)
Land held for resale	-	326,388
Restricted contributions and performance bonds	<u>(240,134)</u>	<u>319,802</u>
Cash provided by operating transactions	<u>9,149,016</u>	<u>9,887,141</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(5,541,233)</u>	<u>(4,452,740)</u>
Cash used in capital transactions	<u>(5,541,233)</u>	<u>(4,452,740)</u>
FINANCING TRANSACTIONS		
Long-term debt issued	85,000	-
Short-term debt issued	1,689,073	1,714,191
Long-term debt repayment	(992,932)	(1,006,259)
Short-term debt repayment	<u>(2,169,393)</u>	<u>(1,634,190)</u>
Cash provided by financing transactions	<u>(1,388,252)</u>	<u>(926,258)</u>
Increase in Cash	2,219,531	4,508,143
Cash - Beginning of Year	<u>21,318,747</u>	<u>16,810,604</u>
Cash - End of Year (Statement 1)	<u>\$ 23,538,278</u>	<u>\$ 21,318,747</u>
Interest paid for year	\$ 1,089,313	\$ 1,110,222

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

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

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 resources and operations of the District have been segregated into 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 income is recognized as earned as income in the Statement of Operations, except interest on restricted liabilities or reserves where the income is deferred until spent. Operating grants are recognized as earned. Donations are recorded when received. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable. User fees, transit, tipping fees, garbage and recycling collection fees are recognized as revenue on an accrual basis. Permit fees are recognized as revenue when the permit is approved and payment is collected according to rates set in various fees and charges bylaw.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

(e) 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 employee future benefits, estimated useful life of tangible capital assets, and provisions for contaminated sites. Actual results may vary from those estimates and adjustments will be reported in operations as they become known.

(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.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1) Summary of Significant Accounting Policies (continued)

(g) Contaminated Sites Liability (continued)

Management has assessed its potential liabilities, including sites that are no longer in productive use and sites for which the Regional District accepts responsibility. There is a portion of a site, at Bings Creek Drop off Depot, which has been determined to have evidence of contamination. At this time it has not been determined if this contamination is in excess of an environmental standard requiring remediation at this time. Therefore, no liability was recognized as at December 31, 2016 or 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 \$ 5,019,089 (2015 - \$ 4,979,516). 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 2016 was .81% (2015 .85%).

3) Deferred Revenue

	2016	2015
Trail Project Grants	\$ 386,076	\$ -
Developer Capital Contributions	156,498	253,413
Recreation Deposits	195,571	350,114
Flood Mitigation Grant	9,659	12,224
Other	<u>56,725</u>	<u>166,339</u>
Subtotal (Schedule A)	804,529	782,090
Parkland Cash-in-lieu Contributions	<u>407,696</u>	<u>496,878</u>
	<u>\$ 1,212,225</u>	<u>\$ 1,278,968</u>

- Trail Project Grants consists of grants for the Cowichan Valley and Trans Canada Trail.
- Developer Capital Contributions were contributed for improvements to the Shawnigan Lake Water System.
- Recreation Deposits consists of payments in advance for recreation programs, unredeemed recreation program awards, and facility rental deposits.

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

3) Deferred Revenue (continued)

- Flood Mitigation Grant consists of funds for the Koksilah River Flood Management Project and remaining funding for Drought Alert Project.
- Other funds received for 2017 include BC Healthy Communities grant, Age Friendly grant, dog licenses, bus passes, and miscellaneous deferred revenue.
- Parkland Cash-in-lieu Contributions consists of funds collected from developers under the authority of Section 941 of the *Local Government Act*, in lieu of land for parkland purposes as a condition of the subdivision. These funds are restricted for future purchases of parkland.

4) Community Works Gas Tax Reserves

The Regional District entered into the Renewed Gas Tax Agreement in 2014 with the result that revenues received under the Community Works Fund portion of the program are recognized as when allocated to the Regional District.

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

	2016	2015
Community Works Reserve, opening balance	\$ 3,802,399	\$ 3,007,728
Add:		
Community works funds received in year	1,558,407	1,489,027
Interest earned	30,377	52,745
Less:		
Amounts spent on projects	<u>(1,162,828)</u>	<u>(747,101)</u>
Community Works Reserve, ending balance	<u>\$ 4,228,355</u>	<u>\$ 3,802,399</u>

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

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

5) Employee Future 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, 2016, \$ 79,927 (2015 - \$66,434) in unpaid vacation was accrued. Banked time accrued from January 1 through November 30 has been taken or paid as at November 30, 2016. The accrual for banked time at December 31, 2016 amounted to \$ 9,850 (2015 - \$10,847), which must be taken or paid no later than November 30, 2017.

(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, 2015 the Plan has about 189,000 active members and approximately 85,000 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, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2018, with results available in late 2019.

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

The Cowichan Valley Regional District paid \$1,374,237 (2015 - \$1,376,164) for employer contributions, while employees contributed \$1,211,884 (2015 - \$1,221,960) to the plan in fiscal 2016.

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

5) Employee Future 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 2016 is based on an actuarial evaluation prepared in 2015, by an independent firm and is updated annually and recalculated 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 7 years.

	2016	2015
Discount rates	3.30%	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, 2016

	2016	2015
Accrued benefit obligation - beginning	\$ 102,400	\$ 117,100
Current service cost	11,000	12,900
Interest on accrued benefit obligation	3,400	3,800
Benefits paid during the year	(8,300)	(12,000)
Actuarial gain	<u>(1,700)</u>	<u>(19,400)</u>
Ending benefit obligation	106,800	102,400
Unamortized net actuarial gain	<u>267,263</u>	<u>317,345</u>
Accrued Unfunded Benefit Liability	\$ <u>374,063</u>	\$ <u>419,745</u>

The total expense related to these benefits was:

	2016	2015
Current service costs	\$ 11,000	\$ 12,900
Interest on benefit obligation	3,400	3,800
Actuarial gain	(1,700)	(19,400)
Amortization of actuarial gain	<u>(50,082)</u>	<u>(30,534)</u>
Total recovery	\$ <u>(37,382)</u>	\$ <u>(33,234)</u>

The total recovery is included in wages and benefits expense.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

6) Landfill Closure and Post Closure Costs

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

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

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

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 be completed in 2017. The estimated cost of this option is \$1,505,297 with an 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 based upon the CVRD's cost of borrowing for the expected 25 year period of 3.53% annually.

