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FROM THE BOARD CHAIR

On behalf of the Cowichan Valley Regional District (CVRD) Board of Directors, I am happy to share with you the Regional District's first annual report.

In April 2016, the Board finalized its Strategic Plan, which outlines Regional and Electoral Area priorities for the Board's term. This plan provides direction to staff on key focus areas with specific action items and quarterly targets. In addition to the operations work staff does on a daily basis, the Strategic Plan ensures the Board's priority projects also progress.

This annual report provides an update of work done in 2016 in each of these focus areas.

Some key areas where much progress was made include Protection of Water Resources, Response to Climate Change, Engaging our Communities and Sound Fiscal Management.

Climate change and its impacts are a top concern in the Cowichan Valley. We have seen three consecutive summers of drought, causing stress on our watersheds, and in some cases, drinking water security. The Board and staff have been working closely with key stakeholders to develop a climate change adaption strategy and watershed management plans, as well as address Cowichan Lake water storage. This work has laid the foundation for many programs and initiatives that will occur in 2017.

The Board also recognizes the desire of the community to be more engaged in local government programs and services that directly impact their lives. In 2016, we conducted a Community Satisfaction Survey to help us understand what issues are important to the community as well as how the regional district is performing in its service delivery. We will repeat this survey in early 2019.

Some key findings of the survey include:

- the top five issues residents are concerned about are drinking water, traffic and roads, taxation and municipal government spending, education and schools and affordability
- 93 per cent support the CVRD developing strategies regarding water security planning
- 90 per cent support the development of strategies on affordable housing
- 85 per cent support climate change adaption strategies
- 85 per cent support alternative energy strategies
- 91 per cent satisfied with curb-side recycling collection and 78 per cent with curb-side garbage collection (in electoral areas)
- 79 per cent satisfied with the CVRD's parks and trails
- 70 per cent prefer the CVRD set aside funds each year to finance large capital projects

Board Chair Jon Lefebure



CVRD DIRECTORS

AREA A

Mill Bay/Malahat: Kerry Davis

AREA B

Shawnigan Lake: Sonia Furstenau

AREA C

Cobble Hill: Matteus Clement

AREA D

Cowichan Bay: Lori lannidinardo

AREA E

Cowichan Station/ Sahtlam/Glenora: Alison Nicholson

REA F

Cowichan Lake South/ Skutz Falls: Ian Morrison

AREA G

Saltair/Gulf Islands: Mel Dorey

AREA H

North Oyster/Diamond: Mary Marcotte

AREA I

Youbou/Meade Creek: Klaus Kuhn

TOWN OF LAKE COWICHAN

Bob Day, Vice-Chair

TOWN OF LADYSMITH

Aaron Stone

CITY OF DUNCAN

Phil Kent

MUNICIPALITY OF NORTH

OWICHAN

Jon Lefebure, Chair

MUNICIPALITY OF NORTH COWICHAN

Tom Walker

MUNICIPALITY OF NORTH COWICHAN

Kate Marsh





LETTER FROM THE CAO

I am pleased to be providing the Cowichan Valley Region District (CVRD)'s first annual report. It is an opportunity to reflect upon 2016 and share our accomplishments with the public and various stakeholders. The CVRD is one of the larger regional districts in BC, providing 170+ services to 80,000 residents in four municipalities and nine electoral areas. Although the geographic area is relatively small, our communities are diverse, including a rapidly growing population in the semi-rural southern electoral areas, the urban amenities and energy of our municipalities and the more rural atmosphere of our western and northern communities.

A large population and diversity of communities presents many opportunities and challenges in delivering services and satisfying the needs of our residents. This is particularly the case in the area of land use planning, one of the primary functions of a regional district. Ensuring sustainable communities in an era of growing demand, combined with the realities of a changing climate, is increasingly a consideration in the Board's deliberations and the staff's management actions.

The CVRD's 2014-2018 Strategic Plan contains 10 focus areas that reflect the opportunities and challenges facing our regional district.

It also ensures appropriate effort is placed on providing quality service to our residents today while protecting our water resources and planning for a sustainable region in the future.

Progress in achieving the goals and actions of the Strategic Plan is the focus of this report. However, it is also important to highlight some of the other major initiatives and issues of 2016.

Chief Administrative Officer Brian Carruthers





CONTAMINATED SOIL LANDFILL

The CVRD's enforcement of zoning in relation to a contaminated soil landfill in Shawnigan Lake resulted in a ruling in the regional district's favour in BC Supreme Court. However, this ruling was later overturned by the BC Court of Appeal. The Board approved an application to the Supreme Court of Canada in late 2016.



TOURISM COWICHAN SOCIETY

With a goal of enhancing the delivery of tourism marketing, the CVRD entered into a service agreement with the newly formed Tourism Cowichan Society for the society to undertake tourism marketing activities including the establishment of a hotel tax for the region.



COMMUNICATION TOOLS

communication with CVRD residents was improved with the launch of a refreshed website and a centralized weekly newspaper ad. Appearance, content and functionality of the website was improved and the newspaper ad provides one-stop access to CVRD news and announcements.



HOSPITAL LANDS

Following an extensive selection process, the Cowichan Valley Regional Hospital District (CVRHD) purchased property on Bell McKinnon Road for the future site of a new Cowichan District Hospital. The 22-acre site provides ample room for a new hospital as well as other paramedical services.



COWICHAN LAKE PUMPING

The CVRD joined Catalyst Paper, Cowichan Tribes and Lake Cowichan First Nation in drawing attention to the testing of a system to pump water over the Cowichan weir due to summer drought and extremely low water levels in Cowichan Lake. Just days before pumping was to start, rainfall increased the lake levels, avoiding the need to pump water.



COWICHAN RIVER DIKES

The CVRD joined Cowichan Tribes and the City of Duncan in officially opening a series of dikes along the lower Cowichan River. With \$4.3 million from the Provincial and Federal governments, the parties jointly constructed 2km of dike to protect significant infrastructure in the Duncan and Koksilah industrial and business complex areas.



RECYCLING 2.0

In response to the Cowichan region having the highest rate of contamination in curbside recycling on Vancouver Island, the CVRD launched an innovative public information campaign to re-educate residents about what they can and cannot place in their curbside recycling totes.



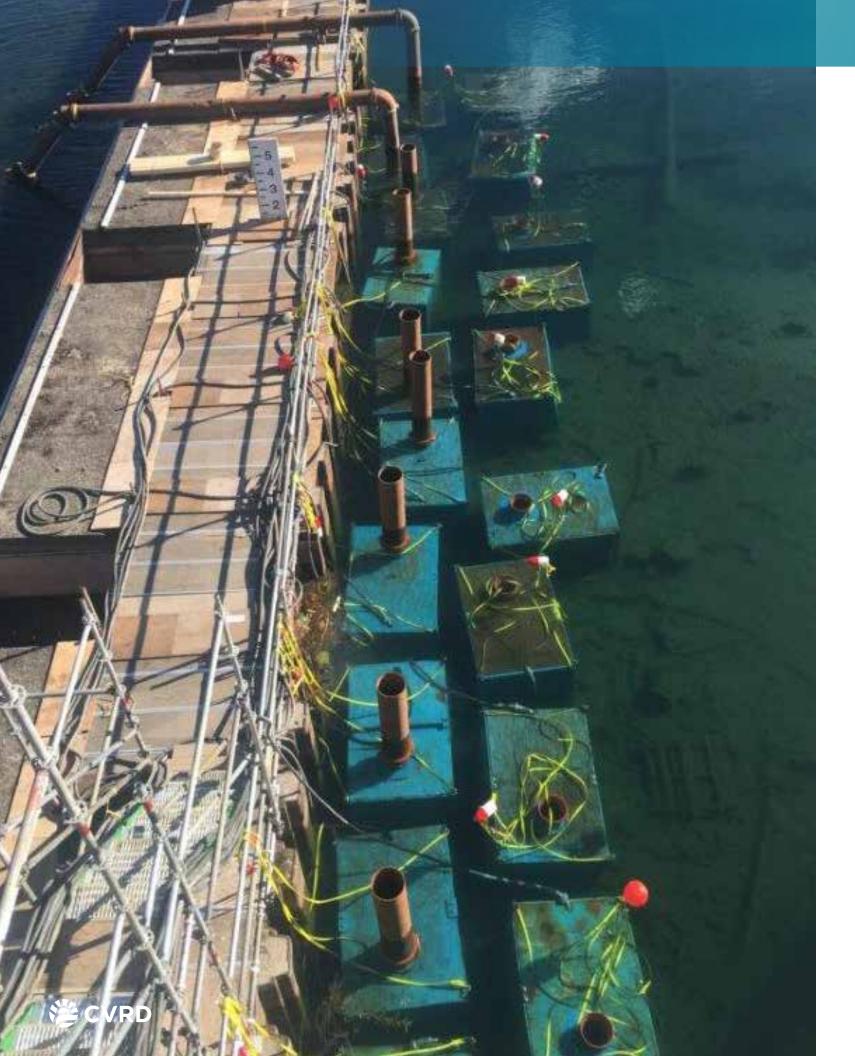


Excellence in regional land use planning

GOAL

Supporting sustainable and coordinated growth and development in the region. Regional Integrated Planning Strategy (Cowichan 2050)

1.1 The focus of the Regional Integrated Planning Strategy (Cowichan 2050) evolved through the year to become a longer-term initiative. This will result in a collective vision for the region and promote an integrated approach to land use planning and community developement within the Regional District.



