



**COWICHAN VALLEY
REGIONAL DISTRICT**

**FINANCIAL STATEMENTS
December 31, 2021**

COWICHAN VALLEY REGIONAL DISTRICT

ELECTED AND APPOINTED OFFICIALS 2021

BOARD OF DIRECTORS

City of Duncan	M. Staples
Town of Ladysmith	A. Stone
Town of Lake Cowichan	T. McGonigle
District of North Cowichan	K. Marsh
District of North Cowichan	A. Siebring
District of North Cowichan	D. Toporowski
Electoral Area "A" - Mill Bay/Malahat	B. Salmon
Electoral Area "B" - Shawnigan Lake	S. Acton (Vice-Chair)
Electoral Area "C" - Cobble Hill	M. Wilson
Electoral Area "D" - Cowichan Bay	L. Iannidinaro (Chair)
Electoral Area "E" - Cowichan Station/Sahtlam/Glenora	A. Nicholson
Electoral Area "F" - Cowichan Lake South/Skutz Falls	I. Morrison
Electoral Area "G" - Saltair/Gulf Island	L. Smith
Electoral Area "H" - North Oyster/Diamond	B. Maartman
Electoral Area "I" - Youbou/Meade Creek	K. Kuhn

OFFICERS

Chief Administrative Officer	B. Carruthers
Corporate Legislative Officer	A. Legault
Chief Financial Officer	N. Wehner

COWICHAN VALLEY REGIONAL DISTRICT

**FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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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



Brian Carruthers
Chief Administrative Officer

May 11, 2022



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INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.

Auditors' 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 auditors' 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.




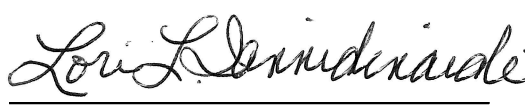
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material 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 auditors' 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 auditors' 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 11, 2022

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021**

	2021	2020
Financial Assets		
Cash & Cash Equivalents (Note 1)	\$ 42,590,906	\$ 30,396,877
Portfolio Investments (Note 2)	15,606,426	15,348,092
Accounts Receivable (Note 3)	5,722,303	4,665,501
Debt Recoverable from Members (Note 4)	<u>33,936,253</u>	<u>37,028,959</u>
	<u>\$ 97,855,888</u>	<u>\$ 87,439,429</u>
Liabilities		
Accounts Payable & Accrued Liabilities (Note 6)	\$ 4,405,914	\$ 4,605,148
Deferred Revenue (Note 7)	2,385,172	1,320,464
Restricted Contributions and Performance Deposits (Note 8)	1,774,316	1,693,399
Employee Future Benefits (Note 9)	138,060	191,127
Landfill Closure and Post Closure Costs (Note 11)	805,634	989,481
Short-term Debt (Note 22 & 12)	2,614,113	2,254,619
Long-term Debt		
Regional District (Note 23 & 12)	13,640,038	14,815,466
Members (Note 4)	<u>33,936,253</u>	<u>37,028,959</u>
	<u>\$ 59,699,500</u>	<u>\$ 62,898,663</u>
Net Financial Assets	<u>\$ 38,156,388</u>	<u>\$ 24,540,766</u>
Non-Financial Assets		
Tangible Capital Assets (Note 21)	\$ 163,118,910	\$ 161,006,844
Inventories	19,471	22,987
Prepaid Expenses	<u>113,513</u>	<u>75,716</u>
	<u>163,251,894</u>	<u>161,105,547</u>
Accumulated Surplus (Note 16)	<u>\$ 201,408,282</u>	<u>\$ 185,646,313</u>
Contingent Liabilities (Note 13)		
Commitments (Note 18)		
		