The Peerless Road remediation and closure works were completed in 2015. The post-closure maintenance costs are estimated at \$15,000 annually for 25 years. These estimates are adjusted for future anticipated inflation and then discounted based upon the CVRD's cost of borrowing for the expected 25 year period of 3.53% 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 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 3.53% annually.

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

6) Landfill Closure and Post Closure 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.

During 2016 nine general sites within the region historically used as "end of road" illegal dumps for residential waste, identified in the SWMP, were investigated. Location and ownership for each site was examined to determine if the site was previously or currently owned by the CVRD and if additional steps were necessary towards site remediation. None of the nine sites were determined to be the responsibility of the CVRD. The investigation concluded that no further investigation or remediation was necessary and therefore the 2015 estimate was revised to reduce the liability to nil and a recovery of \$2,518,048 was recognized in the 2016 financial statements.

The table below sets out the closure and post closure liability based on consultant and senior staff estimates. This estimate, plus the current costs incurred for closure works, less the Remediation Reserve fund has resulted in a net reduction to landfill expense of \$3,239,519 (2015 increase - \$1,259,939). The annual provision is included in environmental services expenses on the Statement of Operations and the liability on the Statement of Financial Position.

	2016	2015
Meade Creek TRP	\$ 1,725,225	\$ 2,392,092
Peerless Road TRP	333,223	354,077
Koksilah Road	155,504	165,236
Abandoned landfills	<u>-</u>	<u>2,518,048</u>
Gross liability	2,213,952	5,429,453
Less: cash held in Remediation Reserve Fund	<u>(128,787)</u>	<u>(104,769)</u>
	<u>\$ 2,085,165</u>	<u>\$ 5,324,684</u>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 2016 Financial Plan Bylaw adopted by the Board on December 9, 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 from the budget on Statement 2 to reflect the financial plan.

Surplus for the year (Statement 2)	\$ 7,317,354
Add:	
Transfers from Reserves	5,471,566
Prior Year Operating Surplus	2,376,879
MFA Funding	12,077,595
Less:	
Debt Principal Repayments/Actuarial Adjustments	(3,419,364)
Transfer to Reserves	(1,154,778)
Purchase of Capital Assets	<u>(22,669,252)</u>
Surplus, per Cowichan Valley Regional District Financial Plan Bylaw No. 3982	<u><u>-</u></u>

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

9) Contingent Liabilities

As at December 31, 2016 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

	2016	2015
Warranty Deposits	\$ 800,820	\$ 850,015
Kinsol Trestle Donations	139,545	63,321
Holdbacks	77,725	253,712
Cowichan Lake Water Protection	76,000	76,000
Arts & Sports Scholarship Fund	42,537	44,687
Nature and Habitat	34,467	34,550
Cowichan Performing Arts - CFI	33,339	10,444
ISC Sponsorship Funding	-	139,285
Dike Project Deposit	-	43,752
Other	<u>248,161</u>	<u>176,962</u>
	<u>\$ 1,452,594</u>	<u>\$ 1,692,728</u>

- Warranty Deposits are funds received from the developer for warranty and deficiencies on various infrastructure projects and also includes developer landscape bonds. Should the funds be required they are recognized in the year of the applicable expenditure. Upon successful completion of the warranty period funds will be returned to the developer.
- Kinsol Trestle Donations are funds received for major restoration work on the Kinsol Trestle.
- Holdback funds are monies held from payments to contractors for work on Kerry Park and Island Savings Centre upgrades, and improvements to the Cowichan Valley Trail to ensure completion of said projects.
- Cowichan Lake Water Protection funds are received when a lot is sold at Creekside Development. The interest earned on these deposits is used to fund projects for the protection of waters and riparian areas on Cowichan Lake.
- The Arts & Sports Scholarship Fund was established by monies received from the Province of B.C. as a Legacy of Appreciation for hosting the BC Festival of Arts and monies received from BC Hydro Cowichan and Chemainus Valley's Commonwealth Games Power Smart Sport and Culture Tour Committee. The interest earned is added to the fund and annually two Arts and two Sports Scholarships are provided to deserving local students.

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

10) Restricted Contributions and Performance Deposits (continued)

- Nature and Habitat funds are received through voluntary contributions for projects that environmentally enhance Electoral Area I-Youbou/Meade Creek.
- Cowichan Performing Arts (CFI) are funds received through a capital improvement fee on ticket sales at the Cowichan Performing Arts Centre and will be used to finance future Theatre equipment replacement.

11) Consolidated Schedule of Expense by Object

EXPENSES	2016 BUDGET (Note 8)	2016 ACTUAL	2015 ACTUAL
Operations & Maintenance	\$ 15,739,525	\$ 13,204,833	\$ 13,634,781
Wages & Benefits	20,473,583	20,131,994	19,507,802
Contract for Services	6,706,169	6,902,286	6,982,660
Landfill Closure and Post Closure Costs	-	(3,239,519)	1,259,939
Debt Charges - Interest	1,242,020	1,089,313	1,110,222
Contributions to Community Facilities	153,289	221,005	210,188
Grants to Organizations	614,269	563,144	575,981
Library Services Provided			
by Other Governments	1,692,097	1,692,096	1,648,088
Fire & Recreation			
Services Provided by Other			
Local Governments	824,700	824,709	797,848
Amortization	-	5,910,115	5,892,702
Contributions to Other Functions	-	-	8,077
Contribution to Third Party Capital	508,701	326,627	18,636
	<u>\$ 47,954,353</u>	<u>\$ 47,626,603</u>	<u>\$ 51,646,924</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, 2016**

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

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

Net Book Value	2016	2015
Land	\$ 50,025,277	\$ 47,798,263
Building	22,907,947	23,289,987
Vehicle, machinery & equipment	4,087,902	4,215,291
Engineering structures	49,264,568	50,860,283
Parks	7,161,233	8,459,807
Other Tangible Capital Assets	8,067,633	7,418,015
Work in progress	<u>2,969,641</u>	<u>1,423,923</u>
	<u>\$144,484,201</u>	<u>\$143,465,569</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 \$ 1,534,514 (2015 - \$ 2,655,876) were accepted and recorded as contributed assets.

13) Land Held for Resale

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

14) Debt Reserve Fund

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

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 Members, the Authority will then use these funds to meet payments on its obligations. When this occurs, the Regional District may be called upon to restore the fund. These amounts are not reported elsewhere in the financial statements.

