



**COWICHAN VALLEY
REGIONAL DISTRICT**

FINANCIAL STATEMENTS
December 31, 2022

COWICHAN VALLEY REGIONAL DISTRICT

ELECTED AND APPOINTED OFFICIALS 2022

BOARD OF DIRECTORS

City of Duncan	M. Staples
Town of Ladysmith	A. Stone (Chair)
Town of Lake Cowichan	T. McGonigle
District of North Cowichan	R. Douglas
District of North Cowichan	C. Justice
District of North Cowichan	T. Manhas
District of North Cowichan	D. Toporowski
Electoral Area "A" - Mill Bay/Malahat	A. Segall
Electoral Area "B" - Shawnigan Lake	S. Acton
Electoral Area "C" - Cobble Hill	M. Wilson
Electoral Area "D" - Cowichan Bay	H. Abbott
Electoral Area "E" - Cowichan Station/Sahtlam/Glenora	A. Nicholson (Vice Chair)
Electoral Area "F" - Cowichan Lake South/Skutz Falls	I. Morrison
Electoral Area "G" - Saltair/Gulf Island	J. McClinton
Electoral Area "H" - North Oyster/Diamond	B. Maartman
Electoral Area "I" - Youbou/Meade Creek	K. Deck

OFFICERS

Chief Administrative Officer	D. Myles-Wilson
Corporate Legislative Officer	P. Robins
Chief Financial Officer	N. Wehner

COWICHAN VALLEY REGIONAL DISTRICT

**FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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FINANCIAL STATEMENTS

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Management's Responsibility for Financial Reporting

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

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

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

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



Natalie Wehner, CPA, CMA
Chief Financial Officer



Danielle Myles Wilson
Chief Administrative Officer

May 10, 2023



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Canada
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cowichan Valley Regional District

Opinion

We have audited the financial statements of Cowichan Valley Regional District (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.




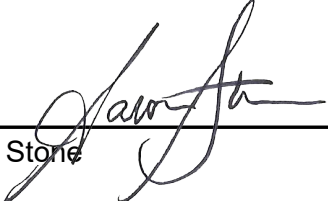
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
May 10, 2023

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

	2022	2021
Financial Assets		
Cash & Cash Equivalents (Note 1)	\$ 51,663,121	\$ 42,590,906
Portfolio Investments (Note 2)	15,911,015	15,606,426
Accounts Receivable (Note 3)	5,338,421	5,722,303
Debt Recoverable from Members (Note 4)	<u>53,455,714</u>	<u>33,936,253</u>
	<u>\$ 126,368,271</u>	<u>\$ 97,855,888</u>
Liabilities		
Accounts Payable & Accrued Liabilities (Note 6)	\$ 5,698,529	\$ 4,405,914
Deferred Revenue (Note 7)	3,565,227	2,385,172
Restricted Contributions and Performance Deposits (Note 8)	1,896,677	1,774,316
Employee Future Benefits (Note 9)	146,970	138,060
Landfill Closure and Post Closure Costs (Note 11)	522,071	805,634
Short-term Debt (Note 22 & 12)	1,738,685	2,614,113
Long-term Debt		
Regional District (Note 23 & 12)	12,156,864	13,640,038
Members (Note 4)	<u>53,455,714</u>	<u>33,936,253</u>
	<u>\$ 79,180,737</u>	<u>\$ 59,699,500</u>
Net Financial Assets	<u>\$ 47,187,534</u>	<u>\$ 38,156,388</u>
Non-Financial Assets		
Tangible Capital Assets (Note 14 & 21)	\$ 165,992,892	\$ 163,118,910
Inventories	33,511	19,471
Prepaid Expenses	<u>101,880</u>	<u>113,513</u>
	<u>166,128,283</u>	<u>163,251,894</u>
Accumulated Surplus (Note 16)	<u>\$ 213,315,817</u>	<u>\$ 201,408,282</u>
Contingent Liabilities (Note 13)		
Commitments (Note 18)		
		
_____ Natalie Wehner, CPA, CMA Chief Financial Officer		
	_____ Aaron Stone Chair	

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

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022 Budget (Note 15)	2022 Actual	2021 Actual
Revenues			
Tax Requisition	\$ 45,665,354	\$ 45,665,354	\$ 43,869,057
User Fees	10,620,627	4,822,775	4,727,264
Parcel Taxes	2,990,716	2,992,097	2,723,289
Government Transfers - Provincial	13,593,881	3,988,798	7,408,687
Government Transfers - Federal	626,904	2,275,892	4,877,771
Services Provided to Other Local Governments	62,400	62,400	61,172
Revenue from Own Sources	10,514,241	12,397,512	9,517,252
Other Revenue	3,064,611	2,544,181	2,329,676
Interest Income	176,193	1,286,060	494,998
Donations	10,060	1,786,082	174,904
	<u>\$ 87,324,987</u>	<u>\$ 77,821,151</u>	<u>\$ 76,184,070</u>
Expenses (Note 24)			
General Government Services	10,756,279	9,672,437	9,332,338
Vancouver Island Regional Library	2,150,072	2,150,072	2,044,044
Transportation Services	4,181,931	3,847,016	3,276,830
Electoral Area Services	4,813,670	5,344,165	4,273,590
Protective Services	5,171,398	4,628,893	3,888,305
Parks and Recreation	20,020,781	19,740,973	17,471,916
Environmental Services	10,430,727	13,314,030	13,422,213
Sewer and Water Utilities	11,534,188	7,216,030	6,712,865
	<u>\$ 69,059,046</u>	<u>\$ 65,913,616</u>	<u>\$ 60,422,101</u>
Annual Surplus	<u>\$ 18,265,941</u>	<u>\$ 11,907,535</u>	<u>\$ 15,761,969</u>
Accumulated Surplus, Beginning of Year	<u>201,408,282</u>	<u>201,408,282</u>	<u>185,646,313</u>
Accumulated Surplus, End of Year (Note 17)	<u><u>\$219,674,223</u></u>	<u><u>\$213,315,817</u></u>	<u><u>\$201,408,282</u></u>

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

**STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022 Budget (Note 15)	2022 Actual	2021 Actual
Annual Surplus	\$ 18,265,941	\$ 11,907,535	\$ 15,761,969
Additions of Tangible Capital Assets	(37,086,912)	(7,562,498)	(8,406,136)
Contributed Tangible Capital Assets	-	(1,780,082)	-
Amortization of Tangible Capital Assets	-	6,338,557	6,294,070
(Gain)/Loss on Disposal of Tangible Capital Asset	-	130,041	-
Change in Inventories	-	(14,040)	3,516
Change in Prepaid Expenses	-	11,633	(37,797)
Increase in Net Financial Assets	(18,820,971)	9,031,146	13,615,622
Net Financial Assets, Beginning of Year	<u>38,156,388</u>	<u>38,156,388</u>	<u>24,540,766</u>
Net Financial Assets, End of Year	<u>\$ 19,335,417</u>	<u>\$ 47,187,534</u>	<u>\$ 38,156,388</u>