Response to Climate Change



GOAL

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

2.1 CLIMATE CHANGE RISK ASSESSMENT (NEW NORMAL COWICHAN)

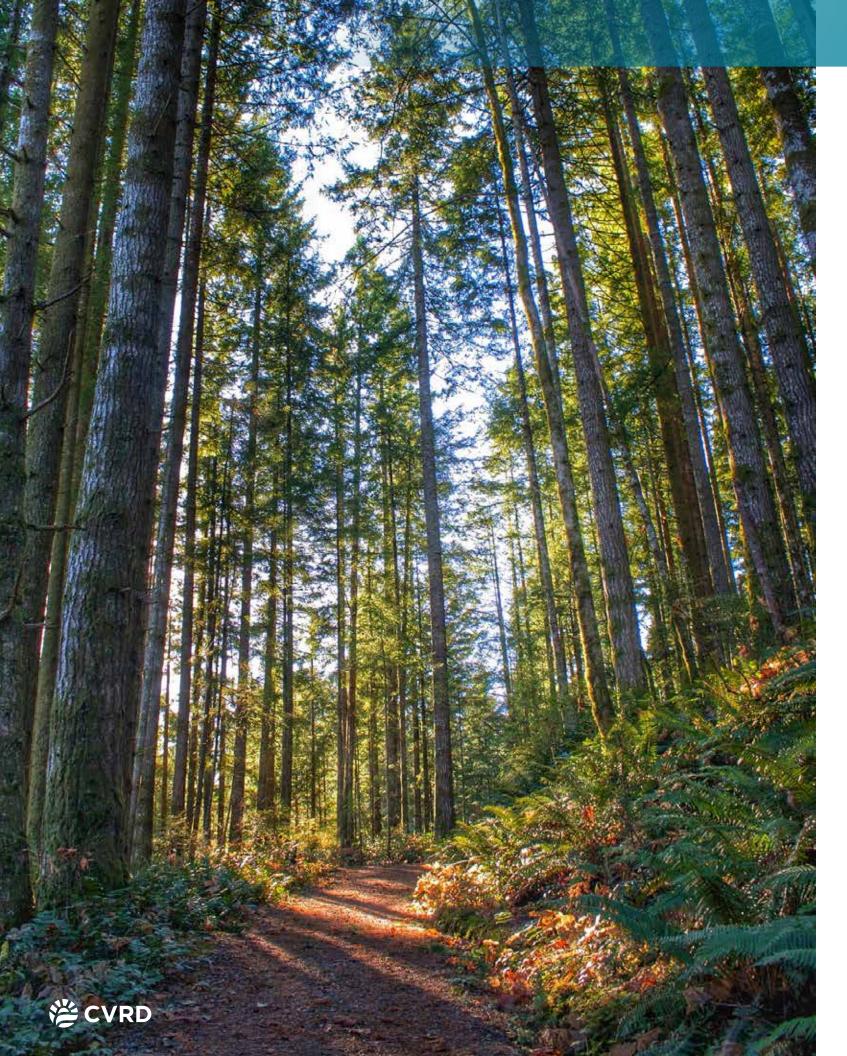
A multi stakeholder technical group was formed to develop and review the climate projections for the region. Numerous project funding proposals were developed to support the implementation of risk reduction strategies. High resolution photography and mapping of the coastline was done to project the impacts of sea level rise and recommended adaption work. Additional information gathering for Shawnigan Lake and Lake Cowichan was done to support updated flood mapping and modeling forecasted for the future.

2.2 CLIMATE CHANGE ADAPTATION STRATEGY

Adaptation will take a number of forms in the region in the future - but all will require strong partnerships and trust. The use of case studies to test out and showcase what adaption looks like on the ground are important. Support has been provided from various funders in 2016 focused on air quality, flooding, agriculture and green infrastructure. Ensuring adaption strategies work effectively across organizations is also important, and the CVRD continues to participate in many of these community led initiatives such as Social Planning Cowichan's Climate Collaborative and the agricultural climate readiness programs.

2.3 GREENHOUSE GAS (GHG) REDUCTION STRATEGY

The CVRD continues to implement its corporate GHG and Energy Strategy with ongoing building upgrades as well as a major installation of solar panels at Bings Creek transfer site. We did our math and the CVRD continues to be a carbon neutral local government.



Sound Fiscal Management



GOAL

Striving for the highest degree of value, transparency and accountability in the management of the CVRD's resources.

3.1 SERVICE DELIVERY REVIEWS

A comprehensive, third party review of the CVRD's water and sewer utilities was completed in 2016. The review focused on a number of elements including financial sustainability of systems, infrastructure, operations and service delivery, communication and relationships with our customers, staffing structures and governance. The review revealed a number of challenges and opportunities and the final report contained 50 recommendations which have been prioritized for implementation in 2017.

3.2 ASSET MANAGEMENT PLAN

In 2016, the Executive Steering Committee was formed and a temporary Asset Coordinator position was established to ensure the region's assets that are owned by the CVRD are managed effectively and efficiently in the future. The Board approved the supporting policy that will set in motion long term planning and maintenance of the CVRD's assets (building, utilities, parks etc) in the future.

3.3 BUDGET TRANSPARENCY

The annual budget calendar was refined to improve the annual budget process and enables the five-year financial plan bylaw to be adopted in December. This also allows for the timely implementation of projects and initiatives early in the fiscal year.

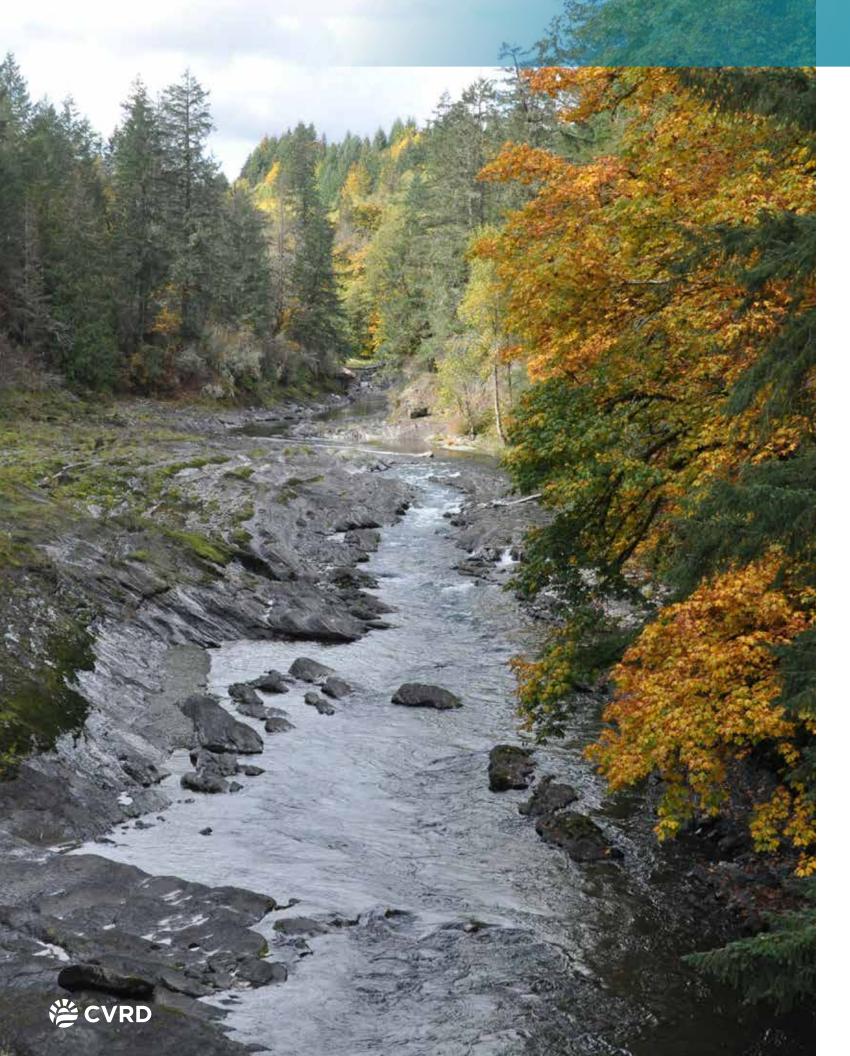
A priority-based budget process was completed for the Solid Waste service. This involved a detailed examination of all expenditures and revenues within the service, helping the Board make budget decisions based on prioritized levels of service.