	2016	2015
Cash Deposits - Cowichan Valley Regional District	\$ 434,175	\$ 448,283
Members	601,359	488,915
Demand Notes - Cowichan Valley Regional District	861,994	904,573
Members	<u>1,272,517</u>	<u>1,065,569</u>
	<u>\$ 3,170,045</u>	<u>\$ 2,907,340</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:

	2016	2015
Surplus		
Operating Fund Revenue Fund (Schedule A)	\$ 14,341,844	\$ 11,120,706
Operating Fund - Future Liabilities - Sick Leave	(374,063)	(419,745)
Operating Fund - Future Liabilities - Landfill Costs	(2,085,165)	(5,324,684)
Equity in Capital Assets (Schedule C)	<u>125,487,863</u>	<u>122,347,774</u>
Total Surplus	\$137,370,479	\$127,724,051
Statutory Reserve Funds (Schedule E)	10,869,797	10,787,462
Less: Restricted Remediation Reserve	<u>(128,787)</u>	<u>(104,769)</u>
Accumulated Surplus (Statement 1)	<u>\$148,111,489</u>	<u>\$138,406,744</u>

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, 2016, which have not yet been recovered and that are repayable to the Feasibility Reserve upon establishment of the service, are:

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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	
Central Sector Liquid Waste	\$ 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)	\$ 15,000
Water Management Plan	\$ 4,921		
			\$ <u>256,596</u>

16) Debt Recoverable from Members

Pursuant to the Local Government Act, the Regional District acts as the agency through which its members borrow funds from the Municipal Finance Authority. The annual cost of servicing the debt is recovered entirely from the borrowing member. However, the Regional District is joint and severally liable for member 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 Short-term debt are summarized in Note 23. Details of Long-term 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 other members debt, for the next five years are:

Short-term Debt

2017	2018	2019	2020	2021	Total
\$1,246,899	\$1,165,644	\$1,055,410	\$ 523,681	\$ 17,542	\$ <u>4,009,176</u>

Long-term Debt

2017	2018	2019	2020	2021	Total
\$ 935,031	\$ 892,456	\$ 756,364	\$ 737,542	\$ 706,824	\$ <u>4,028,217</u>

Total Five Year Future Debt Principal Payments \$ 8,037,393

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

18) Segment Disclosure

The Cowichan Valley Regional District is a diversified local government providing a wide range of services to over 83,730 residents, including parks, recreation centres, community halls, fire protection, water and sewer services. As a requirement of the Local Government Act, separate financial records must be kept for each service providing detailed allocations of assets and liabilities, revenues and expenditures, information concerning reserve funds and other pertinent financial details. 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, 2016

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 (2015 - \$60,000). In addition, staff resources supplied to the Hospital District to assist with purchasing a potential hospital site totaled \$3,327 (2015 - \$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, 2016 to provide for emergency answering and fire dispatch service. The net operating costs are shared based on the populations of the jurisdictions of the parties. The Regional District's commitment for 2017 is \$566,121 or 44% of the 911 Central Island call centre expenses.

BC Transit Corporation

The Regional District's transit includes Handydart, Commuter, Youbou, Ladysmith and local service. The remainder due on the 2016/2017 annual transit operating agreement for these services is \$704,486.

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 2017 commitment is \$183,750.

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 2017 commitment is \$239,861.

Island Corridor Foundation

The Board committed to a \$488,100 contribution for bridge and trestle upgrades along the rail line between Victoria and Courtney. The parties entered into an agreement in 2014 setting out the payment terms. The General Government 2016 budget included \$488,100 Regional Grant in Aid which was not paid and is currently held in surplus.

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 2017 commitment is \$154,378.

21) Comparative Figures

Certain 2015 comparative figures have been reclassified to confirm to the current years presentation specially within Deferred Revenue and Restricted Contributions & Performance Deposits.

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

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	2016 Total	2015 Total
Opening Cost	\$ 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	\$223,159,075	\$216,204,804
Add: Additions	2,227,014	1,023,610	523,242	121,854	226,244	-	60,828	1,207,001	2,969,641	8,359,434	9,424,495
Less: Completed W.I.P.	-	-	-	-	-	-	-	-	(1,423,923)	(1,423,923)	(2,246,990)
Less: Disposals	-	(48,572)	(92,948)	-	-	-	(143,708)	-	-	(285,228)	(223,234)
Less: Reclass	-	-	29,511	-	-	-	-	(29,511)	-	-	-
Closing Cost	50,025,277	45,063,917	22,356,597	42,533,732	37,109,223	693,992	17,177,832	11,879,147	2,969,641	229,809,358	223,159,075
ACCUMULATED AMORTIZATION											
Opening Balance	-	20,798,894	17,681,500	16,018,316	12,969,543	140,707	8,800,905	3,283,642	-	79,693,507	73,955,149
Add: Amortization	-	1,405,648	680,143	977,628	936,142	30,043	1,352,639	527,872	-	5,910,115	5,892,702
Less: Disposals	-	(48,572)	(92,948)	-	-	-	(136,945)	-	-	(278,465)	(154,345)
Closing Balance	-	22,155,970	18,268,695	16,995,944	13,905,685	170,750	10,016,599	3,811,514	-	85,325,157	79,693,506
Net Book Value for year ended December 31, 2016	<u>\$ 50,025,277</u>	<u>\$ 22,907,947</u>	<u>\$ 4,087,902</u>	<u>\$ 25,537,788</u>	<u>\$ 23,203,538</u>	<u>\$ 523,242</u>	<u>\$ 7,161,233</u>	<u>\$ 8,067,633</u>	<u>\$ 2,969,641</u>	<u>\$144,484,201</u>	
Net Book Value for year ended December 31, 2015	<u>\$ 47,798,263</u>	<u>\$ 23,289,986</u>	<u>\$ 4,215,292</u>	<u>\$ 26,393,562</u>	<u>\$ 23,913,436</u>	<u>\$ 553,285</u>	<u>\$ 8,459,807</u>	<u>\$ 7,418,015</u>	<u>\$ 1,423,923</u>		<u>\$143,465,569</u>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