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Annual Surplus	\$ 11,907,535	\$ 15,761,969
Non-cash items included in surplus		
Amortization of Tangible Capital Assets	6,338,557	6,294,070
Contributed Tangible Capital Assets	(1,780,082)	-
Loss on Disposal of Tangible Capital Asset	130,041	-
Debt Actuarial Adjustment	(556,706)	(505,910)
Employee Future Benefits	8,910	(53,067)
Landfill Closure and Post Closure Costs	(283,563)	(183,847)
Change in non-cash working capital balances related to operations		
Accounts Receivable	383,882	(1,056,802)
Inventories	(14,040)	3,516
Prepaid Expenses	11,633	(37,797)
Accounts Payable and Accrued Liabilities	1,292,615	(199,234)
Deferred Revenue	1,180,055	1,064,708
Restricted Contributions and Performance Bonds	<u>122,361</u>	<u>80,917</u>
Cash provided by operating activities	18,741,198	21,168,523
CAPITAL ACTIVITIES		
Acquisition of Tangible Capital Assets	<u>(7,562,498)</u>	<u>(8,406,136)</u>
Cash used in capital activities	(7,562,498)	(8,406,136)
INVESTING ACTIVITIES		
Investment in Portfolio Investments	<u>(304,589)</u>	<u>(258,334)</u>
Cash provided by investing activities	(304,589)	(258,334)
FINANCING ACTIVITIES		
Debt Issued	88,951	1,719,551
Debt Repayment	<u>(1,890,847)</u>	<u>(2,029,575)</u>
Cash used in financing activities	(1,801,896)	(310,024)
Increase in cash	9,072,215	12,194,029
Cash - Beginning of Year	<u>42,590,906</u>	<u>30,396,877</u>
Cash - End of Year (Statement 1)	\$ <u>51,663,121</u>	\$ <u>42,590,906</u>
Interest Paid	\$ 683,253	\$ 668,911

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

COWICHAN VALLEY REGIONAL DISTRICT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2022

Summary of Significant Accounting Policies

(a) General

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

(b) Basis of Presentation

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

(c) Cash and Cash Equivalent

Cash and cash equivalents include cash on hand, demand deposits and reserves. The funds are held for the purpose of meeting short-term cash commitments rather than for investing.

(d) Portfolio Investments

Portfolio investments are comprised entirely of Municipal Finance Authority (MFA) pooled investment funds. The Regional District funds invested with MFA are pooled with other local governments and managed independently by Phillips, Hager & North Ltd. Interest income on investments has been included in deferred revenue when required by the funding government or related Act and Restricted Reserve Funds based on relative equity in each fund.

(e) 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.

COWICHAN VALLEY REGIONAL DISTRICT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2022

Summary of Significant Accounting Policies (continued)

(f) Liability for Contaminated Sites

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

Management has assessed its potential liabilities, including sites that are no longer in productive use and sites for which the Regional District accepts responsibility. There is a portion of a site, at Bings Creek Drop Off Depot, which has been determined to have evidence of minor contamination due to historical use of the property. The CVRD continuously monitors the ground water at the site and no contamination in excess of an environmental standard is believed to exist, therefore no liability is recorded.

(g) Landfill Closure and Post Closure

The estimated present value of landfill closure and post-closure costs is recognized as a liability. This liability is recognized based on estimated future expenses, including estimated inflation discounted to current date and accrued based on the proportion of the total capacity of the landfill used as of the date of the statement of financial position. The change in this estimated liability during the year is recorded as an expense in operations. These estimates are reviewed and adjusted annually and any changes are recorded on the prospective basis.

(h) Long-Term Debt

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

(i) Non-Financial Assets

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

COWICHAN VALLEY REGIONAL DISTRICT

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Summary of Significant Accounting Policies (continued)

(j) Tangible Capital Assets

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

Asset Category	Useful Life Range (years)
Land	N/A
Building	10 - 100
Vehicles, Machinery & Equipment	5 - 20
Engineering Structures	10 - 100
Parks Infrastructure	10 - 60
Other Tangible Capital Assets	10 - 50

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

(k) Inventories

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

(l) Deferred Revenue

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

COWICHAN VALLEY REGIONAL DISTRICT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2022

Summary of Significant Accounting Policies (continued)

(m) Accrued Employee Benefits

Under the terms of various collective agreements and compensation policies, the District provides paid sick leave to eligible employees and in certain agreements allows for unused sick days to accumulate. There are no payouts of unused sick days at termination. In addition, employees acquire certain employee benefits on termination and retirement. These include days for severance based on years of service, vacation based on years of service, Worker's Compensation top-up, and a full year's vacation entitlement in the year of retirement. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

(n) Pension Liability

The District and its employees participate in the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. Payments made in the year are expensed.

(o) Revenue Recognition

Revenues are recorded on an accrual basis and are recognized in the period in which they are earned. Property tax revenues in the form of local government requisitions are recognized in the year they are levied. Parcel Taxes are recognized in the year they are levied. Interest income is recognized as earned as income in the Statement of Operations, except interest on restricted liabilities where the income is deferred until spent. 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 as earned. Permit fees are recognized as revenue when the permit is approved and payment is collected according to rates set in various fees and charges bylaws.

(p) Government Transfers

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

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

COWICHAN VALLEY REGIONAL DISTRICT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2022

Summary of Significant Accounting Policies (continued)

(q) Expense Recognition

Expenses are recorded on an accrual basis and are recognized in the period in which the goods and services are acquired and a liability is incurred or transfers are due. Expenses include the accrual of interest payable on debt to the end of the fiscal period.

(r) Segment Disclosure

The Cowichan Valley Regional District is a diversified local government providing a wide range of services to over 83,730 residents, including general government, Vancouver Island Regional Library, Transportation services, Electoral Area services, Protective services, parks and recreation, environmental services and sewer and water utilities.