A new public engagement program was launched for the 2017 budget process with four public meetings held in the south, central, north and west areas of the region. Although attendance was relatively low, the discussions were productive and attendees were able to get more detailed information on the financial projections for various CVRD services.

3.4 CORPORATE PERFORMANCE MEASUREMENT

The 2014-2018 Corporate Strategic Plan was fully implemented and progress towards achieving the objectives of the plan were tracked and reported on a quarterly basis to the Board. This Annual Report provides a summary of progress made through 2016.





Protection of Water Resources

GOAL

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

4.1 WATERSHED MANAGEMENT PLANS

A watershed based atlas for the 13 populated areas of the region has been created as a basis for the development of watershed planning tools and information sharing inside and outside the organization. Work continues on the development of a watershed planning strategy format and risk assessment process. Watershed characterizations have been completed for the South Cowichan area to assist with updates to the liquid waste management planning process.

Ongoing discussions with the province have resulted in a partnership to develop a science based groundwater assessment for the South Cowichan area which will identify areas of stress and additional levels of future management.

Protective diking on the lower Cowichan was completed which protects the industrial area to the south as well as the City of Duncan and Cowichan Tribes lands. To keep the mapping and flood protection infrastructure current, high resolution mapping data was completed (LiDAR data and bathymetric surveys). This data is also useful for community planning, routing for a proposed new discharge from sewage treatment plan and gravel removal programs on the river. A Cowichan Flood Management Function was created to provide a long term mechanism to support flood protection activities and ongoing flood early warning systems by the CVRD.

4.2 WATER CONSERVATION

New water metering programs are underway in Shawnigan Lake North and Lambourne water systems. Ongoing replacement of water mains in Saltair continues to ultimately eliminate failures.

4.3 WATERSHED GOVERNANCE STRUCTURE

The Cowichan Watershed Board and others forwarded a proposal to the province for a governance pilot under the New Water Sustainability Act. The CVRD continues to consider and reach out to the communities on their perspectives on local government's role in water and watershed stewardship.

4.4 COWICHAN LAKE WATER STORAGE/DROUGHT MANAGEMENT

Efforts to increase water storage on Cowichan Lake were supported through ongoing work with the Cowichan Watershed Board as well as engagement with Provincial and Federal agencies to secure funding for water flows analysis.

Ongoing discussions were held with the Ministry of Forest Lands Natural Resource Operations and Ministry of Agriculture on water resources and communications. Input was provided to the Province on local government policy and legal framework requirements and efforts were made to update wildfire and urban fire impact mapping. Support was provided to the Cowichan Watershed Board to develop a fish flow model to support a future storage analysis.



Engaging our Communities

GOAL

Enhancing the CVRD's engagement with residents and our communities and ensuring opportunities for local input to decision-making.

5.1 FORMALIZE FIRST NATIONS RELATIONSHIPS

There were a number of important First Nations activities throughout the year. These include:

- The CVRD and Lake Cowichan First Nations signing a protocol agreement, officially confirming their commitment to work together, where possible, on projects of mutual interest.
- ◆ Partnering with Malahat Nation on the construction of the Cowichan Valley Trail -Malahat Connection that crosses Malahat's lands.
- Initiating the development of a co-management agreement with Cowichan Tribes for Cowichan Bay Marine Gateway, an ongoing cooperation with the Cowichan Watershed Board and addressing water flow challenges on the Cowichan River
- Dompleting a servicing agreement between Cowichan Tribes and the CVRD's Eagle Heights sewer system.

5.2 COMMUNITY ENGAGEMENT POLICY/GUIDELINES

The Board approved an Alternative Approval Procedure (AAP) Policy that provided guidelines for greater community engagement prior to Board consideration of an AAP. It also includes an official AAP process.

5.3 ENHANCING COMMUNICATIONS CAPACITY AND TOOLS

To help lead and streamline the CVRD's communications and strategic planning, a Manager Strategic Services joined the organization in January. The manager has developed and delivered training to staff on a number of communications and media relations topics. She has also established a communications calendar, which is used by staff to internally coordinate communications activities to the community.

5.4 COMMISSION ROLES AND STRUCTURE REVIEW

Based on a thorough assessment of the CVRD's various commissions in 2015, a more detailed review of the Parks Commissions was conducted in 2016 resulting in recommendations for changes to roles and structures of these commissions.

5.5 CONDUCT REGULAR HOUSEHOLD SURVEYS IN 2016 AND 2018

In September, over 600 residents took part in a telephone Community Satisfaction Survey with another 100+ people completing the online survey. The survey was conducted by NRG Research Group, asking residents about quality of life, delivery of programs and services as well as how best to communicate with its residents. This survey will be repeated in 2019.





Responsive, official community planning



GOAL

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

1.1 GAP ANALYSIS OF EXISTING OCPS AND ZONING BYLAWS

Staff have developed a list of gaps and regulatory/policy matters that require clarification and improvement, and will make future recommendations to the Board for necessary amendments.

1.2 BYLAW AMENDMENTS AS REQUIRED

A focus in 2016 was "housekeeping" amendments to various bylaws to modernize them and address emergent issues. One key amendment was the addition of a "proof of water" requirement in the CVRD's Subdivision Servicing Bylaw to ensure a viable water supply for future developments prior to subdivision.

1.3 DEVELOP A TRIAL FORMAT FOR AN ACCELERATED REVIEW OF AREA F OCP

Work resumed on the Area F OCP which included consultation with an OCP steering Committee.



Proactive approach to bylaw compliance



2.1 ELECTORAL AREAS

In November, a letter was developed and continues to be distributed to all new property owners in the electoral areas. The letter welcomes them to the community and provides an overview of key CVRD services and bylaws related to their electoral area.

GIS software has been developed, which allows staff to plot exact locations and types of offences as well as track repeat offenders. Annual comparison will allow proactive education to prevent re-occurrence of offences.

2.2 INITIATE TARGETED INFORMATION

Targeted information campaigns aimed at development activities in riparian areas and dog licencing requirements were developed in 2016.

2.3 IDENTIFY GAPS IN CURRENT ENFORCEMENT POWERS

Efforts were focused on examining the regulation of dogs and large-scale soil dumping on private lands, with work to continue in 2017.



Electoral Area Director development



2.1 ESTABLISH 12 MONTH LUNCH AND LEARN CALENDAR AND PROFESSIONAL DEVELOPMENT

A number of workshops were held for Electoral Area Directors throughout the year on topics ranging from Board procedures, risk management, strategic planning as well as meetings with local First Nations and various Provincial ministries.



Road safety/ pedestrian pathways



2.1 DEVELOP INVENTORY OF CRITICAL PEDESTRIAN PATHWAY REQUIREMENTS

Key active transportation/critical pedestrian pathway routes were identified within Electoral Areas based on adopted Area Parks and Trails Master Plans, OCPs and other community-level planning efforts. Staffed worked with the Ministry of Transportation and Infrastructure to initiate a review of active transportation/critical pedestrian pathway routes identified within road rights of way and establish roadside pathway design criteria and standards.