23) Schedule of Short-term Debt

	<u>Board Resolution</u>	<u>Maturity Dates</u>	<u>Originally Authorized</u>	<u>Principal Payments 2016</u>	<u>Net Unmatured December 31, 2016</u>	<u>Net Unmatured December 31, 2015</u>
Administration	14-222	2019	347,775	67,238	260,537	327,775
Com Parks - Area B - Land	12-558T	2018	294,500	58,080	121,420	179,500
Com Parks - Area B - Land	13-412-3	2018	140,000	27,634	57,731	85,365
Com Parks - Area B - Land	15-521.2.2	2020	1,259,903	207,852	1,052,051	1,259,903
Com Parks - Area C - Boatswain Park	14-555-1	2021	169,500	32,397	137,103	-
Com Parks - Area G - Saltair Land	14-328	2019	136,930	30,400	91,030	121,430
Com Parks - Area D - Land	14-112	2019	155,000	30,856	94,631	125,487
CLR - Acoustics Treatments	12-279		81,119	14,594	-	14,594
CLR - Truck/Sports Court Flooring	15-246	2020	57,132	11,707	45,425	57,132
CLR - Dehumidifier	16-131	2020	141,483	29,245	112,238	-
ECD - Regional Visitor Centre	12-094		293,000	57,105	-	57,105
Eng Services - Truck	13-428	2019	35,738	6,930	14,778	21,708
Eng Utilities - Truck	15-239	2020	30,218	9,050	12,118	21,168
Eng Utilities - Vans	16-69.1	2020	85,956	4,500	81,456	-
Honeymoon Bay Fire - Fire Truck	12-278.2		65,000	12,340	-	12,340
ISC - Capital Improvements	14-66-2	2019	335,000	99,433	101,767	201,200
KPR - Score Clock	11-608.3		14,186	2,079	-	2,079
KPR - Capital Improvements	13-637	2019	1,750,000	301,346	945,569	1,246,915
KPR - Arena Improvements	13-637	2021	260,000	75,223	184,777	-
Parks & Trails - Truck	15-234	2020	40,000	9,666	30,334	40,000
Parks & Trails - Portable	16-554.2	2021	18,567	-	11,151	-
Regional Parks - Portable	16-554.2	2021	18,567	-	7,416	-
Reg Parkland - Stoney Hill	16-142.2.3		720,000	709,076	-	-
Reg Parkland - Heart/Stocking Land	09-439		640,780	1	-	1
Sahtlam Fire - Fire Truck	15-187-10.2	2020	184,085	35,460	148,625	-
Saltair Recreation - Saltair C.C.	14-328	2019	167,030	<u>34,159</u>	<u>70,271</u>	<u>104,430</u>
Sub Total				<u>\$ 1,866,371</u>	<u>\$ 3,580,428</u>	<u>\$ 3,878,132</u>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

23) Schedule of Short-term Debt (continued)

	<u>Board Resolution</u>	<u>Maturity Dates</u>	<u>Originally Authorized</u>	<u>Principal Payments 2016</u>	<u>Net Unmatured December 31, 2016</u>	<u>Net Unmatured December 31, 2015</u>
Brought Forward				\$ <u>1,866,371</u>	\$ <u>3,580,428</u>	\$ <u>3,878,132</u>
SLCC - Bus 2012	12-276T		58,246	14,891	-	14,891
SLCC - Elsie Miles School	12-558T	2018	310,500	60,900	126,750	187,650
SWM - Roll off Truck and Bins	10-463.1.1		255,000	40,970	-	40,970
SWM - Excavator	15-536.2.2	2019	243,298	47,782	146,162	193,944
SWM - Bings Solar Project	16-75.2.3	2020	47,622	9,036	38,586	-
SWM - Bings Energy Project	16-75.2.2	2020	72,784	14,332	58,452	-
Honeymoon Bay Water - Well	13-509-5	2019	78,720	15,345	31,741	47,086
Shellwood Range Water Study	3975		83,640	83,640	-	83,640
Kerry Village Sewer - Upgrades	13-270-2	2018	10,433	2,086	4,307	6,393
Shawnigan Beach Sewer - Upgrades	11-354.1		33,000	6,790	-	6,790
Youbou Sewer - Land	14-340	2019	60,000	<u>7,250</u>	<u>22,750</u>	<u>30,000</u>
				\$ <u>303,022</u>	\$ <u>428,748</u>	\$ <u>611,364</u>
				\$ <u>2,169,393</u>	\$ <u>4,009,176</u>	\$ <u>4,489,496</u>

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

The interest rate at December 31, 2016 was 1.44% (December 31, 2015 1.78%).

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, 2016**

24) Schedule of Long-term Debt

	<u>L/A Bylaw</u>	<u>Term</u>	<u>Maturity Dates</u>	<u>Originally Authorized</u>	<u>Principal/Actuarial 2016</u>	<u>Net Unmatured December 31, 2016</u>	<u>Interest Rate</u>
Issued by the Municipal Finance Authority for our Members							
City of Duncan	1936	20	2019	420,000	27,587	90,479	5.49 %
City of Duncan	2004	15	2026	1,450,000	84,715	1,057,779	4.20 %
Sub Total					<u>\$ 112,302</u>	<u>\$ 1,148,258</u>	
District of North Cowichan	1755	20		790,000	60,373	-	7.75 %
District of North Cowichan	1784	20		300,000	22,926	-	7.75 %
District of North Cowichan	1802	20	2017	1,935,700	140,885	147,929	6.90 %
District of North Cowichan	2686	20	2025	1,600,000	81,397	873,505	5.85 %
District of North Cowichan	3301	20	2028	500,000	22,097	345,285	4.65 %
District of North Cowichan	3259	20	2028	15,000,000	662,869	10,358,552	5.15 %
District of North Cowichan	3352	20	2029	2,265,500	96,265	1,664,602	4.13 %
District of North Cowichan	3358	20	2029	530,000	22,520	389,424	4.13 %
District of North Cowichan	3391	20	2030	1,750,000	71,500	1,360,193	4.50 %
District of North Cowichan	3458	20	2032	745,475	28,160	639,168	2.90 %
District of North Cowichan	3484	20	2033	1,000,000	36,322	895,171	3.15 %
District of North Cowichan	3449	20	2033	1,500,000	54,484	1,342,757	3.85 %
District of North Cowichan	3500	25	2040	2,000,000	51,348	1,948,652	3.50 %
District of North Cowichan	3571	20	2035	864,000	-	864,000	3.50 %
District of North Cowichan	3572	20	2035	1,700,000	-	1,700,000	3.50 %
Sub Total					<u>\$ 1,351,146</u>	<u>\$ 22,529,238</u>	
Town of Ladysmith	2753	25	2031	2,750,000	93,985	1,957,202	4.66 %
Town of Ladysmith	1763	25	2037	1,000,000	27,009	898,034	4.66 %
Town of Ladysmith	3786	20	2036	10,000,000	-	10,000,000	2.01 %
Sub Total					<u>\$ 120,994</u>	<u>\$ 12,855,236</u>	
Library Board	3475	30	2042	1,000,000	20,056	924,285	2.90 %
Sub Total					<u>\$ 20,056</u>	<u>\$ 924,285</u>	
Members Total					<u>\$ 1,604,498</u>	<u>\$ 37,457,017</u>	