(s) Use of Estimates

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

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1) Cash & Cash Equivalents

	2022	2021
Restricted Cash		
Statutory Reserves	\$ 12,215,333	\$ 11,202,102
Restricted Contributions and Performance Deposits	<u>1,896,677</u>	<u>1,774,316</u>
	14,112,010	12,976,418
Unrestricted Cash	<u>37,551,111</u>	<u>29,614,488</u>
Total Cash	<u>\$ 51,663,121</u>	<u>\$ 42,590,906</u>

2) Portfolio Investments

Portfolio investments are MFA Money Market funds and BC Fossil Fuel Free bond funds. The Money Market fund balance at December 31, 2022 is \$5,402,584 (2021 - \$5,299,986). The yield on funds for 2022 was 1.93% (2021 - 0.15%). The BC Fossil Fuel Free bond funds balance at December 31, 2021 is \$10,508,431 (2021 - \$10,306,439). The yield on funds for 2022 was -3.59% (2021 - -0.92%).

3) Accounts Receivable

	2022	2021
Federal Governments	\$ 788,570	\$ 703,903
Provincial Governments	2,673,802	3,372,957
Local Governments	86,291	132,367
Other Trade Receivables	<u>1,789,758</u>	<u>1,513,076</u>
	<u>\$ 5,338,421</u>	<u>\$ 5,722,303</u>

4) Debt Recoverable from Members

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

	2022	2021
District of North Cowichan	\$ 36,184,389	\$ 15,723,818
Town of Ladysmith	14,511,912	15,339,599
Vancouver Island Regional Library	<u>2,759,413</u>	<u>2,872,836</u>
	<u>\$ 53,455,714</u>	<u>\$ 33,936,253</u>

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

5) Municipal Finance Authority Debt Reserve Fund

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

Interest earned on these funds (less administrative expenses) becomes an obligation of the Authority to the Regional District. If at any time insufficient funds are provided by the Regional District or their Members, the Authority will then use these funds to meet payments on its obligations. When this occurs, the Regional District may be called upon to restore the fund. The MFA holds demand notes related to the Regional District's debt. The demand notes are not recorded as they only become payable should debt be in default or the MFA requires the funds to meet debt obligations.

	2022	2021
Cash Deposits - Cowichan Valley Regional District	\$ 323,775	\$ 374,039
Cash Deposits - Members	911,987	674,664
Demand Notes - Cowichan Valley Regional District	615,026	712,257
Demand Notes - Members	<u>1,906,413</u>	<u>1,287,541</u>
	<u>\$ 3,757,201</u>	<u>\$ 3,048,501</u>

6) Accounts Payable & Accrued Liabilities

	2022	2021
Federal Governments	\$ 23,161	\$ 165,630
Provincial Governments	10,113	6,827
Local Governments	395,687	382,842
Accrued Payroll	1,642,065	1,134,808
Trade Payables	<u>3,627,503</u>	<u>2,715,807</u>
	<u>\$ 5,698,529</u>	<u>\$ 4,405,914</u>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

7) Deferred Revenue

	2021	Externally restricted receipts	Revenue earned	2022
Trail Project Grants	\$ -	\$ 459,000	\$ -	\$ 459,000
Recreation Deposits	944,991	657,237	(1,140,149)	462,079
Developer Capital Contributions	82,527	-	-	82,527
Other	<u>476,836</u>	<u>1,426,784</u>	<u>(242,952)</u>	<u>1,660,668</u>
Subtotal	1,504,354	2,543,021	(1,383,101)	2,664,274
Parkland Cash-in-lieu Contributions	<u>880,818</u>	<u>20,135</u>	<u>-</u>	<u>900,953</u>
	<u>\$ 2,385,172</u>	<u>\$ 2,563,156</u>	<u>\$ (1,383,101)</u>	<u>\$ 3,565,227</u>

- Trail Project Grants consists of funds for the Cowichan Valley Trail NorthWatts project.
- Recreation Deposits consists of payments in advance for recreation programs, unredeemed recreation program awards, and facility rental deposits.
- Developer Capital Contributions were contributed for improvements to the Shawnigan Lake Water System.
- Other funds include dog licenses, bus passes, and miscellaneous deferred revenue.
- Parkland Cash-in-Lieu Contributions consists of funds collected from developers under the authority of Section 941 of the *Local Government Act*, in lieu of land for parkland purposes as a condition of the subdivision. These funds are restricted for future purchases of parkland.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

8) Restricted Contributions and Performance Deposits

	2022	2021
Warranty Deposits	\$ 1,305,153	\$ 1,268,467
Kinsol Trestle Donations	65,497	65,397
Holdbacks	301,158	80,363
Cowichan Lake Water Protection	76,000	76,000
Arts & Sports Scholarship Fund	34,241	36,872
Nature and Habitat	50,567	50,567
Cowichan Performing Arts	120,434	70,298
Soil Security Deposits	337,808	301,600
Other	(394,181)	(175,248)
	<u>\$ 1,896,677</u>	<u>\$ 1,774,316</u>

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

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

9) Employee Future Benefits

	2022	2021
Discount rates	4.50%	2.50%
Expected future inflation rates	2.00%	2.00%
Expected wages/salary increase	2.00 - 4.00%	2.00 - 3.00%

Accrued Benefit Obligation as at December 31, 2022

	2022	2021
Accrued benefit obligation - beginning	\$ 134,889	\$ 142,750
Current service cost	12,436	12,783
Interest on accrued benefit obligation	3,606	3,076
Benefits paid during the year	(6,180)	(18,160)
Actuarial (gain)/loss	<u>(24,293)</u>	<u>(5,560)</u>
Ending benefit obligation	120,458	134,889
Unamortized net actuarial gain	<u>26,512</u>	<u>3,171</u>
Accrued Unfunded Benefit Liability	<u><u>\$ 146,970</u></u>	<u><u>\$ 138,060</u></u>

The total expense related to these benefits was:

	2022	2021
Current service costs	\$ 12,436	\$ 12,783
Interest on accrued benefit obligation	3,606	3,076
Amortization of actuarial gain	<u>(952)</u>	<u>(50,766)</u>
Total expense/(recovery)	<u><u>\$ 15,090</u></u>	<u><u>\$ (34,907)</u></u>

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

10) 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, 2021 the Plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local government.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

10) Pension Liability (continued)

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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2024, with results available in 2025.

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 \$1,574,453 (2021 - \$1,609,372) for employer contributions, while employees contributed \$1,456,063 (2021 - \$1,427,397) to the plan in fiscal 2022.

11) 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 landfills the CVRD has taken responsibility for are managed in a fiscally responsible manner, which includes setting aside funds to pay for landfill post-closure activities. During 2011, the CVRD instituted a \$2 per tonne tipping fee surcharge on all municipal solid waste received for disposal in order to fund borrowing for closure of historic landfill and ash landfill sites. These funds are held in the Remediation Reserve fund.

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

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

11) Landfill Closure and Post Closure Costs (continued)

At the Meade Creek ashfill site, the Regional District has completed the works to consolidate and encapsulate the ash waste on site which allows for on-site risk management. There will be \$12,500 per year of post closure monitoring requirements for the landfill beginning 2019, for up to 21 years (2021 - \$12,000 annually).