2.2 LOBBY AVICC FOR INCREASED PARTICIPATION OF MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE IN DEVELOPING RURAL PEDESTRIAN PATHWAYS IN HIGHWAY RIGHTS OF WAY

The CVRD's Pedestrian/Cycling Pathways Along Rural Road Rights of Way resolution motion was endorsed at the 2016 67th Annual AVICC convention.



Here are some fun facts on how the CVRD has changed over the last 50 years.

cvrd services

population

1966	34,247
1976	47, 100
1986	52,790
1996	70,978
2006	76,929
2016	83,739





LETTER FROM THE CFO

I am pleased to submit the Cowichan Valley Regional District's first ever Annual Report. The purpose of this report is to present the financial results for the fiscal year ended December 31, 2016 including the Audit Report, Consolidated Financial Statements, and supplementary information for the year ended December 31, 2016.

FINANCIAL STATEMENTS

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

The 2016 Financial Statements have been audited by BDO Canada LLP, the CVRD's independent external auditor, who have expressed that in their opinion these statements present fairly, in all material aspects, the financial position of the Regional District as at December 31, 2016.

STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGE IN NET DEBT

In 2016, the CVRD's financial position changed from a net debt position of \$5.20 million to a net financial asset position of \$3.45 million.

This change is partially the result of increased financial assets such as cash as well as decreases in liabilities such as long and short-term debt. The increase in cash is partially a result of the 2016 annual surplus.

The CVRD's long-term debt decreased by \$1.49 million while short-term debt decreased by \$0.48 million. Member municipalities' debt increased by \$10.96 million in 2016 which are offset by an increase to financial assets in the form of debt recoverable from members and has no net effect on annual operating surplus and accumulated surplus.

It is anticipated there will be a continued trend toward an increase in net financial assets as the CVRD continues to follow Board direction to save operating surpluses. Rather than using these operating surpluses as a funding source for future years they will be used to build up reserves. This trend is a key indicator in assessing the financial well-being of the regional district as it reflects the ability to meet its current financial commitments and its capacity to finance future activities.

Non-financial assets increased slightly in 2016 to \$144.66 million (2015 - \$143.61 million) as a result of an increase in tangible capital assets. Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of business. The capital program was

budgeted for \$22.67 million in 2016 with \$5.54 million expended in capital enhancement and repairs. Some of these projects will continue to completion in 2017. Capital expenditures were primarily financed through reserves, grants, debt, and taxation.

STATEMENT OF OPERATIONS

The consolidated annual operating surplus (revenues less expenses) was \$9.70 million in 2016 compared to \$4.71 million in 2015. This increase was partially due to higher revenues resulting from higher than expected revenue from own ssources, government transfers and increased tax requisition. Expenses also decreased year over year primarily due to a decrease in landfill closure/post closure costs. The annual operating surplus of \$9.70 million translates to a corresponding increase in accumulated surplus from \$138.41 million to \$148.11 million. This increase is primarily due to an increase in equity in tangible capital assets as well as a decrease in future liabilities such as landfill closure costs.

Significant financial indicators to highlight for 2016 are as follows:

- Short-term Debt (Note 17 & 23) decreased
 \$480,320 (10.70%) in 2016 from 2015;
- Long-term Debt (Note 17 & 24) decreased \$1.49 million (8.99%) in 2016 from 2015;
- The gross provision for landfill closure and post closure liability (Note 6) decreased \$3.22 million (59.22%) to \$2.21 million in 2016 due to a determination that nine sites previously accounted for are not the responsibility of the CVRD as well as a decrease in estimated future capital work at Meade Creek. It should



be noted that \$1.73 million of this estimated liability is related to capital work anticipated to be complete in 2017.

The regional district's operating fund surplus increased by \$3.22 million (44.01%) as a result of Board direction regarding the use of surplus. This direction was to use operating surplus, with certain exceptions, to build up operating reserves rather than fund the following year's operations. These reserves will be used to reduce fluctuations in taxation and promote fiscal sustainability.

THE FINANCIAL PLANNING PROCESS

The Local Government Act Sections 374 and 375 require regional districts to complete a five-year financial plan and institute a public participation process to explain the plan. The financial plan in the form of a bylaw must be adopted by March 31 of each year. On December 14, 2016 the Board adopted the 2017-2021 Financial Plan as part of its financial planning process. The regional district has adopted a budget calendar that includes earlier adoption of the budget to allow for an improved capital spending process.

The regional district approved 81 new capital projects in the 2017-2021 Financial Plan resulting in over \$25.88 million budgeted in 2017 for capital projects. Almost 21% (\$5.37 million) of the projects are in the Solid Waste Management System with the largest project being the Meade Creek Ashfill Closure and Recycling Centre upgrade (\$4.85 million). Another 22% (\$5.70 million) is budgeted for parkland acquisition and a further 21% is budgeted for various projects for the regions water and sewer utilities.

The remainder of the expenditures are for capital improvements to our existing infrastructure such

as the community recreation facilities, community parks and volunteer fire departments.

FINANCIAL OUTLOOK

On a macro-economic level, the declining Canadian dollar in 2016 resulted in certain expenses increasing in cost beyond initial budgets. It is difficult for a local government body to mitigate foreign currency risks as they are prohibited from making speculative investments for hedging purposes. Management continues to look at strategies to soften these impacts.

In 2016, the Consumer Price Index increased by 1.4% for BC and 2% for Victoria; the Bank of Canada's target rate for 2017 is between 1% and 3%. Management also incorporates construction and municipal pricing indexes into budgets which are significantly impacted by changes in these sectors. The regional district is predominantly effected by rising fuel, energy, and wage costs. The CVRD continues to mitigate rising energy and fuel costs by employing strategic use of energy efficient products such as lighting as well as entering into cost reducing agreements with suppliers through partnerships with other local governments in order to achieve economies of scale.

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

CONCLUSION

In keeping with the Board's Strategic Focus area of Sound Fiscal Management (specifically Budget Transparency and increasing awareness and confidence in the regional district's Five-year Financial Plan) the CVRD has completed the 2016 Annual Report. As a reflection of the regional district's commitment to excellence in financial management and reporting the annual report will be submitted to the Government Financial Officers Association for consideration of the Canadian Award for Financial Reporting.

On behalf of the CVRD, I would like to acknowledge all the members of the Board and staff for their contributions to a successful 2016. I would also like to recognize the remarkable team effort evident throughout the year resulting in this report and the information it contains.

Mark Kueber, CPA, CGA General Manager, Corporate Services Department





REVENUE							
	2012	2013	2014	2015	2016		
TAX REQUISITION	28,144,120	29,982,616	30,691,543	32,420,102	34,007,525		
USER FEES	3,735,341	3,581,182	3,371,780	3,660,070	3,431,420		
PARCEL TAXES	1,587,668	1,986,300	2,105,555	2,197,535	2,309,152		
GRANTS	4,056,108	8,770,436	6,323,011	3,730,301	4,618,944		
SERVICES PROVIDED TO OTHER LOCAL GOVERNMENTS	62,930	59,870	58,190	51,790	52,570		
REVENUE FROM OWN SOURCES	8,630,233	8,264,968	8,164,611	8,485,747	9,112,444		
OTHER REVENUE	2,025,402	2,956,612	2,249,199	2,839,679	1,960,835		
INTEREST INCOME	137,862	176,066	172,879	168,635	175,073		
DONATIONS	138,079	2,279,141	1,092,836	2,799,166	1,663,385		
	48,517,743	58,057,191	54,229,604	56,353,025	57,331,348		

EXPENSES BY FUNCTION					
	2012	2013	2014	2015	2016
GENERAL GOVERNMENT SERVICES	5,804,119	6,168,724	6,910,467	6,156,700	5,695,821
VANCOUVER ISLAND REGIONAL LIBRARY	1,381,272	1,483,948	1,573,705	1,648,088	1,692,096
TRANSPORTATION SERVICES	2,391,185	2,533,920	2,756,314	2,972,047	3,015,172
ELECTORAL AREA SERVICES	3,114,288	2,902,802	3,058,303	3,498,614	3,559,181
PROTECTIVE SERVICES	2,462,894	2,511,906	2,624,245	2,857,763	3,367,827
PARKS & RECREATION	15,417,695	15,914,116	16,208,096	16,564,131	16,963,700
ENVIRONMENTAL SERVICES	11,828,215	13,861,717	12,739,855	12,763,247	7,581,326
SEWER & WATER UTILITIES	4,863,672	4,579,258	4,823,124	5,186,334	5,751,480
	47,263,340	49,956,391	50,694,109	51,646,924	47,626,603