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

24) Schedule of Long-term 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>2016</u>	<u>December 31, 2016</u>	<u>Rate</u>
Brought Forward: Members					\$ <u>1,604,498</u>	\$ <u>37,457,017</u>	
Issued by the Municipal Finance Authority for the Regional District							
Administration Building	2339	20	2022	3,020,000	172,221	1,230,006	2.10 %
Cowichan Lake Recreation	3197	20	2029	2,500,000	106,229	1,836,904	4.13 %
Cowichan Lake Recreation	3197	20	2030	3,700,000	151,172	2,875,836	4.50 %
Kerry Park Recreation	2439	20	2023	1,700,000	92,329	789,333	4.90 %
Kerry Park Recreation	2818	10		200,000	23,710	-	4.65 %
Island Savings Centre	1801	20	2017	700,000	50,948	53,495	4.55 %
Island Savings Centre	2501	20	2024	2,500,000	129,313	1,296,562	4.90 %
Honeymoon Bay Fire	2982	10	2017	207,000	23,596	24,540	4.82 %
Malahat Fire	3630	15	2028	265,000	14,314	223,688	3.15 %
Sahtlam Fire	3272	10	2020	130,000	13,174	58,179	4.50 %
Curbside Collection	3607	15	2028	1,600,000	86,426	1,350,566	3.15 %
Curbside Collection	3607	15	2029	175,000	9,089	157,171	3.30 %
Solid Waste Mgmt Complex	1782	20		1,050,000	80,242	-	4.43 %
Solid Waste Mgmt Complex	1866	20	2018	4,500,000	311,924	671,418	4.65 %
Solid Waste Mgmt Complex	2011	20	2020	600,000	37,626	168,218	4.50 %
Solid Waste Mgmt Complex	3277	20	2030	590,000	24,106	458,579	4.50 %
Solid Waste Mgmt Complex	3278	20	2030	720,000	29,417	559,622	3.73 %
Solid Waste Mgmt Complex	3277	20	2033	780,000	28,331	698,234	3.85 %
Solid Waste Mgmt Complex	3727	20	2034	871,000	30,420	811,331	3.30 %
Arbutus Ridge Water	3287	20	2031	100,000	3,929	81,811	3.25 %
Carlton Water	3628	10	2024	50,000	4,331	41,504	3.00 %
Central Youbou Water	2665	25	2033	488,000	<u>15,420</u>	<u>380,029</u>	5.15 %
Sub Total					\$ <u>1,438,267</u>	\$ <u>13,767,026</u>	

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

24) Schedule of Long-term Debt (continued)

	<u>L/A</u> <u>Bylaw</u>	<u>Term</u>	<u>Maturity</u> <u>Dates</u>	<u>Originally</u> <u>Authorized</u>	<u>Principal/Actuarial</u> <u>2016</u>	<u>Net Unmatured</u> <u>December 31, 2016</u>	<u>Interest</u> <u>Rate</u>
Brought Forward: Members					\$ <u>1,604,498</u>	\$ <u>37,457,017</u>	
Issued by the Municipal Finance Authority for the Regional District							
Brought Forward:					\$ <u>1,438,267</u>	\$ <u>13,767,026</u>	
Dogwood Ridge Water	3281	25	2036	94,000	2,640	81,775	3.25 %
Douglas Hill Water	3383	20	2031	150,000	5,893	122,717	4.20 %
Fern Ridge Water	2995	20	2029	23,175	985	17,028	4.13 %
Honeymoon Bay Water	2973	20	2030	37,000	1,512	28,758	3.73 %
Lambourn Water	3062	20	2030	100,000	4,086	77,725	3.73 %
Satellite Park Water	2982	10	2017	50,000	5,699	5,927	4.82 %
Satellite Park Water	3029	20	2029	160,000	6,799	117,562	4.13 %
Shawnigan Lake North Water	2818	10		150,000	17,782	-	4.65 %
Shellwood Water	3625	20	2036	85,000	-	85,000	2.10 %
Youbou Water	2902	20	2030	120,000	4,903	93,270	3.73 %
Arbutus Ridge Sewer	3289	20	2031	125,000	4,911	102,264	3.25 %
Brulette Place Sewer	3297	15	2029	24,713	1,283	22,195	3.00 %
Cobble Hill Sewer	3106	10	2019	25,000	2,635	8,554	4.13 %
Cowichan Bay Sewer	2439	10	2013	600,000	32,587	278,588	4.90 %
Kerry Village Sewer	3019	20	2030	80,000	3,269	62,180	4.50 %
Lambourn Sewer	3063	20	2030	150,000	6,128	116,588	3.73 %
Shawnigan Lake Sewer	1964	20	2019	505,000	33,170	108,790	4.50 %
Shawnigan Lake Sewer	2194	20	2021	110,000	<u>6,587</u>	<u>38,215</u>	3.05 %
Regional District Total					\$ <u>1,579,136</u>	\$ <u>15,134,162</u>	
GRAND TOTAL					\$ <u>3,183,634</u>	\$ <u>52,591,179</u>	