The Peerless Road remediation and closure works were completed in 2015. The post-closure maintenance costs are estimated at \$12,400 annually for 17 years (2021 - \$12,000 annually).

The Regional District currently maintains an inactive landfill site on Koksilah Road which has been closed for 20 years. The Regional District is responsible for long-term groundwater monitoring at this location at a cost estimated at \$8,000 annually for 21 years (2021 - \$14,500 annually).

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

The table below sets out the closure and post closure liability based on consultant and senior staff estimates.

	2022	2021
Koksilah Road	\$ 132,918	\$ 314,838
Peerless Road TRP	173,783	220,555
Meade Creek TRP	<u>215,370</u>	<u>270,241</u>
	<u>\$ 522,071</u>	<u>\$ 805,634</u>

The provision is determined using the following assumptions:

	2022	2021
Inflation Rates	2.00%	2.00%
Discount Rates	4.28%	3.31%
Koksilah Road Monitoring	\$8,000 per annum	\$14,500 per annum
Peerless Road Monitoring	\$12,400 per annum	\$12,000 per annum
Meade Creek Monitoring	\$12,500 per annum	\$12,000 per annum

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

12) Debt

Debt is recorded and payable in Canadian dollars. It is the current policy of the Municipal Finance Authority to secure debt repayable only in Canadian dollars. Details of Short-term debt are summarized in Note 22. Details of Long-term debt, including debt issue numbers, maturity dates, interest rates and outstanding amounts are summarized in Note 23.

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

	Short-term Debt	Long-term Debt
2023	\$ 901,642	\$ 835,135
2024	462,170	765,577
2025	344,112	685,806
2026	18,125	685,806
2027	12,636	685,806
Thereafter	-	8,498,734
	<u>\$ 1,738,685</u>	<u>\$ 12,156,864</u>

13) Contingent Liabilities

As at December 31, 2022 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 likely and can be reasonably estimated, it will be reflected in the Regional District's financial statements.

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

14) Tangible Capital Assets

	2022	2021
Land	\$ 56,756,917	\$ 56,031,472
Building	21,039,989	22,531,065
Vehicles, Machinery and Equipment	5,642,174	5,265,084
Engineering Structures	51,827,750	52,623,722
Parks	5,852,377	6,195,063
Other Tangible Capital Assets	10,920,890	10,546,704
Work in Progress	13,952,795	9,925,800
	<u>\$ 165,992,892</u>	<u>\$ 163,118,910</u>

For additional information, see the Schedule of Tangible Capital Assets (Note 21).

During the year land, and sewer/water/drainage systems built by others valued at \$1,780,082 (2021 - \$ -) were accepted and recorded as contributed assets.

15) Budget Figures

Budget figures represent the 2022 Financial Plan Bylaw adopted by the Board on March 23, 2022. The financial plan was performed on cash/funding basis, which 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.

	2022
Surplus for the year (Statement 2)	\$ 18,265,941
Add:	
Transfer from Reserves	8,357,524
Prior Year Operating Surplus	7,446,628
MFA Funding - Proceeds from Debt	7,081,084
Less:	
Debt Principal Repayments/Actuarial Adjustments	(2,407,462)
Transfer to Reserves	(1,656,803)
Capital Expenditures	<u>(37,086,912)</u>
Surplus, per Cowichan Valley Regional District Financial Plan Bylaw No. 4369	<u>\$ -</u>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

16) Accumulated Surplus

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

	2022	2021
Surplus		
Operating Fund Reserve Fund - Operating Surplus	\$ 37,935,906	\$ 31,545,172
Operating Fund Reserve Fund - Community Works	8,106,160	7,801,169
Operating Fund - Employee Future Benefit	(146,970)	(138,060)
Operating Fund - Landfill Post Closure Costs	(522,071)	(805,634)
Equity in Tangible Capital Assets	<u>152,097,344</u>	<u>146,864,759</u>
Total Surplus	197,470,369	185,267,406
Statutory Reserve Funds	<u>15,845,448</u>	<u>16,140,876</u>
Accumulated Surplus (Statement 1)	<u><u>\$ 213,315,817</u></u>	<u><u>\$ 201,408,282</u></u>

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

	2022	2021
Community Works Reserve, opening balance	\$ 7,801,169	\$ 5,169,890
Add:		
Community works funds received in year	1,701,815	3,329,907
Interest earned	184,459	35,997
Less:		
Amounts spent on projects	<u>(1,581,283)</u>	<u>(734,625)</u>
Community Works Reserve, Ending Balance	<u><u>\$ 8,106,160</u></u>	<u><u>\$ 7,801,169</u></u>

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

17) Segment Disclosure

Segmentation has been determined on a functional basis with consideration to service delivery and departmental accountabilities. Categories of service that have been separately disclosed in the segmented information on Note 24 provide the following services:

General Government

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

Vancouver Island Regional Library

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

Transportation Services

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

Electoral Area Services

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

Protective Services

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

Parks and Recreation

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

Environmental Services

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

Sewer & Water Utilities

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

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

18) Commitments

911 Agreement

A five year agreement with the North Island 9-1-1 Corporation commenced June 28, 2021 to provide for emergency answering and fire dispatch services. Termination of this agreement requires 12 months notice prior to expiration. The 2023 commitment is \$289,703.

BC Transit Corporation

The Regional District's transit includes Handydart, Commuter, Youbou, Ladysmith and local service. A five year memorandum of understanding was signed in March 2022 for the new Nanaimo route. The remainder due on the 2022/2023 annual transit operating agreement and memorandum of understanding for these services is \$841,475.

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 2023 commitment is \$269,613.

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 2023 commitment is \$349,957.

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 2023 budget includes a \$488,100 that continues to be held in surplus.

Town of Ladysmith and Municipality of North Cowichan

A five year agreement for the delivery of fire protection services to Saltair Fire Service Area commenced July 1972 and is currently running year to year. Termination of this agreement requires 12 months notice prior to expiration. The 2023 commitment is \$185,447.

Regional Disposal

A three year (with two year extension) agreement for the transportation of CVRD municipal solid waste, commencing March 2019. Termination of this agreement requires 180 days notice. The 2023 commitment is \$3,379,730.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

18) Commitments (continued)

Easy Living Landscape Ltd

A three year agreement for landscaping services for CVRD parks was entered in to in December 2021 and commenced January 1, 2022. The 2023 commitment is \$762,226.

PSD Citywide

A five year agreement for the Citywide Asset Management Software System Implementation commenced September 30, 2021. The anticipated 2023 commitment is \$53,000, which is comprised of Year 2 implementation fees.