Natalie Wehner, CPA, CMA		
Chief Financial Officer		
		
		Lori Iannidinaro
		Chair

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

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021 Budget (Note 15)	2021 Actual	2020 Actual
Revenues			
Tax Requisition	\$ 43,869,057	\$ 43,869,057	\$ 42,808,496
User Fees	8,847,324	4,727,264	4,475,660
Parcel Taxes	2,723,244	2,723,289	2,601,250
Government Transfers - Provincial	8,003,836	7,408,687	4,825,965
Government Transfers - Federal	3,210,966	4,877,771	3,353,423
Services Provided to Other Local Governments	61,172	61,172	59,221
Revenue from Own Sources	9,489,063	9,517,252	8,608,159
Other Revenue	1,435,413	2,329,676	1,889,468
Interest Income	151,193	494,998	386,942
Donations	4,060	174,904	2,339,461
	<u>\$ 77,795,328</u>	<u>\$ 76,184,070</u>	<u>\$ 71,348,045</u>
Expenses (Note 26)			
General Government Services	9,006,693	9,332,338	7,897,985
Vancouver Island Regional Library	2,044,044	2,044,044	2,021,109
Transportation Services	3,803,531	3,276,830	2,927,404
Electoral Area Services	5,330,646	4,273,590	4,393,583
Protective Services	3,983,349	3,888,305	3,907,311
Parks and Recreation	18,304,679	17,471,916	17,217,099
Environmental Services	16,282,233	13,422,213	13,418,042
Sewer and Water Utilities	5,676,904	6,712,865	6,337,598
	<u>\$ 64,432,079</u>	<u>\$ 60,422,101</u>	<u>\$ 58,120,131</u>
Annual Surplus	\$ 13,363,249	\$ 15,761,969	\$ 13,227,914
Accumulated Surplus, Beginning of Year	<u>185,646,313</u>	<u>185,646,313</u>	<u>172,418,399</u>
Accumulated Surplus, End of Year (Note 17)	<u><u>\$ 199,009,562</u></u>	<u><u>\$ 201,408,282</u></u>	<u><u>\$ 185,646,313</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, 2021**

	2021 Budget (Note 15)	2021 Actual	2020 Actual
Annual Surplus	\$ 13,363,249	\$ 15,761,969	\$ 13,227,914
Additions of Tangible Capital Assets	-	(8,406,136)	(8,152,922)
Contributed Tangible Capital Assets	-	-	(2,319,205)
Amortization of Tangible Capital Assets	-	6,294,070	6,666,438
Change in Inventories	-	3,516	14,632
Change in Prepaid Expenses	-	(37,797)	49,223
Increase in Net Financial Assets	13,363,249	13,615,622	9,486,080
Net Financial Assets, Beginning of Year	<u>24,540,766</u>	<u>24,540,766</u>	<u>15,054,686</u>
Net Financial Assets, End of Year	<u>\$ 37,904,015</u>	<u>\$ 38,156,388</u>	<u>\$ 24,540,766</u>

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Annual Surplus	\$ 15,761,969	\$ 13,227,914
Non-cash items included in surplus		
Amortization of Tangible Capital Assets	6,294,070	6,666,438
Contributed Tangible Capital Assets	-	(2,319,205)
Debt Actuarial Adjustment	(505,910)	(491,826)
Employee Future Benefits	(53,067)	(43,479)
Landfill Closure and Post Closure Costs	(183,847)	297,063
Change in non-cash working capital balances related to operations		
Accounts Receivable	(1,056,802)	(1,590,879)
Inventories	3,516	14,632
Prepaid Expenses	(37,797)	49,223
Accounts Payable and Accrued Liabilities	(199,234)	(70,085)
Deferred Revenue	1,064,708	(854,413)
Restricted Contributions and Performance Bonds	80,917	(159,511)
Land Held for Resale	-	398,000
Cash provided by operating activities	21,168,523	15,123,872
CAPITAL ACTIVITIES		
Acquisition of Tangible Capital Assets	<u>(8,406,136)</u>	<u>(8,152,922)</u>
Cash used in capital activities	(8,406,136)	(8,152,922)
INVESTING ACTIVITIES		
Investment in Portfolio Investments	<u>(258,334)</u>	<u>(10,100,641)</u>
Cash provided by investing activities	(258,334)	(10,100,641)
FINANCING ACTIVITIES		
Debt Issued	1,719,551	508,445
Debt Repayment	<u>(2,029,575)</u>	<u>(2,163,421)</u>
Cash used in financing activities	<u>(310,024)</u>	<u>(1,654,976)</u>
Increase (Decrease) in cash	12,194,029	(4,784,667)
Cash - Beginning of Year	<u>30,396,877</u>	<u>35,181,544</u>
Cash - End of Year (Statement 1)	<u>\$ 42,590,906</u>	<u>\$ 30,396,877</u>
Interest Paid	\$ 668,911	\$ 759,736

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, 2021

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, 2021

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, 2021

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, 2021

Summary of Significant Accounting Policies (continued)

(m) Accrued Employee Benefits

Under the terms of various collection 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 or reserves 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 and has met the eligibility criteria.