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

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
Revenues									
Tax Requisition	\$ 3,294,044	\$ 2,453,758	\$ 2,783,401	\$ 3,437,226	\$ 17,414,285	\$ 4,555,231	\$ 69,580	\$ -	\$ 34,007,525
User Fees	-	-	2,319	-	-	784,354	2,667,993	(23,246)	3,431,420
Parcel Taxes	-	-	58,241	-	10,000	-	2,240,911	-	2,309,152
Government Transfers	486,234	73,107	6,578	46,080	628,227	1,789,853	81	1,588,784	4,618,944
Services Provided Other Local Govt	-	-	-	52,570	-	-	-	-	52,570
Revenue from Own Sources	62	782,041	1,034,956	28,175	3,918,295	3,609,027	-	(260,112)	9,112,444
Other Revenue	150,460	1,517	11,487	142,637	411,334	847,771	272,652	122,977	1,960,835
Interest Income	86,648	-	631	-	277	-	-	87,517	175,073
Donations	-	-	-	6,000	122,870	-	-	1,534,515	1,663,385
Contributions from Other Functions	-	-	-	-	341,283	-	14,000	(355,283)	-
Services Provided to Other Function	4,239,708	-	143,038	130,532	466,787	1,514,280	7,000	(6,501,345)	-
	<u>\$ 8,257,156</u>	<u>\$ 3,310,423</u>	<u>\$ 4,040,651</u>	<u>\$ 3,843,220</u>	<u>\$ 23,313,358</u>	<u>\$ 13,100,516</u>	<u>\$ 5,272,217</u>	<u>\$ (3,806,193)</u>	<u>\$ 57,331,348</u>
Expenses									
Operations & Maintenance	\$ 1,361,023	\$ 39,688	\$ 860,025	\$ 1,111,562	\$ 4,220,275	\$ 3,847,260	\$ 1,764,150	\$ 850	\$ 13,204,833
Wages & Benefits	3,984,328	98,724	1,969,583	521,777	8,832,123	2,944,954	1,780,505	-	20,131,994
Contract for Services	130,253	2,876,760	111,318	634,619	243,804	2,791,847	113,685	-	6,902,286
Landfill Closure/Post Closure costs	-	-	-	-	-	(3,239,519)	-	-	(3,239,519)
Debt Charges - Interest	68,323	-	-	24,928	458,117	427,363	110,582	-	1,089,313
Contributions to Community Facility	-	-	26,000	-	195,005	-	-	-	221,005
Grants to Organizations	-	-	461,370	-	74,484	27,290	-	-	563,144
Library Serv. Prov. by Other Govt	-	-	-	-	1,692,096	-	-	-	1,692,096
Services Provided Other Local Govt	-	-	74,152	524,032	226,525	-	-	-	824,709
Amortization	151,894	-	56,733	246,421	2,713,367	782,131	1,959,569	-	5,910,115
Contribution to Third Party Capital	-	-	-	-	-	-	-	326,627	326,627
	<u>\$ 5,695,821</u>	<u>\$ 3,015,172</u>	<u>\$ 3,559,181</u>	<u>\$ 3,063,339</u>	<u>\$ 18,655,796</u>	<u>\$ 7,581,326</u>	<u>\$ 5,728,491</u>	<u>\$ 327,477</u>	<u>\$ 47,626,603</u>
Net Annual Surplus	\$ 2,561,335	\$ 295,251	\$ 481,470	\$ 779,881	\$ 4,657,562	\$ 5,519,190	\$ (456,274)	\$ (4,133,670)	\$ 9,704,745

COWICHAN VALLEY REGIONAL DISTRICT


**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

25) 2015 - Consolidated Schedule of Segment Disclosure - Service (continued)

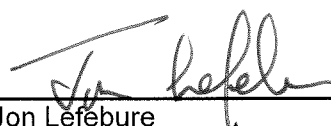
	General Government Services	Transportation Services	Electoral Area Services	Protective Services	Parks Recreation & Culture	Environmental Services	Sewer & Water Utilities	Elimination Adjustment	Consolidation
Revenues									
Tax Requisition	\$ 3,139,558	\$ 2,306,253	\$ 2,796,403	\$ 3,092,312	\$ 16,425,340	\$ 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
Government Transfers	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>
Expenses									
Operations & Maintenance	\$ 1,537,649	\$ 81,139	\$ 875,017	\$ 1,033,558	\$ 4,157,306	\$ 4,497,249	\$ 1,452,863	\$ -	\$ 13,634,781
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
Landfill Closure/Post Closure costs	-	-	-	-	-	1,259,939	-	-	1,259,939
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>
Net Annual Surplus	\$ 1,524,757	\$ 186,757	\$ 533,455	\$ 555,144	\$ 2,930,822	\$ 1,459,667	\$ (424,865)	\$ (2,059,636)	\$ 4,706,101

OPERATING FUND STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016
(unaudited)

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 16,793,053	\$ 15,156,660
Receivables		
Due from Local Government	56,970	49,348
Due from Provincial Governments	418,714	49,175
Due from Federal Government	693,325	1,058,462
Due from Reserve Fund (Schedule E)	615,608	-
Trade Accounts	1,045,471	1,125,809
Prepaid Expenses	148,155	113,308
Inventories	31,116	32,483
MFA Debt Reserve Fund Deposits (Note 14)	<u>3,170,045</u>	<u>2,907,340</u>
	<u>\$ 22,972,457</u>	<u>\$ 20,492,585</u>
FINANCIAL LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 3,203,445	\$ 3,951,754
Due to Reserve Fund (Schedule E)	-	37,967
Deferred Revenue (Note 3)	804,529	782,090
Restricted Contributions & Performance Deposits (Note 10)	1,452,594	1,692,728
MFA Debt Reserve Fund Deposits (Note 14)	<u>3,170,045</u>	<u>2,907,340</u>
	<u>8,630,613</u>	<u>9,371,879</u>
Operating Fund Balance	<u>\$ 14,341,844</u>	<u>\$ 11,120,706</u>



Sharon Moss, CPA, CGA
Finance Manager



Jon Lefebvre
Chairperson

STATEMENT OF OPERATING FUND FINANCIAL ACTIVITIES
AS AT DECEMBER 31, 2016
(unaudited)

	2016 BUDGET	2016 ACTUAL	2015 ACTUAL
REVENUE			
Tax Requisition	\$ 34,007,525	\$ 34,007,525	\$ 32,420,102
User Fees	3,805,156	3,454,666	3,678,029
Parcel Taxes	2,308,591	2,309,152	2,197,535
Government Transfers	3,782,720	3,456,116	2,983,200
MFA Funding	12,077,595	1,773,223	1,729,994
Services Provided to			
Other Local Governments	52,621	52,570	51,790
Revenue from Own Sources	8,731,097	9,372,555	8,731,410
Other Revenue	2,597,088	1,835,359	2,634,578
Interest income	76,000	87,555	84,724
Donations	119,466	128,870	143,290
Services Provided to Other Functions	6,708,372	6,546,653	5,969,528
Contributions From Other Functions	355,282	355,283	339,375
Debt Due from Members	<u>2,744,800</u>	<u>2,705,288</u>	<u>2,851,620</u>
	<u>\$ 77,366,313</u>	<u>\$ 66,084,815</u>	<u>\$ 63,815,175</u>
EXPENSES			
General Government Services	\$ 7,593,977	\$ 6,319,156	\$ 6,881,479
Vancouver Island Regional Library	1,724,670	1,724,670	1,679,562
Transportation Services	3,358,137	3,307,019	3,194,966
Electoral Area Services	4,780,958	4,640,136	4,388,799
Protective Services	6,634,893	3,820,934	3,194,119
Parks & Recreation	27,137,909	20,645,827	18,594,839
Environmental Services	15,615,564	12,230,470	12,554,404
Sewer & Water Utilities	11,049,708	5,637,801	5,234,461
Debt Payments for Members	<u>2,744,800</u>	<u>2,705,288</u>	<u>2,851,620</u>
	<u>80,640,616</u>	<u>61,031,301</u>	<u>58,574,249</u>
Net Revenues/(Expenses)	(3,274,303)	5,053,514	5,240,926
Transfer from Reserve Fund	3,188,365	1,043,758	471,681
Transfer from Gas Tax Fund	2,283,201	1,162,828	747,101
Long-term Debt - Repayments	(992,409)	(992,932)	(1,006,259)
Short-term Debt - Repayments	(2,426,955)	(2,169,392)	(1,634,190)
Transfer to Reserve Fund	<u>(1,154,778)</u>	<u>(876,638)</u>	<u>(1,868,329)</u>
	<u>897,424</u>	<u>(1,832,376)</u>	<u>(3,289,996)</u>
Change in Fund Balance	(2,376,879)	3,221,138	1,950,930
Fund Balance - Prior Year	<u>2,376,879</u>	<u>11,120,706</u>	<u>9,169,776</u>
Ending Fund Balance	\$ <u>-</u>	\$ <u>14,341,844</u>	\$ <u>11,120,706</u>