	2012	2013	2014	2015	2016
WAGES AND BENEFITS	17,427,171	18,079,762	19,077,017	19,507,802	20,131,994
OPERATIONS AND MAINTENANCE	14,378,253	15,887,776	15,504,533	13,634,781	13,204,833
CONTRACT FOR SERVICES	6,494,165	6,515,111	6,259,678	6,982,660	6,902,286
AMORTIZATION	5,062,136	5,482,284	5,750,645	5,892,702	5,910,115
OTHER	3,901,615	3,991,458	4,102,236	5,628,979	1,477,375
	47,263,340	49,956,391	50,694,109	51,646,924	47,626,603
	I	ı	I	I	I
ACCUMULATED SURPLUS, BEGINNING OF THE YEAR	120,809,945	122,064,348	130,165,148	133,700,643	138,406,744
ANNUAL SURPLUS	1,254,403	8,100,800	3,535,495	4,706,101	9,704,745
ACCUMULATED SURPLUS. END OF THE YEAR	122.064.348	130.165.148	133.700.643	138.406.744	148.111.489

EXPENSES BY OBJECT



Net Taxable Assessment Values (Final Roll)

		2012	2013	2014	2015	2016
	Land	489,233,811	483,918,574	467,834,569	470,983,843	482,479,251
ELECTORAL AREA A	Improvements	426,585,736	421,835,508	419,165,619	425,593,105	481,269,243
	TOTAL	915,819,547	905,754,082	887,000,188	896,576,948	963,748,494
	Land	949,513,141	905,890,515	872,312,295	879,776,923	895,610,393
ELECTORAL AREA B	Improvements	652,662,811	641,678,521	640,535,193	645,473,079	701,061,869
ELECTORAL AREA B	TOTAL	1,602,175,952	1,547,569,036	1,512,847,488	1,525,250,002	1,596,672,262
	Land	462.196.391	420 747 717	410.025.726	420,007,502	412.002.707
ELECTORAL AREA C	Land	462,196,391	428,747,717 447,084,317	419,925,726 437,112,792	420,003,592 449,569,867	412,092,397 505,469,567
ELECTORAL AREA C	Improvements	925,179,996	875,832,034	857,038,518	869,573,459	917,561,964
	TOTAL	925,179,990	6/5,632,034	037,030,310	803,3/3,433	917,301,904
	Land	283,747,348	273,509,225	268,155,321	274,285,288	276,425,788
ELECTORAL AREA D	Improvements	262,231,974	263,455,008	254,207,203	248,927,520	280,563,716
	TOTAL	545,979,322	536,964,233	522,362,524	523,212,808	556,989,504
	Land	265,302,707	271,362,977	260,274,809	269,297,783	272,513,989
ELECTORAL AREA E	Improvements	296,002,150	298,390,233	299,031,548	302,952,959	318,615,209
	TOTAL	561,304,857	569,753,210	559,306,357	572,250,742	591,129,198
	Land	286.611.517	285,697,682	278,681,295	286.935.108	310,810,444
ELECTORAL AREA F	Improvements	125,510,109	125.707.110	126,451,035	128,175,296	128,526,225
ELECTORAL AREA F	TOTAL	412,121,626	411,404,792	405,132,330	415,110,404	439,336,669
	IOIAL	712,121,020	711,707,732	403,132,330	413,110,404	433,330,003
	Land	407,249,658	396,621,150	372,699,202	369,823,671	377,898,024
ELECTORAL AREA G	Improvements	183,594,086	184,632,996	187,508,833	191,291,006	211,818,769
	TOTAL	590,843,744	581,254,146	560,208,035	561,114,677	589,716,793
	Land	311,830,158	272,243,698	265,834,857	271,716,288	261,383,543
ELECTORAL AREA H	Improvements	266,716,260	270,242,700	271,052,325	270,525,676	292,138,348
	TOTAL	578,546,418	542,486,398	536,887,182	542,241,964	553,521,891
	Land	339,044,368	335,436,412	331,914,412	332,905,162	349.546.528
ELECTORAL AREA I	Improvements	140,155,373	143,186,929	149,423,879	148,359,579	165,633,713
	TOTAL	479,199,741	478,623,341	481,338,291	481,264,741	515,180,241
	Lond	294.309.888	207 407 000	205 461 207	277.160.363	270.676.769
CITY OF DUNCAN	Land Improvements	325,678,097	297,483,060 308,192,725	285,461,203 306,183,957	316,035,497	279,676,368 330,736,867
CITT OF DONCAN	TOTAL	619,987,985	605,675,785	591,645,160	593,195,860	610,413,235
	IOIAL	013,307,303	003,073,703	331,0-3,100	333,133,000	010,410,200
DISTRICT OF	Land	2,165,418,250	2,122,379,292	2,064,804,894	2,023,356,190	2,037,995,867
NORTH COWICHAN	Improvements	2,236,619,443	2,224,351,877	2,219,945,464	2,197,420,974	2,302,463,489
	TOTAL	4,402,037,693	4,346,731,169	4,284,750,358	4,220,777,164	4,340,459,356
	Land	505,778,545	542,298,812	552,477,381	545,322,332	557,447,713
TOWN OF	Improvements	621,557,087	579,532,590	564,094,380	570,597,958	603,073,077
LADYSMITH	TOTAL	1,127,335,632	1,121,831,402	1,116,571,761	1,115,920,290	1,160,520,790
		170 050 105	100 000 177	F0 0	150100 705	101 010 15
TOWN OF LAKE	Land	170,859,168	169,886,139	59,533,970	159,166,767	161,218,167
COWICHAN	Improvements	220,066,505	207,472,212	199,807,581	204,266,084	211,695,684
	TOTAL	390,925,673	377,358,351	259,341,551	363,432,851	372,913,851

	2012	2013	2014	2015	2016
GROSS OUSTANDING LONG-TERM DEBT:					
Regional District	25,796,175	28,441,175	29,109,888	29,109,888	29,034,888
Member Municipalities	36,803,175	39,018,175	36,068,175	38,068,175	49,100,675
Total	62,599,350	67,459,350	65,178,063	67,178,063	78,135,563
LESS: PRINCIPAL PAYMENTS AND ACTUARIAL ADJUSTMEN	ITS FOR DEBT				
Regional District	8,697,580	9,984,054	10,952,578	12,481,590	13,900,726
Member Municipalities	9,550,020	11,329,247	9,942,277	11,570,659	11,643,658
Net Long-term Debt	44,351,750	46,146,049	44,283,208	43,125,814	52,591,179
General	14,807,211	16,300,533	16,066,688	14,689,896	13,269,608
Sewer	1,049,299	971,353	914,510	827,944	737,374
Water	1,242,085	1,185,235	1,176,112	1,110,459	1,127,180
Member Municipalities	27,253,155	27,688,928	26,125,898	26,497,516	37,457,017
Net Long-term Debt	44,351,750	46,146,049	44,283,208	43,125,814	52,591,179
Property Tax Supported	1,818,029	1,734,326	1,822,305	1,843,654	1,823,655
Sewer Utility	114,419	114,419	100,169	96,842	96,127
Water Utility	111,179	111,179	111,179	116,844	117,949
Total Long-term Debt Servicing Costs *	2,043,627	1,959,924	2,033,653	2,057,339	2,037,731
Total Expenses (excluding Municipality Debt payments)	47,263,340	49,956,391	50,694,109	51,646,924	47,626,603
Population	80,332	80,332	80,332	80,332	83,739
Net Long-term Debt per Capita	552	574	551	537	628
Long-term Debt Servicing per Capita	25	24	25	26	24
Long-term Debt Service as % of Expenses	4.32%	3.92%	4.01%	3.98%	4.28%
Financial Assets	49,274,648	53,603,655	50,458,479	55,078,573	68,375,864
Financial Liabilities	60,108,554	62,616,170	59,195,311	60,283,189	64,927,847
Net Financial Assets/(Net Debt)	(10,833,906)	(9,012,515)	(8,736,832)	(5,204,616)	3,448,017