19) Cowichan Valley Regional Hospital District

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

During the year, management and administrative support services supplied to the Hospital District by the Regional District totaled \$60,000 (2021 - \$60,000).

20) 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.

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

21) Tangible Capital Assets

	Engineering Structures									
	Land	Buildings	Vehicles, Machinery and Equipment	Water Engineering Structures	Sewer Engineering Structures	Other Engineering Structures	Parks	Other Tangible Capital Assets	Work in Progress	2022 Total
Cost										
Opening Balance	\$ 56,031,471	\$ 52,498,833	\$ 26,822,323	\$ 49,419,472	\$ 43,489,653	\$ 1,173,151	\$ 22,629,727	\$ 17,896,673	\$ 9,925,800	\$ 279,887,103
Add: Additions	845,756	178,011	1,270,800	992,084	493,887	-	335,088	1,199,214	13,952,795	19,267,635
Less: Completed W.I.P.	-	-	-	-	-	-	-	-	(9,925,800)	(9,925,800)
Less: Disposals	(120,310)	-	(165,148)	-	-	-	-	-	-	(285,458)
Closing Balance	<u>56,756,917</u>	<u>52,676,844</u>	<u>27,927,975</u>	<u>50,411,556</u>	<u>43,983,540</u>	<u>1,173,151</u>	<u>22,964,815</u>	<u>19,095,887</u>	<u>13,952,795</u>	<u>288,943,480</u>
Accumulated Amortization										
Opening Balance	-	29,967,771	21,557,238	22,138,670	18,940,345	379,531	16,434,664	7,349,966	-	116,768,185
Add: Amortization	-	1,669,084	884,717	1,082,560	1,152,614	46,777	677,774	825,031	-	6,338,557
Less: Disposals	-	-	(156,154)	-	-	-	-	-	-	(156,154)
Closing Balance	<u>-</u>	<u>31,636,855</u>	<u>22,285,801</u>	<u>23,221,230</u>	<u>20,092,959</u>	<u>426,308</u>	<u>17,112,438</u>	<u>8,174,997</u>	<u>-</u>	<u>122,950,588</u>
Net Book Value December 31, 2022	<u>\$ 56,756,917</u>	<u>\$ 21,039,989</u>	<u>\$ 5,642,174</u>	<u>\$ 27,190,326</u>	<u>\$ 23,890,581</u>	<u>\$ 746,843</u>	<u>\$ 5,852,377</u>	<u>\$ 10,920,890</u>	<u>\$ 13,952,795</u>	<u>\$ 165,992,892</u>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

21) Tangible Capital Assets (continued)

	Engineering Structures									
	Land	Buildings	Vehicles, Machinery and Equipment	Water Engineering Structures	Sewer Engineering Structures	Other Engineering Structures	Parks	Other Tangible Capital Assets	Work in Progress	2021 Total
Cost										
Opening Balance	\$ 55,048,908	\$ 52,473,865	\$ 26,295,101	\$ 48,944,037	\$ 41,463,946	\$ 1,173,151	\$ 22,613,195	\$ 15,894,600	\$ 7,731,895	\$ 271,638,698
Add: Additions	982,564	24,969	684,959	475,430	2,025,704	-	16,532	2,002,073	9,925,800	16,138,031
Less: Completed W.I.P.	-	-	-	-	-	-	-	-	(7,731,895)	(7,731,895)
Less: Disposals	-	-	(157,737)	-	-	-	-	-	-	(157,737)
Closing Balance	<u>56,031,472</u>	<u>52,498,834</u>	<u>26,822,323</u>	<u>49,419,467</u>	<u>43,489,650</u>	<u>1,173,151</u>	<u>22,629,727</u>	<u>17,896,673</u>	<u>9,925,800</u>	<u>279,887,097</u>
Accumulated Amortization										
Opening Balance	-	28,296,388	20,809,583	21,063,351	17,843,114	332,753	15,704,175	6,582,490	-	110,631,854
Add: Amortization	-	1,671,381	905,393	1,075,314	1,097,237	46,777	730,489	767,479	-	6,294,070
Less: Disposals	-	-	(157,737)	-	-	-	-	-	-	(157,737)
Closing Balance	<u>-</u>	<u>29,967,769</u>	<u>21,557,239</u>	<u>22,138,665</u>	<u>18,940,351</u>	<u>379,530</u>	<u>16,434,664</u>	<u>7,349,969</u>	<u>-</u>	<u>116,768,187</u>
Net Book Value December 31, 2021	<u>\$ 56,031,472</u>	<u>\$ 22,531,065</u>	<u>\$ 5,265,084</u>	<u>\$ 27,280,802</u>	<u>\$ 24,549,299</u>	<u>\$ 793,621</u>	<u>\$ 6,195,063</u>	<u>\$ 10,546,704</u>	<u>\$ 9,925,800</u>	<u>\$ 163,118,910</u>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

22) Short-term Debt

	Board Resolution	Maturity Dates	Originally Authorized	Principal Payment 2022	Net Balance December 31, 2022	Net Balance December 31, 2021
Building Inspection - Vehicle	19-265.6.1	2024	\$ 29,410	\$ 6,078	\$ 9,103	15,181
Bylaw	19-265.6.2	2024	28,820	5,956	8,921	14,877
Com Parks - Area B - Land	20-327.5	2026	880,000	177,620	532,850	710,470
Com Parks - Area E	18-224.2	2023	263,840	54,290	54,291	108,581
Cowichan Lake Recreation	20-63.1.3	2025	168,445	33,287	99,861	133,148
Community Planning - Renovations	18-77	2023	178,680	38,260	38,262	76,522
Eng Utilities - Equipment	18-81.12	2023	98,400	20,507	14,418	34,925
Eng Utilities - Equipment	18-81.12	2023	45,000	9,379	6,591	15,970
Fire Protection - North Oyster Fire Hall	19-345.6	2024	644,690	150,975	169,910	320,885
ISC - Theatre	18-85.1	2023	349,000	73,052	60,859	133,911
KPR - Parking Lot Improvements	20-244.1.3	2026	415,000	114,411	186,425	300,836
KPR - Utility Vehicle	19-159	2024	34,120	7,018	13,333	20,352
KPR - Ice Resurfacers	19-159	2024	173,420	35,671	67,773	103,444
KPR - Interior Upgrades	19-159	2024	75,000	11,862	36,693	48,555
Reg Parkland - CVT	17-502	2023	344,000	72,327	72,327	144,654
Saltair Rec - New Roof	17-472.2	2023	112,318	21,046	21,046	42,092
SLCC - Parking Lot	18-201	2026	173,325	33,647	105,013	138,660
SWM	20-63.1.5	2025	90,000	17,626	54,547	72,200
SWM - Loader	18-125.2.1	2024	147,550	30,494	45,674	76,167
SWM - Vehicle	18-125.2.2	2024	41,010	8,475	12,695	21,170
Public Safety - SPU	19-225.2.2	2024	128,000	26,359	45,936	72,294
Shawnigan Beach Sewer - Upgrades	16-366-12	2022	44,097	9,219	-	9,219
SWM - Peerless Skid Steer	21-208.5	2027	88,951	6,794	82,157	-
				<u>\$ 964,353</u>	<u>\$ 1,738,685</u>	<u>\$ 2,614,113</u>

Debt bears interest at variable rates which are paid monthly.