CAPITAL FUND STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016
(unaudited)

	2016	2015
FINANCIAL ASSETS		
Debt Due from Members (Note 23)	\$ 37,457,017	\$ 26,497,516
Land Held for Resale	<u>147,000</u>	<u>-</u>
	<u>\$ 37,604,017</u>	<u>\$ 26,497,516</u>
FINANCIAL LIABILITIES		
Short-term Debt (Note 22)	4,009,176	4,489,496
Long-term Debt (Note 23)		
Regional District	15,134,162	16,628,299
Members	<u>37,457,017</u>	<u>26,497,516</u>
	<u>56,600,355</u>	<u>47,615,311</u>
NET FINANCIAL LIABILITIES	(18,996,338)	(21,117,795)
Capital Assets (Note 12)	<u>144,484,201</u>	<u>143,465,569</u>
	<u>\$ 125,487,863</u>	<u>\$ 122,347,774</u>
EQUITY		
Equity in Capital Assets (Schedule D)	<u>\$ 125,487,863</u>	<u>\$ 122,347,774</u>
	<u>\$ 125,487,863</u>	<u>\$ 122,347,774</u>



Sharon Moss, CPA, CGA
Finance Manager




Jon Lefebure
Chairperson

STATEMENT OF CAPITAL FUND FINANCIAL ACTIVITIES
AS AT DECEMBER 31, 2016
(unaudited)

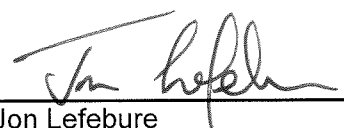
	2016	2015
Capital Fund Advances - Beginning of Year	\$ -	\$ 15,803
Add:		
Contributions from Operating Fund	2,731,016	2,319,953
Contributions from Reserve Fund	1,043,758	471,681
Sale of Capital Assets	(6,763)	(11,277)
Long-term Debt - Issued	85,000	-
Short-term Debt - Issued	<u>1,689,073</u>	<u>1,714,191</u>
	5,542,084	4,510,351
Deduct:		
Purchase of Capital Assets	(5,547,997)	(4,521,628)
Contributions to Debt Reserve Fund	(850)	-
Gain/Loss on Sale of Assets	<u>6,763</u>	<u>11,277</u>
Capital Fund Advances - End of Year	<u>\$ -</u>	<u>\$ -</u>
Equity in Capital Assets - Beginning of Year	\$122,347,774	\$120,009,238
Purchase of Capital Assets	5,547,997	4,521,628
Long-term Debt - Actuarial	586,204	522,753
Long-term Debt - Repayment	992,932	1,006,259
Loss on disposal of Assets	(6,763)	(11,277)
Disposal of Assets	(278,465)	(154,344)
Contributed Assets	1,534,514	2,655,876
Amortization	(5,631,650)	(5,738,358)
Long-term Debt - Issued	(85,000)	-
Short-term Debt - Issued	(1,689,073)	(1,714,191)
Short-term Debt - Repayment	2,169,393	1,634,190
Sale of Land Held for Resale	<u>-</u>	<u>(384,000)</u>
Equity in Capital Assets - End of Year	<u>\$125,487,863</u>	<u>\$122,347,774</u>

STATUTORY RESERVE FUND STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016
(unaudited)

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 6,874,012	\$ 6,266,857
Portfolio Investments	5,019,089	4,979,516
Receivable from Operating Fund (Schedule A)	-	37,967
	<u>\$ 11,893,101</u>	<u>\$ 11,284,340</u>
FINANCIAL LIABILITIES		
Deferred Revenue (Note 3)	407,696	496,878
Payable to Operating Fund (Schedule A)	615,608	-
	<u>\$ 10,869,797</u>	<u>\$ 10,787,462</u>
FUND ACTIVITY:		
Add:		
Contribution from Operating Fund	\$ 876,638	\$ 1,868,329
Cash Distribution Surplus	46,938	2,940
Other Income	115,000	145,000
Interest Earned	87,517	83,911
	<u>1,126,093</u>	<u>2,100,180</u>
Less:		
Expenditures	1,043,758	471,681
Current Year Activity	82,335	1,628,499
Reserve Fund Balance - Beginning of Year	<u>10,787,462</u>	<u>9,158,963</u>
Reserve Fund Balance - End of Year	<u>\$ 10,869,797</u>	<u>\$ 10,787,462</u>



Sharon Moss, CPA, CGA
Finance Manager



Jon Lefebure
Chairperson

STATEMENT OF OPERATING SURPLUS
AS AT DECEMBER 31, 2016
(unaudited)