^{*} Does not include Debt Servicing for Municipal Debt



	2012	2013	2014	2015	2016
CITY OF DUNCAN	1,174,532	1,244,899	1,273,726	1,376,091	1,359,871
DISTRICT OF NORTH COWICHAN	6,064,233	6,520,731	6,698,753	7,211,645	7,393,971
TOWN OF LADYSMITH	739,702	798,889	1,017,593	1,137,609	1,144,312
TOWN OF LAKE COWICHAN	892,581	925,222	923,179	958,720	928,575
ELECTORAL AREAS:					
ELECTORAL AREA A	2,180,072	2,320,314	2,342,039	2,454,371	2,648,763
ELECTORAL AREA B	4,469,535	4,657,232	4,773,110	4,936,524	5,299,136
ELECTORAL AREA C	2,292,390	2,366,280	2,413,626	2,531,916	2,708,394
ELECTORAL AREA D	1,691,289	1,790,909	1,830,859	1,909,199	2,005,122
ELECTORAL AREA E	1,647,246	1,843,357	1,887,932	1,986,324	2,053,695
ELECTORAL AREA F	1,792,422	1,920,971	1,899,483	2,054,608	2,177,665
ELECTORAL AREA G	842,738	927,785	937,829	978,817	1,039,774
ELECTORAL AREA H	728,054	867,216	895,129	981,459	1,027,640
ELECTORAL AREA I	1,727,266	1,839,202	1,889,491	1,964,652	2,118,785
General Property Taxes	26,242,060	28,023,007	28,782,749	30,481,935	31,905,703
Local Service Area	1,902,060	1,959,608	1,908,795	1,938,167	2,101,822
Total Annual Property Tax	28,144,120	29,982,615	30,691,544	32,420,102	34,007,525

	2012	2013	2014	2015	2016
ACQUISITION OF TANGIBLE CAPITAL ASSETS	3,581,055	10,162,919	8,191,714	4,452,740	5,541,233

Reserves

	2012	2013	2014	2015	2016
GENERAL	5,939,616	6,422,151	6,825,749	8,197,048	8,188,328
WATER	498,958	504,519	655,813	715,537	733,560
SEWER	1,218,957	1,534,601	1,677,401	1,874,877	1,947,909
	7,657,531	8,461,271	9,158,963	10,787,462	10,869,797





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. Furstenau Electoral Area "C" - Cobble Hill M. Clement Electoral Area "D" - Cowichan Bay L. lannidinardo 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

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

FINANCIAL STATEMENTS

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

Notes to Financial Statements

SUPPORTING SCHEDULES (Unaudited)

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





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

Office: 250.746.2500 Fax: 250.746.2513 Toll Free: 1.800.665.3955

Management's Responsibility for Financial Reporting

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

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

The Board of Directors are composed of Directors who are neither management nor employees of the Regional District. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual 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

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.

.BXX (anada 14P

Chartered Professional Accountants

Vancouver, British Columbia

	COWICHAN VALLEY REGIONAL DISTRIC	т	Statement 1
	STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016		
FINANCIAL ASSETS		2016	2015

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

Jon Lefebure Finance Manager Chairperson

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



COWICHAN VALLEY REGIONAL DISTRICT

Statement 2

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

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



COWICHAN VALLEY REGIONAL DISTRICT Statement 4 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 5,892,702 5,910,115 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 1,259,939 (3,239,519)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 (42,178)(39,573)Land held for resale 326,388 Restricted contributions and performance bonds 319,802 (240, 134)Cash provided by operating transactions 9,149,016 9,887,141 **CAPITAL TRANSACTIONS** Acquisition of tangible capital assets (5,541,233)(4,452,740) Cash used in capital transactions (5,541,233)(4,452,740)FINANCING TRANSACTIONS Long-term debt issued 85,000 Short-term debt issued 1,714,191 1,689,073 Long-term debt repayment (992,932)(1,006,259)Short-term debt repayment (2,169,393)(1,634,190)Cash provided by financing transactions (1,388,252)(926, 258)Increase in Cash 2,219,531 4,508,143 Cash - Beginning of Year 21,318,747 16,810,604 Cash - End of Year (Statement 1) \$ 23,538,278 \$ 21,318,747

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

Interest paid for year

\$ 1,089,313

\$ 1,110,222

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. Interfund 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.

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

	201	6	2015
Trail Project Grants Developer Capital Contributions	\$ 386,076 156,498		- 253,413
Recreation Deposits Flood Mitigation Grant	195,571 9,659)	350,114 12,224
Other Subtotal (Schedule A) Parkland Cash-in-lieu Contributions	56,725 804,529 407,696	<u> </u>	166,339 782,090 496,878
	\$ <u>1,212,225</u>	<u>5</u> \$	1,278,968

- 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

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

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

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 Expected future inflation rates Expected wages/salary increases	2.08%	3.30% 2.00% - 4.00%	2.089	3.10% 2.00% % - 4.00%
Accrued Benefit Obligation as at December 31, 2016		2016		2015
Accrued benefit obligation - beginning Current service cost Interest on accrued benefit obligation Benefits paid during the year Actuarial gain	\$	102,400 11,000 3,400 (8,300) (1,700)		117,100 12,900 3,800 (12,000) (19,400)
Ending benefit obligation Unamortized net actuarial gain		106,800 267,263		102,400 317,345
Accrued Unfunded Benefit Liability	\$	374,063	\$	419,745
The total expense related to these benefits was:		2016		2015
Current service costs Interest on benefit obligation Actuarial gain Amortization of actuarial gain Total recovery	\$ \$	11,000 3,400 (1,700) (50,082) (37,382)	\$ \$	12,900 3,800 (19,400) (30,534) (33,234)

The total recovery is included in wages and benefits expense.

DECEMBER 31, 2016

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

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	_			2,518,048
Gross liability		2,213,952		5,429,453
Less: cash held in Remediation Reserve Fund	_	(128,787)	_	(104,769)
	\$_	2,085,165	\$_	5,324,684



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 MFA Funding	2,376,879 12,077,595
Less: Debt Principal Repayments/Actuarial Adjustments	(3,419,364)
Transfer to Reserves	(1,154,778)
Purchase of Capital Assets	(22,669,252)
Surplus, per Cowichan Valley Regional District Financial Plan Bylaw No. 3982	



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	 248,161	_	176,962
	\$ 1,452,594	\$	1,692,728

- 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.

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

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 Building Vehicle, machinery & equipment Engineering structures Parks Other Tangible Capital Assets Work in progress	\$ 50,025,277 22,907,947 4,087,902 49,264,568 7,161,233 8,067,633 2,969,641	\$ 47,798,263 23,289,987 4,215,291 50,860,283 8,459,807 7,418,015 1,423,923
	\$144.484.201	\$143.465.569

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.

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 Members	\$ 434,175 601,359	\$ 448,283 488,915
Demand Notes - Cowichan Valley Regional District Members	861,994 1,272,517	904,573 1,065,569
	\$ <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.

<u>Capital Funds</u> 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.

<u>Reserve Funds</u> 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)	125,487,863	122,347,774
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>	(104,769)
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></u>	2	<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 De	bt				
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

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

(9) 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.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

Commitments (continued)

<u>Town of Ladysmith and Municipality of North Cowichan</u>
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.

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

Consolidated Schedule of Tangible Capital Assets

			Vehicles/ Machinery		Engineerii Sewer/	ng S	tructures		Other Tangible	Work	2016	2015
	Land	Building	Equipment	Water	Drainage		Other	Parks	Capital Assets	Progress	Total	Total
Opening Cost Add: Additions Less: Completed W.I.P. Less: Disposals	\$ 47,798,263 2,227,014 -	\$ 44,088,879 1,023,610 - (48,572)	\$ 21,896,792 523,242 - (92,948)	\$ 42,411,878 121,854 - -	\$ 36,882,979 226,244 - -	\$	693,992 - -	\$ 17,260,712 60,828 - (143,708)	\$ 10,701,657 \$ 1,207,001 -	1,423,923 2,969,641 (1,423,923)	\$223,159,075 8,359,434 (1,423,923) (285,228)	\$216,204,804 9,424,495 (2,246,990) (223,234)
Less: Reclass Closing Cost	50,025,277	45,063,917	29,511 22,356,597	42,533,732	37,109,223		693,992	17,177,832	(29,511) 11,879,147	2,969,641	229,809,358	223,159,075
ACCUMULATED AMORTIZIOPening Balance Add: Amortization Less: Disposals Closing Balance	ATION	20,798,894 1,405,648 (48,572) 22,155,970	17,681,500 680,143 (92,948) 18,268,695	16,018,316 977,628 - 16,995,944	12,969,543 936,142 - 13,905,685		140,707 30,043 - 170,750	8,800,905 1,352,639 (136,945) 10,016,599	3,283,642 527,872 - 3,811,514		79,693,507 5,910,115 (278,465) 85,325,157	73,955,149 5,892,702 (154,345) 79,693,506
Net Book Value for year ended December 31, 2016_	\$ <u>50,025,277</u>	\$ <u>22,907,947</u>	\$ 4,087,902	\$ <u>25,537,788</u>	\$ <u>23,203,538</u>	\$	523,242	\$ <u>7,161,233</u>	\$ <u>8,067,633</u>	2,969,641	\$ <u>144,484,201</u>	70,000,000
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>	\$	553,285	\$ <u>8,459,807</u>	\$ <u>7,418,015</u>	1,423,923		\$ <u>143,465,569</u>