The weighted average interest rate at December 31, 2022 was 2.49% (December 31, 2021 - 0.93%).

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

22) Short-term Debt (continued)

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

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

23) Long-term Debt

	L/A Bylaw	Term	Maturity Dates	Originally Authorized	Principal Payment 2022	Net Balance December 31, 2022	Interest Rate
Issued by the Municipal Finance Authority for the Regional District							
Administration Building	2252	20	2022	3,020,000	\$ 230,793	\$ -	2.25 %
Cowichan Lake Recreation	3197	20	2029	2,500,000	134,414	1,104,104	2.25 %
Cowichan Lake Recreation	3197	20	2030	3,700,000	194,819	1,825,161	1.28 %
Kerry Park Recreation	2333	20	2023	1,700,000	123,730	129,917	2.85 %
Cowichan Community Centre	2320	20	2024	2,500,000	173,291	373,010	2.85 %
Malahat Fire	3630	15	2028	265,000	18,112	124,943	3.15 %
Curbside Collection	3607	15	2028	1,600,000	109,356	754,374	3.15 %
Curbside Collection	3607	15	2029	175,000	11,500	94,471	3.30 %
Solid Waste Mgmt Complex	4105	20	2038	709,700	28,861	599,202	3.15 %
Solid Waste Mgmt Complex	3277	20	2038	300,000	12,200	253,291	3.15 %
Solid Waste Mgmt Complex	4105	20	2039	1,258,300	62,915	1,038,098	4.00 %
Solid Waste Mgmt Complex	3278	20	2030	590,000	31,066	291,039	1.28 %
Solid Waste Mgmt Complex	3277	20	2030	720,000	37,910	355,167	1.28 %
Solid Waste Mgmt Complex	3277	20	2033	780,000	35,848	502,797	3.85 %
Solid Waste Mgmt Complex	3727	20	2034	871,000	38,490	601,487	3.30 %
Arbutus Ridge Water	3287	20	2031	100,000	5,087	54,594	1.47 %
Carlton Water	3628	10	2024	50,000	5,480	11,627	3.00 %
Central Youbou Water	2665	25	2033	488,000	19,511	273,658	2.90 %
Dogwood Ridge Water	3281	25	2036	94,000	3,467	63,434	1.47 %
Douglas Hill Water	3383	20	2031	150,000	7,631	81,891	1.47 %
Fern Ridge Water	2995	20	2029	23,175	1,246	10,235	2.25 %
Honeymoon Bay Water	2973	20	2030	37,000	1,948	18,252	1.28 %
Honeymoon Bay Water	3981	15	2034	325,000	18,539	270,989	2.24 %

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

23) Long-term Debt (continued)

	L/A Bylaw	Term	Maturity Dates	Originally Authorized	Principal Payment 2022	Net Balance December 31, 2022	Interest Rate
Lambourn Water	3062	20	2030	100,000	5,266	49,328	1.28 %
Satellite Park Water	3029	20	2029	160,000	8,602	70,663	2.25 %
Burnum Water	3708	25	2045	250,000	7,962	234,233	1.99 %
Shellwood Water	3625	20	2036	85,000	3,570	65,312	2.60 %
Youbou Water	2902	20	2030	120,000	6,319	59,194	1.28 %
Arbutus Mt Sewer	4233	20	2039	153,855	6,075	136,157	2.66 %
Arbutus Ridge Sewer	3289	20	2031	125,000	6,359	68,243	3.25 %
Arbutus Ridge Sewer	4146	25	2044	2,475,000	72,019	2,265,177	2.24 %
Brulette Place Sewer	3297	15	2029	24,713	1,624	13,341	3.00 %
Cowichan Bay Sewer	2330	20	2023	600,000	43,669	45,853	2.85 %
Lambourn Sewer	3063	20	2030	150,000	7,898	73,993	1.28 %
Mesachie Lake Sewer	4151	25	2046	251,226	7,597	243,629	2.41 %
Grand Total					<u>\$1,483,174</u>	<u>\$12,156,864</u>	

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

24) Segment Disclosure

	General Government Services	Vancouver Island Regional Library	Transportation Services	Electoral Area Services	Protective Services	Parks and Recreation	Environmental Services	Sewer and Water Utilities	2022 Consolidated
Revenues									
Tax Requisition	\$ 4,230,715	\$ 2,190,494	\$ 3,005,994	\$ 4,953,448	\$ 4,351,128	\$ 18,681,132	\$ 8,174,602	\$ 77,841	\$ 45,665,354
User Fees	-	-	-	2,464	-	(23,709)	1,271,162	3,572,858	4,822,775
Parcel Taxes	-	-	-	34,100	-	19,750	-	2,938,247	2,992,097
Government Transfers - Provincial	540,387	-	475,762	137,775	991,280	1,153,736	299,481	390,377	3,988,798
Government Transfers - Federal	1,886,758	554	441	1,294	260	4,001	382,564	20	2,275,892
Services Provided Other Local Govt	-	-	-	-	62,400	-	-	-	62,400
Revenue from Own Sources	789,895	-	813,554	1,469,679	36,232	4,039,732	5,236,188	12,232	12,397,512
Other Revenue	312,197	-	7,903	171,693	143,704	623,559	804,264	480,861	2,544,181
Interest Income	932,373	-	-	8,496	74,105	154,227	32,081	84,778	1,286,060
Donations	-	-	-	-	6,000	657,638	-	1,122,444	1,786,082
Services Provided to Other Functions	50,018	-	-	7,871	-	(14,871)	(668,778)	625,760	-
	<u>8,742,343</u>	<u>2,191,048</u>	<u>4,303,654</u>	<u>6,786,820</u>	<u>5,665,109</u>	<u>25,295,195</u>	<u>15,531,564</u>	<u>9,305,418</u>	<u>77,821,151</u>
Expenses									
Operations and Maintenance	2,202,248	-	72,475	1,581,747	1,825,527	5,877,860	3,953,877	2,400,845	17,914,579
Wages and Benefits	6,379,231	-	156,331	3,076,400	901,305	10,265,599	3,576,210	2,301,640	26,656,716
Contract for Services	250,627	-	3,618,210	191,259	593,791	400,822	4,948,404	25,040	10,028,153
Landfill Closure/Post Closure Costs	-	-	-	-	-	-	(290,075)	-	(290,075)
Debt Charges - Interest	62,737	-	-	1,924	15,891	262,300	209,957	130,444	683,253
Contributions to Community Facilities	-	-	-	-	-	125,584	-	-	125,584
Grants to Organizations	570,000	-	-	423,785	-	107,372	-	-	1,101,157
Library Services	-	2,150,072	-	-	-	-	-	-	2,150,072
Fire and Recreation Services Provided by Other Governments	-	-	-	-	820,716	372,743	-	-	1,193,459
Amortization	207,594	-	-	69,050	471,663	2,328,693	915,657	2,345,900	6,338,557
Contributions to Third Party Capital	-	-	-	-	-	-	-	12,161	12,161
	<u>9,672,437</u>	<u>2,150,072</u>	<u>3,847,016</u>	<u>5,344,165</u>	<u>4,628,893</u>	<u>19,740,973</u>	<u>13,314,030</u>	<u>7,216,030</u>	<u>65,913,616</u>
Net Annual Surplus/(Deficit)	<u>\$ (930,094)</u>	<u>\$ 40,976</u>	<u>\$ 456,638</u>	<u>\$ 1,442,655</u>	<u>\$ 1,036,216</u>	<u>\$ 5,554,222</u>	<u>\$ 2,217,534</u>	<u>\$ 2,089,388</u>	<u>\$ 11,907,535</u>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