COWICHAN VALLEY REGIONAL DISTRICT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021**

1) Cash & Cash Equivalents

	2021	2020
Restricted Cash		
Statutory Reserves	\$ 11,202,102	\$ 9,248,719
Restricted Contributions and Performance Deposits	<u>1,774,316</u>	<u>1,693,399</u>
	12,976,418	10,942,118
Unrestricted Cash	<u>29,614,488</u>	<u>19,454,759</u>
Total Cash	<u><u>\$ 42,590,906</u></u>	<u><u>\$ 30,396,877</u></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, 2021 is \$5,299,986 (2020 - \$ 5,291,899). The yield on funds for 2021 was 0.15% (2020 - 0.85%). The BC Fossil Fuel bond funds balance at December 31, 2021 is \$10,306,439 (2020 - \$10,056,193). The yield on funds for 2021 was -0.92% (2020 - 0.56%).

3) Accounts Receivable

	2021	2020
Federal Governments	\$ 703,903	\$ 1,288,009
Provincial Governments	3,372,957	2,160,584
Local Governments	132,367	47,940
Other Trade Receivables	<u>1,513,076</u>	<u>1,168,968</u>
	<u><u>\$ 5,722,303</u></u>	<u><u>\$ 4,665,501</u></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.

	2021	2020
City of Duncan	\$ -	\$ 683,651
District of North Cowichan	15,723,818	17,206,277
Town of Ladysmith	15,339,599	16,156,313
Vancouver Island Regional Library	<u>2,872,836</u>	<u>2,982,718</u>
	<u><u>\$ 33,936,253</u></u>	<u><u>\$ 37,028,959</u></u>

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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.

	2021	2020
Cash Deposits - Cowichan Valley Regional District	\$ 374,039	\$ 367,517
Cash Deposits - Members	674,664	682,078
Demand Notes - Cowichan Valley Regional District	712,257	711,792
Demand Notes - Members	<u>1,287,541</u>	<u>1,332,811</u>
	<u>\$ 3,048,501</u>	<u>\$ 3,094,198</u>

6) Accounts Payable & Accrued Liabilities

	2021	2020
Federal Governments	\$ 165,630	\$ 28,506
Provincial Governments	6,827	6,178
Local Governments	382,842	227,856
Accrued Payroll	1,134,808	1,043,824
Trade Payables	<u>2,715,807</u>	<u>3,298,784</u>
	<u>\$ 4,405,914</u>	<u>\$ 4,605,148</u>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

7) Deferred Revenue

	2020	Externally restricted receipts	Revenue earned	2021
Recreation Deposits	\$ 136,611	\$ 1,066,202	\$ (257,822)	\$ 944,991
Developer Capital Contributions	82,527	-	-	82,527
Other	<u>136,635</u>	<u>373,294</u>	<u>(33,093)</u>	<u>476,836</u>
Subtotal	355,773	1,439,496	(290,915)	1,504,354
Parkland Cash-in-lieu Contributions	<u>964,691</u>	<u>6,031</u>	<u>(89,904)</u>	<u>880,818</u>
	<u>\$ 1,320,464</u>	<u>\$ 1,445,527</u>	<u>\$ (380,819)</u>	<u>\$ 2,385,172</u>

- 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, 2021

8) Restricted Contributions and Performance Deposits

	2021	2020
Warranty Deposits	\$ 1,268,467	\$ 1,053,403
Kinsol Trestle Donations	65,397	65,347
Holdbacks	80,363	37,523
Cowichan Lake Water Protection	76,000	76,000
Arts & Sports Scholarship Fund	36,872	37,600
Nature and Habitat	50,567	50,567
Cowichan Performing Arts	70,298	58,109
Soil Security Deposits	301,600	204,868
Other	(175,248)	109,982
	<u>\$ 1,774,316</u>	<u>\$ 1,693,399</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, 2021**

9) Employee Future Benefits

	2021	2020
Discount rates	2.50%	2.10%
Expected future inflation rates	2.00%	2.00%
Expected wages/salary increase	2.00 - 3.00%	1.00 - 2.00%