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

23) Schedule of Short-term Debt

	Board Resolution	Maturity Dates	Originally Authorized	Principal Payments 2016	Net Unmatured December 31, 2016	Net Unmatured December 31, 2015
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	<u>-</u> ′	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	<u>-</u> ′	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	34,159	70,271	104,430
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)

	Board <u>Resolution</u>	Maturity <u>Dates</u>	Originally <u>Authorized</u>	Principal Payments 2016	Net Unmatured December 31, 2016	Net Unmatured December 31, 2015
Brought Forward				\$ <u>1,866,371</u>	\$ <u>3,580,428</u>	\$ <u>3,878,132</u>
SLCC - Bus 2012	12-276T	0010	58,246	14,891	-	14,891
SLCC - Elsie Miles School SWM - Roll off Truck and Bins	12-558T	2018	310,500	60,900	126,750	187,650
SWM - Excavator	10-463.1.1 15-536.2.2	2019	255,000 243,298	40,970 47,782	- 146,162	40,970 193,944
SWM - Excavator SWM - Bings Solar Project	16-75.2.3	2020	47,622	9,036	38,586	190,944
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	7,250	22,750	30,000
				\$ 303,022	\$428,748_	\$ 611,364
				\$ 2,169,393	\$ 4,009,176	\$ 4,489,496

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.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

24) Schedule of Long-term Debt

	L/A <u>Bylaw</u>	<u>Term</u>	Maturity <u>Dates</u>	Originally <u>Authorized</u>	Principal/Actuarial	Net Unmatured December 31, 2016	Interest Rate
Issued by the Municipal Finance Aut for our Members	hority						
City of Duncan	1936	20	2019	420,000	27,587	90,479	5.49 %
City of Duncan Sub Total	2004	15	2026	1,450,000	84,715 \$ 112,302	1,057,779 \$ 1,148,258	4.20 %
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				.,,	\$ 1,351,146	\$ 22,529,238	
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				, ,	\$ 120,994	\$ 12,855,236	
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)

24) Schedule of Long-ten	ii Debi (coiii	iiiueu <i>j</i>					
	L/A <u>Bylaw</u>	<u>Term</u>	Maturity <u>Dates</u>	Originally Authorized	Principal/Actuarial 2016	Net Unmatured December 31, 2016	Interest <u>Rate</u>
Brought Forward: Members					\$ <u>1,604,498</u>	\$ <u>37,457,017</u>	
Issued by the Municipal Finance Aufor the Regional District	thority						
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>	380,029	5.15 %
Sub Total					\$ <u>1,438,267</u>	\$ <u>13,767,026</u>	



NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

24)	Schedule of Long-teri	m Debt (conti	inued)					
		L/A		Maturity	Originally	Principal/Actuarial	Net Unmatured	Interest
		<u>Bylaw</u>	<u>Term</u>	Dates	Authorized	2016	December 31, 2016	Rate
Brought	t Forward: Members					\$ <u>1,604,498</u>	\$ <u>37,457,017</u>	
	by the Municipal Finance Au Regional District	ithority						
Brought	t Forward:					\$ <u>1,438,267</u>	\$ <u>13,767,026</u>	
Dogwoo	od Ridge Water	3281	25	2036	94,000	2,640	81,775	3.25 %
Douglas	s Hill Water	3383	20	2031	150,000	5,893	122,717	4.20 %
Fern Ri	dge Water	2995	20	2029	23,175	985	17,028	4.13 %
Honeyn	noon Bay Water	2973	20	2030	37,000	1,512	28,758	3.73 %
Lambou	ırn Water	3062	20	2030	100,000	4,086	77,725	3.73 %
Satellite	e Park Water	2982	10	2017	50,000	5,699	5,927	4.82 %
Satellite	e Park Water	3029	20	2029	160,000	6,799	117,562	4.13 %
Shawni	gan Lake North Water	2818	10		150,000	17,782	-	4.65 %
Shellwo	ood Water	3625	20	2036	85,000	-	85,000	2.10 %
Youbou		2902	20	2030	120,000	4,903	93,270	3.73 %
	Ridge Sewer	3289	20	2031	125,000	4,911	102,264	3.25 %
	Place Sewer	3297	15	2029	24,713	1,283	22,195	3.00 %
	Hill Sewer	3106	10	2019	25,000	2,635	8,554	4.13 %
	an Bay Sewer	2439	10	2013	600,000	32,587	278,588	4.90 %
	illage Sewer	3019	20	2030	80,000	3,269	62,180	4.50 %
	ırn Sewer	3063	20	2030	150,000	6,128	116,588	3.73 %
,	gan Lake Sewer	1964	20	2019	505,000	33,170	108,790	4.50 %
Shawni	gan Lake Sewer	2194	20	2021	110,000	6,587	38,215	3.05 %
Regiona	al District Total					\$ <u>1,579,136</u>	\$ <u>15,134,162</u>	
GRANE	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				Parks				
		Transportation	Electoral Area	Protective		Environmental	Sewer &	Elimination	
	Services	Services	Services	Services	Culture	Services	Water Utilities	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)	-
	, ,						, , , , , , , , , , , , , , , , , , , ,		
\$	8,257,156 \$	3,310,423 \$	4,040,651 \$	3,843,220 \$	23,313,358 \$	13,100,516 \$	5,272,217 \$	(3,806,193)\$	57,331,348
Expenses									
Operations & Maintenance \$	1,361,023 \$, ,		1,111,562 \$	4,220,275 \$			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
\$_	5,695,821 \$	3,015,172 \$	3,559,181 \$	3,063,339 \$	18,655,796 \$	7,581,326 \$	5,728,491 \$	327,477 \$	47,626,603
Net Annual Surplus \$	2,561,335 \$	3 295,251 \$	481,470 \$	779,881 \$	4,657,562 \$	5,519,190 \$	(456,274)\$	(4,133,670)\$	9,704,745
tot, umaai oaipiao g	<u> </u>	<u> </u>	<u>₹017,10₹</u>	110,001 g	T,007,002 \$	<u> </u>	(400,214)0	(7,100,010)0	3,107,143

2016 CVRD ANNUAL REPORT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016

5) 2015 - Consolidated Schedule of Segment Disclosure - Service (continued)

	General				Parks				
	Government	Transportation	Electoral Area	Protective	Recreation &	Environmental	Sewer &	Elimination	
	Services	Services	Services	Services	Culture	Services	Water Utilities	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)	-
-									
\$	7,681,457 \$	3,158,804 \$	4,032,069 \$	3,412,907 \$	21,143,041 \$	14,222,836 \$	4,742,911 \$	(2,041,000)\$	56,353,025
` =				·					
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	104,423		- 52,055	250,015	2,740,550	704,110	8,077	_	8,077
Contribution to Third Party Capital				_	_		- 0,077	18,636	18,636
								10,030	10,030
\$	6,156,700 \$	2,972,047 \$	3,498,614 \$	2,857,763 \$	18,212,219 \$	12,763,169 \$	5,167,776 \$	18,636 \$	51,646,924
Ψ <u>=</u>	0,130,700 9	2,012,041	J,730,014 Ø	2,007,700 φ	10,212,219	12,700,109 φ	J, 107,770 g	10,030 φ	31,040,024
Net Annual Surplus \$	<u>1,524,757</u> \$	<u>186,757</u> \$	<u>533,455</u> \$	<u>555,144</u> \$	2,930,822 \$	<u>1,459,667</u> \$	(424,865)\$	(2,059,636)\$	4,706,101