Function	Balance of Surplus (Deficit) at End of Year	Balance of Surplus (Deficit) at Beginning of Year
General Government	\$ 1,147,313	\$ 610,437
Community Health Network	249,233	42,463
Administration Building	209,307	58,984
I.T./H.R./L.I./G.I.S.	234,261	186,171
Commuter Transit	237,829	195,747
Transit	95,578	134,255
9-1-1	83,988	(32,967)
Grants-In-Aid	55,391	49,419
Environmental Initiatives	157,041	136,623
Emergency Planning	345,754	303,056
Economic Development	260,984	225,352
Regional Tourism	30,887	30,063
Electoral Feasibility Studies	52,888	52,888
Electoral Area Services	200,169	97,710
Victim Services	230	228
Victim Services - West	17	31
Community Parks	429,083	166,779
Parks & Trails	13,278	7,773
Regional Parks	104,010	27,542
Kinsol Trestle	82,064	-
Bright Angel Park	1,032	(5,979)
South Cowichan Community Parks	1,999	248
Regional Parkland Acquisition	1,283,746	1,250,243
Animal Control	11,530	7,502
Enforcement & Inspection	342,224	140,555
Community Planning	32,466	28,658
North Oyster Fire Protection	484,502	307,463
Mesachie Lake Fire Protection	25,011	10,589
Sahtlam Fire Protection	60,931	58,312
Malahat Fire Protection	(3,994)	(5,875)
Honeymoon Bay Fire Protection	12,609	10,687
Youbou Fire Protection	272,200	348,815
Recreation & Culture / Facilities	58,551	15,967
Arts & Culture	13,982	(2,213)
Cowichan Lake Recreation	149,124	85,732
Kerry Park Recreation Centre	130,730	105,435
Island Savings Centre	262,132	485,933
Theatre - Area B	114	62

STATEMENT OF OPERATING SURPLUS
AS AT DECEMBER 31, 2016
(unaudited)

Function	Balance of Surplus (Deficit) at End of Year	Balance of Surplus (Deficit) at Beginning of Year
Mill Bay Recreation	302	42
Saltair Recreation	33,681	22,907
Lake Cowichan Activity Centre	335	144
Cowichan Aquatic Centre - Area E	-	(855)
Cowichan Aquatic Centre - Area F	10	-
Shawnigan Lake Community Centre	84,282	33,181
Shawnigan Lake Historical Society	15	18
Cowichan Station Area E	4	-
Senior Centre Grant	33	61
Kaatza Historical Society	42	75
Cowichan Station Assoc - Area B	-	5
Shawnigan Basin Society	42	-
Nature and Habitat - Area I	14	14
Thetis Island Wharf	58,208	53,081
Thetis Island Boat Launch	3,814	2,814
Cowichan Lake Water Protection	2,086	1,815
Safer Futures	71	70
Social Planning	131	128
South Cowichan Community Policing	19	22
Cowichan Community Policing	475	462
Cowichan Valley Hospice	116	116
Curbside Collection Garbage/Recycling	798,315	776,356
Solid Waste Management Complex	120,842	(124,085)
South Cowichan Water Study Plan	48,288	53,400
Liquid Waste Plan - Central Sector	48,644	(4,031)
Liquid Waste Plan - South Sector	16,644	16,644
Critical Street Lighting "A"	1,630	1,223
Critical Street Lighting "B"	1,822	1,966
Critical Street Lighting "C"	2,576	2,058
Critical Street Lighting "D"	2,249	1,699
Critical Street Lighting "E"	409	(2,281)
Critical Street Lighting "I"	530	462
Mesachie Lake Street Lighting	649	530
Youbou Street Lighting	5,669	4,578
Cowichan Bay Street Lighting	243	301
Honeymoon Bay Street Lighting	2,636	2,154
Mill Bay Street Lighting	-	1
Cobble Hill Street Lighting	615	487
Wilmot Road Street Lighting	6,529	6,813
Sentinel Ridge Street Lighting	6,597	7,123
Twin Cedars Street Lighting	(719)	638
Arbutus Mtn. Street Lighting	3,701	4,707
Mill Springs Street Lighting	10,479	6,826

STATEMENT OF OPERATING SURPLUS
AS AT DECEMBER 31, 2016
(unaudited)

Function	Balance of Surplus (Deficit) at End of Year	Balance of Surplus (Deficit) at Beginning of Year
Engineering Services	\$ 17,978	\$ 35,131
Engineering Services - Utilities	169,871	9,511
Capital Projects Division	-	(43,047)
Wilmot Road Drainage System	9,371	7,016
Sentinel Ridge Drainage System	12,466	11,501
Shawnigan Lake East Drainage System	4,265	3,496
Arbutus Mtn. Drainage System	21,416	23,485
Lanes Road Drainage System	11,895	10,024
Bald Mountain Drainage System	11,021	10,461
Cobble Hill Drainage System	22,984	21,829
Arbutus Ridge Drainage System	(225)	(11,022)
Shawnigan Creek Clean Out	6,578	4,733
Satellite Park Water System	(3,159)	659
Douglas Hill Water System	510	817
Lambourn Water System	434	(20,358)
Arbutus Mtn. Water System	12,642	8,529
Fern Ridge Water System	10,928	10,076
Bald Mtn. Water System	44,014	32,420
Dogwood Ridge Water System	949	4,622
Arbutus Ridge Water System	66,172	79,359
Carlton Water System	(3,136)	(8,997)
Shellwood Water System	(11,756)	(2,839)
Woodley Range Water System	3,219	(10,308)
Burnum Water System	61,761	54,893
Mesachie Lake Water System	15,775	22,527
Saltair Water System	342,463	222,445
Central Youbou Water System	178,147	125,521
Honeymoon Bay Water System	9,030	(9,375)
Cherry Point Estates Water System	11,404	9,451
Shawnigan Lake North Water System	178,066	113,461
Kerry Village Water System	14,028	12,417
Cowichan Bay Sewer System	132,320	117,673
Brulette Place Sewer System	23,198	10,937
Sentinel Ridge Sewer System	7,123	2,146
Twin Cedar Sewer System	(1,380)	(1,620)
Lambourn Sewer System	17,522	202,261
Arbutus Mtn Sewer System	(12,738)	(5,096)
Cobble Hill Village Sewer System	33,502	25,546
Mesachie Lake Sewer System	10,954	7,018
Bald Mountain Sewer System	25,271	21,257
Mill Springs Sewer	48,883	12,561
Arbutus Ridge Sewer System	189,996	146,118
Eagle Heights Sewer System	(10,641)	(3,005)
Maple Hills Sewer System	36,373	29,532

STATEMENT OF OPERATING SURPLUS
AS AT DECEMBER 31, 2016
(unaudited)

Shawnigan Beach Estates Sewer System	\$ (27,999)	\$ 22,229
Kerry Village Sewer System	(11,503)	(25,935)
Youbou Sewer System	<u>43,289</u>	<u>21,903</u>
Operating Fund Surplus Balance	\$ 10,113,489	\$ 7,318,307
Community Works Reserve Balance	<u>4,228,355</u>	<u>3,802,399</u>
Operating Fund Balance	<u>\$ 14,341,844</u>	<u>\$ 11,120,706</u>