Accrued Benefit Obligation as at December 31, 2021

	2021	2020
Accrued benefit obligation - beginning	\$ 142,750	\$ 126,215
Current service cost	12,783	12,414
Interest on accrued benefit obligation	3,076	3,902
Benefits paid during the year	(18,160)	(8,178)
Actuarial loss	(5,560)	8,397
Ending benefit obligation	134,889	142,750
Unamortized net actuarial gain	3,171	48,377
Accrued Unfunded Benefit Liability	<u>\$ 138,060</u>	<u>\$ 191,127</u>

The total expense related to these benefits was:

	2021	2020
Current service costs	\$ 12,783	\$ 12,414
Interest on accrued benefit obligation	3,076	3,902
Amortization of actuarial gain	(50,766)	(51,617)
Total recovery	<u>\$ (34,907)</u>	<u>\$ (35,301)</u>

The total 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, 2020 the Plan has about 220,000 active members and approximately 112,000 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, 2021

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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2021, with results available later in 2022.

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 \$1,609,372 (2020 - \$1,563,544) for employer contributions, while employees contributed \$1,427,397 (2020 - \$1,387,405) to the plan in fiscal 2021.

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).

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 \$12,000 per year of post closure monitoring requirements for the landfill beginning 2019, for up to 23 years (2020 - \$12,000 annually).

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

11) Landfill Closure and Post Closure Costs (continued)

The Peerless Road remediation and closure works were completed in 2015. The post-closure maintenance costs are estimated at \$12,000 annually for 18 years (2020 - \$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 \$14,500 annually for 22 years (2020 - \$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.

	2021	2020
Meade Creek TRP	\$ 314,838	\$ 464,192
Peerless Road TRP	220,555	384,158
Koksilah Road	<u>270,241</u>	<u>403,118</u>
Gross liability	805,634	1,251,468
Less: cash held in Remediation Reserve Fund	<u>-</u>	<u>(261,987)</u>
	<u><u>\$ 805,634</u></u>	<u><u>\$ 989,481</u></u>

The provision is determined using the following assumptions:

	2021	2020
Inflation Rates	2.00%	4.20%
Discount Rates	3.31%	2.76%
Koksilah Road Monitoring	\$14,500 per annum	\$14,500 per annum
Peerless Road Monitoring	\$12,000 per annum	\$12,000 per annum
Meade Creek Monitoring	\$12,000 per annum	\$12,000 per annum

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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
2022	\$ 960,507	\$ 1,027,289
2023	884,792	935,956
2024	443,164	866,398
2025	325,650	786,627
2026	-	786,627
Thereafter	-	9,237,141
	<u>\$ 2,614,113</u>	<u>\$ 13,640,038</u>

13) Contingent Liabilities

As at December 31, 2021 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, 2021**

14) Tangible Capital Assets

	2021	2020
Land	\$ 56,031,472	\$ 55,048,908
Building	22,531,063	24,177,475
Vehicles, Machinery and Equipment	5,265,084	5,485,518
Engineering Structures	52,623,722	52,341,918
Parks	6,195,063	6,909,020
Other Tangible Capital Assets	10,546,704	9,312,110
Work in Progress	9,925,800	7,731,895
	<u>\$ 163,118,910</u>	<u>\$ 161,006,844</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 \$ Nil (2020 - \$ 2,319,205) were accepted and recorded as contributed assets.

15) Budget Figures

Budget figures represent the 2021 Financial Plan Bylaw adopted by the Board on February 10, 2021. 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.

	2021
Surplus for the year (Statement 2)	\$ 13,363,249
Add:	
Transfer from Reserves	6,249,089
Prior Year Operating Surplus	4,279,666
MFA Funding - Proceeds from Debt	8,850,400
Less:	
Debt Principal Repayments/Actuarial Adjustments	(2,300,238)
Transfer to Reserves	(1,819,188)
Capital Expenditures	<u>(28,622,978)</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, 2021**

16) Accumulated Surplus

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

	2021	2020
Surplus		
Operating Fund Reserve Fund - Operating Surplus	\$ 31,545,172	\$ 24,184,719
Operating Fund Reserve Fund - Community Works	7,801,169	5,169,890
Operating Fund - Employee Future Benefit	(138,060)	(191,127)
Operating Fund - Landfill Post Closure Costs	(805,634)	(989,481)
Equity in Tangible Capital Assets	<u>146,864,759</u>	<u>143,936,759</u>
Total Surplus	185,267,406	172,110,760
Statutory Reserve Funds	16,140,876	13,797,540
Less: Restricted Remediation Reserve	<u>-</u>	<u>(261,987)</u>
Accumulated Surplus (Statement 1)	<u><u>\$ 201,408,282</u></u>	<u><u>\$ 185,646,313</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:

	2021	2020
Community Works Reserve, opening balance	\$ 5,169,890	\$ 6,390,123
Add:		
Community works funds received in year	3,329,907	1,628,092
Interest earned	35,997	91,130
Less:		
Amounts spent on projects	<u>(734,625)</u>	<u>(2,939,455)</u>
Community Works Reserve, Ending Balance	<u><u>\$ 7,801,169</u></u>	<u><u>\$ 5,169,890</u></u>

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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 2022 commitment is \$281,265.