COWICHAN VALLEY REGIONAL DISTRICT

Schedule A

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

FINANCIAL ASSETS	2016	2015
TIMANOIAE AGGETG		
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>	2,907,340
	\$ <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)	<u> </u>	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)	3,170,045	2,907,340
• • •	8,630,613	9,371,879
Operating Fund Balance	\$ <u>14,341,844</u>	\$ <u>11,120,706</u>

Sharon Moss, CPA, CGA Finance Manager

Jon Lefebure Chairperson Schedule B

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

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



Schedule C

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

FINANCIAL ASSETS	2016	2015
Debt Due from Members (Note 23) Land Held for Resale	\$ 37,457,017 147,000	\$ 26,497,516
	\$ <u>37,604,017</u>	\$ <u>26,497,516</u>
FINANCIAL LIABILITIES		
Short-term Debt (Note 22) Long-term Debt (Note 23)	4,009,176	4,489,496
Regional District	15,134,162	16,628,299
Members	37,457,017	<u> 26,497,516</u>
	56,600,355	47,615,311
NET FINANCIAL LIABILITIES	(18,996,338)	(21,117,795)
Capital Assets (Note 12)	144,484,201	143,465,569
•	\$ <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 Add:	\$ -	\$ 15,803	
Contributions from Operating Fund Contributions from Reserve Fund Sale of Capital Assets	2,731,016 1,043,758 (6,763)	2,319,953 471,681 (11,277)	
Long-term Debt - Issued Short-term Debt - Issued	85,000 <u>1,689,073</u> 5,542,084	1,714,191 4,510,351	
Deduct:			
Purchase of Capital Assets	(5,547,997)	(4,521,628)	
Contributions to Debt Reserve Fund Gain/Loss on Sale of Assets	(850) <u>6,763</u>	- 11,277	
Capital Fund Advances - End of Year	\$	\$ <u> </u>	
Capital Fund Advances - End of Year Equity in Capital Assets - Beginning of Year	\$ <u>-</u> \$122,347,774	\$ <u>-</u> \$120,009,238	
Equity in Capital Assets - Beginning of Year Purchase of Capital Assets	\$ <u>-</u> \$122,347,774 5,547,997	\$ <u>-</u> \$120,009,238 4,521,628	
Equity in Capital Assets - Beginning of Year Purchase of Capital Assets Long-term Debt - Actuarial	5,547,997 586,204	4,521,628 522,753	
Equity in Capital Assets - Beginning of Year Purchase of Capital Assets Long-term Debt - Actuarial Long-term Debt - Repayment	5,547,997 586,204 992,932	4,521,628 522,753 1,006,259	
Equity in Capital Assets - Beginning of Year Purchase of Capital Assets Long-term Debt - Actuarial Long-term Debt - Repayment Loss on disposal of Assets	5,547,997 586,204 992,932 (6,763)	4,521,628 522,753 1,006,259 (11,277)	
Equity in Capital Assets - Beginning of Year Purchase of Capital Assets Long-term Debt - Actuarial Long-term Debt - Repayment Loss on disposal of Assets Disposal of Assets	5,547,997 586,204 992,932 (6,763) (278,465)	4,521,628 522,753 1,006,259 (11,277) (154,344)	
Equity in Capital Assets - Beginning of Year Purchase of Capital Assets Long-term Debt - Actuarial Long-term Debt - Repayment Loss on disposal of Assets	5,547,997 586,204 992,932 (6,763)	4,521,628 522,753 1,006,259 (11,277) (154,344) 2,655,876	
Equity in Capital Assets - Beginning of Year Purchase of Capital Assets Long-term Debt - Actuarial Long-term Debt - Repayment Loss on disposal of Assets Disposal of Assets Contributed Assets	5,547,997 586,204 992,932 (6,763) (278,465) 1,534,514	4,521,628 522,753 1,006,259 (11,277) (154,344)	
Equity in Capital Assets - Beginning of Year Purchase of Capital Assets Long-term Debt - Actuarial Long-term Debt - Repayment Loss on disposal of Assets Disposal of Assets Contributed Assets Amortization Long-term Debt - Issued Short-term Debt - Issued	5,547,997 586,204 992,932 (6,763) (278,465) 1,534,514 (5,631,650) (85,000) (1,689,073)	4,521,628 522,753 1,006,259 (11,277) (154,344) 2,655,876 (5,738,358)	
Equity in Capital Assets - Beginning of Year Purchase of Capital Assets Long-term Debt - Actuarial Long-term Debt - Repayment Loss on disposal of Assets Disposal of Assets Contributed Assets Amortization Long-term Debt - Issued Short-term Debt - Repayment	5,547,997 586,204 992,932 (6,763) (278,465) 1,534,514 (5,631,650) (85,000)	4,521,628 522,753 1,006,259 (11,277) (154,344) 2,655,876 (5,738,358) - (1,714,191) 1,634,190	
Equity in Capital Assets - Beginning of Year Purchase of Capital Assets Long-term Debt - Actuarial Long-term Debt - Repayment Loss on disposal of Assets Disposal of Assets Contributed Assets Amortization Long-term Debt - Issued Short-term Debt - Issued	5,547,997 586,204 992,932 (6,763) (278,465) 1,534,514 (5,631,650) (85,000) (1,689,073)	4,521,628 522,753 1,006,259 (11,277) (154,344) 2,655,876 (5,738,358)	

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

	2016	2015
FINANCIAL ASSETS		
Cash Portfolio Investments Receivable from Operating Fund (Schedule A)	\$ 6,874,012 5,019,089 - \$ 11,893,101	\$ 6,266,857 4,979,516 37,967 \$ 11,284,340
FINANCIAL LIABILITIES		
Deferred Revenue (Note 3) Payable to Operating Fund (Schedule A) FUND ACTIVITY:	407,696 615,608 \$_10,869,797	496,878 - \$ <u>10,787,462</u>
Add: Contribution from Operating Fund Cash Distribution Surplus Other Income Interest Earned	\$ 876,638 46,938 115,000 <u>87,517</u> 1,126,093	\$ 1,868,329 2,940 145,000 83,911 2,100,180
Less: Expenditures	1,043,758	471,681
Current Year Activity	82,335	1,628,499
Reserve Fund Balance - Beginning of Year	10,787,462	9,158,963
Reserve Fund Balance - End of Year	\$ <u>10,869,797</u>	\$ <u>10,787,462</u>

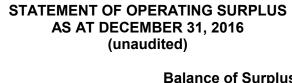
Sharon Moss, CPA, CGA

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



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	33,001	144
Cowichan Aquatic Centre - Area E	-	(855)
Cowichan Aquatic Centre - Area F	10	(899)
Shawnigan Lake Community Centre	84,282	33,181
Shawnigan Lake Historical Society	15	18
Cowichan Station Area E	4	10
Senior Centre Grant	33	- 61
Kaatza Historical Society	42	75
Cowichan Station Assoc - Area B	42	5
	- 42	3
Shawnigan Basin Society 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)

	Balance of Surplus (Deficit) at	Balance of Surplus (Deficit) at
Function	End of Year	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 Cobble Hill Village Sewer System	(12,738)	(5,096) 25,546
· · · · · · · · · · · · · · · · · · ·	33,502 10,054	25,546 7,018
Mesachie Lake Sewer System	10,954	7,018
Bald Mountain Sewer System Mill Springs Sewer	25,271 48,883	21,257 12,561
Mill Springs Sewer Arbutus Bidge Sewer System		
Arbutus Ridge Sewer System	189,996 (10,641)	146,118 (3,005)
Eagle Heights Sewer System Maple Hills Sewer System	(10,641) 36,373	(3,005) 29,532
Wapie Fills Sewer System	30,373	29,002

COWICHAN VALLE	Y REGIONAL DISTRICT	Schedule F
STATEMENT OF OPERATING SURPLUS AS AT DECEMBER 31, 2016 (unaudited)		
Shawnigan Beach Estates Sewer System Kerry Village Sewer System Youbou Sewer System	\$ (27,999) (11,503) 43,289	\$ 22,229 (25,935) 21,903
Operating Fund Surplus Balance Community Works Reserve Balance	\$ 10,113,489 4,228,355	\$ 7,318,307 3,802,399
Operating Fund Balance	\$ <u>14,341,844</u>	\$ <u>11,120,706</u>