24) Segment Disclosure (continued)

	General Government Services	Vancouver Island Regional Library	Transportation Services	Electoral Area Services	Protective Services	Parks and Recreation	Environmental Services	Sewer and Water Utilities	2021 Consolidated
Revenues									
Tax Requisition	\$ 3,599,398	\$ 2,081,944	\$ 3,005,994	\$ 4,949,537	\$ 4,165,571	\$ 18,096,938	\$ 7,892,834	\$ 76,841	\$ 43,869,057
User Fees	-	-	-	2,047	-	(26,414)	1,257,553	3,494,078	4,727,264
Parcel Taxes	-	-	-	34,100	-	19,750	-	2,669,439	2,723,289
Government Transfers - Provincial	1,388,001	-	566,406	75,626	76,614	195,222	311,384	4,795,434	7,408,687
Government Transfers - Federal	3,369,582	554	441	4,487	260	80,365	1,427,080	(4,998)	4,877,771
Services Provided Other Local Govt	-	-	-	-	61,172	-	-	-	61,172
Revenue from Own Sources	493,413	-	602,151	1,256,047	38,903	2,193,120	4,879,332	54,286	9,517,252
Other Revenue	69,408	-	1,910	26,450	913,351	264,047	996,282	58,228	2,329,676
Interest Income	400,143	-	-	2,534	17,387	39,901	8,947	26,086	494,998
Donations	-	-	-	-	84,500	90,404	-	-	174,904
Services Provided to Other Functions	50,018	-	-	7,871	-	(14,871)	(644,707)	601,689	-
	<u>9,369,963</u>	<u>2,082,498</u>	<u>4,176,902</u>	<u>6,358,699</u>	<u>5,357,758</u>	<u>20,938,462</u>	<u>16,128,705</u>	<u>11,771,083</u>	<u>76,184,070</u>
Expenses									
Operations and Maintenance	2,452,414	-	24,631	911,327	1,230,425	4,587,564	4,624,161	1,992,681	15,823,203
Wages and Benefits	5,731,499	-	130,311	2,787,454	685,166	9,458,883	3,740,614	2,194,415	24,728,342
Contract for Services	100,896	-	3,121,888	100,236	723,545	261,601	4,405,768	10,576	8,724,510
Landfill Closure/Post Closure Costs	-	-	-	-	-	-	(495,380)	-	(495,380)
Debt Charges - Interest	67,950	-	-	1,366	13,539	239,228	211,609	135,219	668,911
Contributions to Community Facilities	-	-	-	-	-	125,180	-	-	125,180
Grants to Organizations	787,000	-	-	404,157	-	99,933	-	-	1,291,090
Library Services	-	2,044,044	-	-	-	-	-	-	2,044,044
Fire and Recreation Services Provided by Other Governments	-	-	-	-	756,112	372,113	-	-	1,128,225
Amortization	192,579	-	-	69,050	479,518	2,327,414	935,441	2,290,068	6,294,070
Contributions to Third Party Capital	-	-	-	-	-	-	-	89,906	89,906
	<u>9,332,338</u>	<u>2,044,044</u>	<u>3,276,830</u>	<u>4,273,590</u>	<u>3,888,305</u>	<u>17,471,916</u>	<u>13,422,213</u>	<u>6,712,865</u>	<u>60,422,101</u>
Net Annual Surplus/(Deficit)	<u>\$ 37,625</u>	<u>\$ 38,454</u>	<u>\$ 900,072</u>	<u>\$ 2,085,109</u>	<u>\$ 1,469,453</u>	<u>\$ 3,466,546</u>	<u>\$ 2,706,492</u>	<u>\$ 5,058,218</u>	<u>\$ 15,761,969</u>

**STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)**

Function	2022	2021
General Government Services	\$ 5,325,584	\$ 4,519,147
Community Health Network	60,894	33,818
Administration Office	908,196	505,870
I.T. / H.R. / M.I.A. / G.I.S	395,236	395,236
Vancouver Island Regional Library	1,108	554
Commuter Transit	628,021	561,417
Transit	1,768,829	1,683,841
9-1-1	195,970	256,370
Grant in Aid	150,696	175,571
Environmental Services	925,690	886,263
Emergency Planning	1,123,226	645,340
Economic Development	434,290	403,897
Regional Tourism	1,226	1,055
Electoral Feasibility Studies	34,053	31,323
Electoral Area Services	388,902	576,213
Victim Services	189	212
Victim Services - West	5	20
Community Parks	1,353,581	1,051,177
Parks & Trails	179,392	169,048
Regional Parks	633,832	466,362
Kinsol Trestle	519,795	471,275
Bright Angel Park	52,708	48,043
South Cowichan Community Parks	13,206	18,348
Regional Parkland Acquisition	892,152	793,053
Animal Control	98,899	79,595
Building Inspection	836,060	383,967
Bylaw Enforcement	1,049,246	929,833
Community Planning	910,264	1,110,931
North Oyster Fire Protection	72,230	70,816
Mesachie Lake Fire Protection	20,695	20,645
Sahtlam Fire Protection	304,082	226,108
Malahat Fire Protection	229,249	190,151
Eagle Heights Fire Protection	1,089	17,656
Honeymoon Bay Fire Protection	158,610	146,757
Youbou Fire Protection	304,121	254,053
GM Strategic Services	138,136	-
GM Community Services/Facilities	345,971	304,707
Regional Recreation	(173,897)	-
Arts & Culture	78,389	82,154
Cowichan Lake Recreation	736,943	596,056
Kerry Park Recreation	872,707	810,664

**STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)**

Function	2022	2021
Island Savings Centre	1,716,621	1,055,002
Theatre - Area A	12	12
Theatre - Area B	54	56
Cowichan Sportsplex - Area A	5	5
Mill Bay Recreation	708	449
Glenora Recreation	-	1,440
Saltair Recreation	14,607	14,814
Lake Cowichan Activity Centre	73	127
Cowichan Aquatic Centre - Area F	4	4
Shawnigan Lake Community Centre	759,428	676,352
Cobble Hill Historical Society	3	3
Shawnigan Lake Historical Society	20	20
Senior Centre Grant	6	33
Kaatza Historical Society	11	40
Mill Bay/Malahat Historical Society	3	3
Cowichan Station Assoc - Area B	6	6
Nature and Habitat - Area I	3,983	2,805
Thetis Island Wharf	105,428	88,868
Thetis Island Boat Launch	9,147	8,147
Cowichan Lake Water Protection	8,327	6,479
Cowichan Housing Association	977,329	802,263
Safer Futures	51	55
Social Planning	91	102
South Cowichan Community Policing	38	39
Cowichan Community Policing	54,383	54,494
Cowichan Valley Hospice	96	114
Curbside Collection Garbage/Recycling	446,550	441,561
Solid Waste Management Complex	4,139,673	3,150,040
Cowichan Flood Management	539,291	475,585
South Cowichan Water Study Plan	57,162	57,354
Drinking Water & Watershed Protection	1,427,679	1,045,927
Liquid Waste Plan - Central Sector	432,610	422,172
Liquid Waste Plan - South Sector	89,889	75,201
Critical Street Lighting "A"	2,541	1,766
Critical Street Lighting "B"	4,213	3,993
Critical Street Lighting "C"	2,759	3,000
Critical Street Lighting "D"	1,393	2,433
Critical Street Lighting "E"	575	1,019
Critical Street Lighting "I"	(2,251)	(613)
Mesachie Lake Street Lighting	1,469	1,557
Youbou Street Lighting	11,173	12,785

STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

Function	2022	2021
Brentwood College Street Lighting	48	27
Cowichan Bay Street Lighting	4,307	3,117
Honeymoon Bay Street Lighting	9,625	9,409
Mill Bay Street Lighting	(739)	(544)
Cobble Hill Street Lighting	3,321	2,894
Wilmot Road Street Lighting	14,950	13,010
Sentinel Ridge Street Lighting	12,038	10,224
Twin Cedars Street Lighting	10,167	7,187
Arbutus Mtn. Street Lighting	17,545	14,418
Mill Springs Street Lighting	22,746	27,925
Engineering Services	280,211	140,476
Engineering - Utilities	712,072	495,822
Asset Manager	5,638	5,638
Wilmot Road Drainage System	19,933	16,827
Sentinel Ridge Drainage System	20,528	19,889
Shawnigan Lake East Drainage System	7,718	7,250
Arbutus Mtn. Drainage System	9,375	21,997
Lanes Road Drainage System	20,609	19,248
Bald Mtn. Drainage System	15,419	14,750
Cobble Hill Drainage System	30,700	29,538
Arbutus Ridge Drainage System	61,587	38,711
Shawnigan Creek Cleanout System	24,484	19,451
Satellite Park Water System	61,553	59,433
Douglas Hill Water System	48,383	30,493
Lambourn Water System	101,816	71,550
Arbutus Mtn. Water System	12,694	16,253
Malahat Water System	33,178	15,964
Fern Ridge Water System	32,153	28,358
Bald Mtn. Water System	109,292	87,027
Dogwood Ridge Water System	28,399	22,670
Arbutus Ridge Water System	61,236	68,210
Carlton Water System	32,698	26,896
Shellwood Water System	1,706	2,916
Woodley Range Water System	13,459	14,669
Burnum Water System	44,090	41,263
Mesachie Lake Water System	15,115	19,149
Saltair Water System	469,513	442,983
Central Youbou Water Debt	45,154	34,174
Youbou Water System	240,798	143,545
Honeymoon Bay Water System	105,959	100,157
Honeymoon Bay (S.C.) Water System Debt	1,794	1,004

**STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)**

Function	2022	2021
Honeymoon Bay Water (well 2) Debt	8,082	4,536
Cherry Point Estates Water System	24,484	30,027
Shawnigan Lake North Water System	473,047	352,595
Shawnigan Lake Weir	10,471	7,707
Kerry Village Water System	22,425	22,635
Cowichan Bay Sewer System	472,897	367,712
Brulette Place Sewer System	54,535	49,476
Sentinel Ridge Sewer System	12,534	13,711
Twin Cedar Sewer System	-	27,126
Lambourn Sewer System	9,908	(1,279)
Arbutus Mtn. Sewer System	11,787	6,925
Malahat Sewer System	34,760	17,089
Mesachie Lake Sewer System	107,897	100,942
Bald Mtn. Sewer System	57,564	46,518
Cobble Hill Sewer	4,312	21,713
Mill Springs Sewer System	81,018	139,175
Arbutus Ridge Sewer System	449,382	404,692
Eagle Heights Sewer System	(18,885)	(7,806)
Maple Hill Sewer System	65,985	58,557
Shawnigan Beach Estates Sewer System	346,994	285,636
Kerry Village Sewer System	47,606	35,715
Youbou Sewer System	121,129	94,724
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Operating Fund Surplus Balance	37,935,906	31,545,172
Community Works Reserve Balance	8,106,160	7,801,169
	<hr/>	<hr/>
Operating Fund Balance	<u>\$ 46,042,066</u>	<u>\$ 39,346,341</u>

**SCHEDULE OF SAFE RESTART GRANT FOR
THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)**

Opening Balance, December 31, 2021	\$ 688,565
Eligible Costs Incurred:	
Revenue shortfalls	(88,000)
General Government Services	(250,385)
Electoral Area Services	(28)
Protective Services	(46,600)
Parks and Recreation	(71,973)
Environmental Services	(6,207)
Sewer and Water Utilities	(3,882)
Total Eligible Costs Incurred	<u>(467,075)</u>
Ending Balance December 31, 2022	<u><u>\$ 221,490</u></u>