BC Transit Corporation

The Regional District's transit includes Handydart, Commuter, Youbou, Ladysmith and local service. The remainder due on the 2021/2022 annual transit operating agreement for these services is \$663,606.

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 2022 commitment is \$254,068.

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 2022 commitment is \$348,898.

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 2022 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 2022 commitment is \$191,941.

Regional Disposal

A three year agreement for the transportation of CVRD municipal solid waste, commencing March 2019. Termination of this agreement requires 180 days notice. The 2022 commitment is \$2,962,005.

COWICHAN VALLEY REGIONAL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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 commences January 1, 2022. The 2022 commitment is \$732,910.

PSD Citywide

A five year agreement for the Citywide Asset Management Software System Implementation commenced September 30, 2021. The anticipated 2022 commitment is \$160,000, which is comprised of Year 1 implementation and maintenance 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 (2020 - \$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, 2021**

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	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	-	28,296,390	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>29,967,771</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>\$ 22,531,063</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, 2021**

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	2020 Total
Cost										
Opening Balance	\$ 53,791,488	\$ 52,201,297	\$ 25,213,766	\$ 47,406,684	\$ 40,347,944	\$ 1,173,151	\$ 22,086,158	\$ 15,632,108	\$ 3,463,095	\$ 261,315,691
Add: Additions	1,257,420	272,568	1,188,742	1,537,353	1,116,002	-	568,751	262,492	7,731,895	13,935,223
Less: Completed W.I.P.	-	-	-	-	-	-	-	-	(3,463,095)	(3,463,095)
Less: Disposals	-	-	(107,407)	-	-	-	(41,714)	-	-	(149,121)
Closing Balance	<u>55,048,908</u>	<u>52,473,865</u>	<u>26,295,101</u>	<u>48,944,037</u>	<u>41,463,946</u>	<u>1,173,151</u>	<u>22,613,195</u>	<u>15,894,600</u>	<u>7,731,895</u>	<u>271,638,698</u>
Accumulated Amortization										
Opening Balance	-	26,638,429	20,045,211	20,020,222	16,763,657	285,977	14,537,890	5,823,151	-	104,114,537
Add: Amortization	-	1,657,961	871,779	1,043,129	1,079,457	46,777	1,207,999	759,339	-	6,666,438
Less: Disposals	-	-	(107,407)	-	-	-	(41,714)	-	-	(149,121)
Closing Balance	<u>-</u>	<u>28,296,390</u>	<u>20,809,583</u>	<u>21,063,351</u>	<u>17,843,114</u>	<u>332,753</u>	<u>15,704,175</u>	<u>6,582,490</u>	<u>-</u>	<u>110,631,854</u>
Net Book Value December 31, 2020	<u>\$ 55,048,908</u>	<u>\$ 24,177,475</u>	<u>\$ 5,485,518</u>	<u>\$ 27,880,686</u>	<u>\$ 23,620,832</u>	<u>\$ 840,398</u>	<u>\$ 6,909,020</u>	<u>\$ 9,312,110</u>	<u>\$ 7,731,895</u>	<u>\$ 161,006,844</u>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

22) Short-term Debt

	Board Resolution	Maturity Dates	Originally Authorized	Principal Payment 2021	Net Balance December 31, 2021	Net Balance December 31, 2020
Building Inspection - Vehicle	19-265.6.1	2024	\$ 29,410	\$ 6,085	\$ 15,181	\$ 21,266
Bylaw	19-265.6.2	2024	28,820	5,963	14,877	20,840
Com Parks - Area B - Land	20-327.5	2026	880,000	169,530	710,470	-
Com Parks - Area E	18-224.2	2023	263,840	52,631	108,581	161,212
CLR - Chiller & Digital Sign	17-24	2022	249,947	51,258	-	51,258
Cowichan Lake Recreation	20-63.1.3	2025	168,445	35,297	133,148	168,445
Community Planning - Renovations	18-77	2023	178,680	34,081	76,522	110,603
Eng Utilities - Vans	16-69.1	2020	85,956	16,437	-	16,437
Eng Utilities - Equipment	18-81.12	2023	98,400	20,440	34,925	55,365
Eng Utilities - Equipment	18-81.12	2023	45,000	9,348	15,970	25,318
Fire Protection - North Oyster Fire Hall	19-345.6	2024	644,690	152,435	320,885	473,320
ISC - Theatre	18-85.1	2023	349,000	72,859	133,911	206,769
KPR - Parking Lot Improvements	20-244.1.3	2026	415,000	114,164	300,836	-
KPR - Utility Vehicle	19-159	2024	34,120	7,041	20,352	27,393
KPR - Ice Resurfacer	19-159	2024	173,420	35,786	103,444	139,230
KPR - Interior Upgrades	19-159	2024	75,000	12,158	48,555	60,713
Regional Parks - CVT Malahat	16-393.3	2022	450,000	49,880	-	49,880
Reg Parkland - CVT	17-502	2023	344,000	68,442	144,654	213,096
Saltair Rec - New Roof	17-472.2	2023	112,318	28,393	42,092	70,485
SLCC - Parking Lot	18-201	2026	173,325	34,665	138,660	-
SWM - Roll off Truck and Bins	17-54.4	2022	192,397	39,694	-	39,694
SWM	20-63.1.3	2025	90,000	17,800	72,200	90,000
SWM - Loader	18-125.2.1	2024	147,550	30,525	76,167	106,692
SWM - Vehicle	18-125.2.2	2024	41,010	8,484	21,170	29,654
Public Safety - SPU	19-225.2.2	2024	128,000	26,421	72,294	98,716
Shawnigan Beach Sewer - Upgrades	16-366-12	2022	44,097	9,014	9,219	18,233
				<u>\$ 1,108,831</u>	<u>\$ 2,614,113</u>	<u>\$ 2,254,619</u>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

22) Short-term Debt (continued)

Debt bears interest at variable rates which are paid monthly.

The weighted average interest rate at December 31, 2021 was 0.93% (December 31, 2020 - 1.64%).

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, 2021**

23) Long-term Debt

	L/A Bylaw	Term	Maturity Dates	Originally Authorized	Principal Payment 2021	Net Balance December 31, 2021	Interest Rate
Issued by the Municipal Finance Authority for the Regional District							
Administration Building	2252	20	2022	3,020,000	\$ 219,803	\$ 230,793	2.25 %
Cowichan Lake Recreation	3197	20	2029	2,500,000	129,244	1,238,518	2.25 %
Cowichan Lake Recreation	3197	20	2030	3,700,000	188,231	2,019,980	1.28 %
Kerry Park Recreation	2330	20	2023	1,700,000	117,838	253,647	2.85 %
Cowichan Community Centre	2320	20	2024	2,500,000	165,040	546,301	2.85 %
Malahat Fire	3630	15	2028	265,000	17,416	143,055	3.15 %
Curbside Collection	3607	15	2028	1,600,000	105,151	863,730	3.15 %
Curbside Collection	3607	15	2029	175,000	11,059	105,971	3.30 %
Solid Waste Mgmt Complex	4105	20	2038	709,700	28,021	628,063	3.15 %
Solid Waste Mgmt Complex	4174	20	2038	300,000	11,845	265,491	3.15 %
Solid Waste Mgmt Complex	4178	20	2039	1,258,300	62,915	1,101,013	4.00 %
Solid Waste Mgmt Complex	3278	20	2030	590,000	30,015	322,105	1.28 %
Solid Waste Mgmt Complex	3277	20	2030	720,000	36,629	393,077	1.28 %
Solid Waste Mgmt Complex	3277	20	2033	780,000	34,469	538,645	3.85 %
Solid Waste Mgmt Complex	3727	20	2034	871,000	37,010	639,977	3.30 %
Arbutus Ridge Water	3287	20	2031	100,000	4,780	59,681	3.25 %
Carlton Water	3628	10	2024	50,000	5,270	17,107	3.00 %
Central Youbou Water	2665	25	2033	488,000	18,761	293,169	2.90 %
Dogwood Ridge Water	3281	25	2036	94,000	3,212	66,901	3.25 %
Douglas Hill Water	3383	20	2031	150,000	7,170	89,522	4.20 %
Fern Ridge Water	2995	20	2029	23,175	1,198	11,481	2.25 %
Honeymoon Bay Water	2973	20	2030	37,000	1,882	20,200	1.28 %
Honeymoon Bay Water	3981	15	2034	325,000	17,998	289,528	2.24 %

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

23) Long-term Debt (continued)

	L/A Bylaw	Term	Maturity Dates	Originally Authorized	Principal Payment 2021	Net Balance December 31, 2021	Interest Rate
Lambourn Water	3062	20	2030	100,000	5,087	54,594	1.28 %
Satellite Park Water	3029	20	2029	160,000	8,272	79,265	2.25 %
Burnum Water	4313	25	2045	250,000	7,805	242,195	1.99 %
Shellwood Water	3625	20	2036	85,000	3,449	68,882	2.60 %
Youbou Water	2092	20	2030	120,000	6,105	65,513	1.28 %
Arbutus Mt Sewer	4233	20	2039	153,855	5,898	142,232	2.66 %
Arbutus Ridge Sewer	3289	20	2031	125,000	5,974	74,602	3.25 %
Arbutus Ridge Sewer	4146	25	2044	2,475,000	69,920	2,337,196	2.24 %
Brulette Place Sewer	3297	15	2029	24,713	1,562	14,965	3.00 %
Cowichan Bay Sewer	2439	10	2023	600,000	41,590	89,522	2.85 %
Lambourn Sewer	3063	20	2030	150,000	7,631	81,891	1.28 %
Mesachie Lake Sewer	4151	25	2046	251,226	-	251,226	2.41 %
Shawnigan Lake Sewer	2194	20	2021	110,000	8,407	-	1.75 %
Grand Total					<u>\$1,426,657</u>	<u>\$13,640,038</u>	

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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	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>

COWICHAN VALLEY REGIONAL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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	2020 Consolidated
Revenues									
Tax Requisition	\$ 3,814,473	\$ 2,058,125	\$ 3,005,994	\$ 5,011,459	\$ 4,217,666	\$ 17,310,233	\$ 7,322,815	\$ 67,731	\$ 42,808,496
User Fees	-	-	-	1,731	-	(22,251)	1,247,591	3,248,589	4,475,660
Parcel Taxes	-	-	-	34,100	-	16,000	33,070	2,518,080	2,601,250
Government Transfers - Provincial	942,459	-	434,927	91,634	201,213	771,330	448,384	1,936,018	4,825,965
Government Transfers - Federal	1,719,785	604	485	5,550	299	112,151	1,147,133	367,416	3,353,423
Services Provided Other Local Govt	-	-	-	-	59,221	-	-	-	59,221
Revenue from Own Sources	326,164	-	589,127	1,319,202	11,800	2,136,126	4,198,194	27,546	8,608,159
Other Revenue	74,411	-	2,062	9,037	137,707	270,892	1,043,613	351,746	1,889,468
Interest Income	234,372	-	-	2,934	22,082	72,429	15,689	39,436	386,942
Donations	-	-	-	-	2,250	857,426	-	1,479,785	2,339,461
Services Provided to Other Functions	49,042	-	-	19,871	-	(26,871)	(584,974)	542,932	-
	<u>7,160,706</u>	<u>2,058,729</u>	<u>4,032,595</u>	<u>6,495,518</u>	<u>4,652,238</u>	<u>21,497,465</u>	<u>14,871,515</u>	<u>10,579,279</u>	<u>71,348,045</u>
Expenses									
Operations and Maintenance	2,074,737	-	28,992	1,230,780	1,329,146	4,292,006	4,213,635	1,822,063	14,991,359
Wages and Benefits	5,166,379	-	105,006	2,531,639	633,557	9,002,079	3,558,697	2,088,141	23,085,498
Contract for Services	94,463	-	2,793,406	98,519	745,741	258,469	4,147,526	28,360	8,166,484
Landfill Closure/Post Closure Costs	-	-	-	-	-	-	297,063	-	297,063
Debt Charges - Interest	67,950	-	-	3,117	22,746	281,682	238,958	145,283	759,736
Contributions to Community Facilities	-	-	-	-	-	125,685	-	-	125,685
Grants to Organizations	300,000	-	-	468,739	-	104,396	32,550	-	905,685
Library Services	-	2,021,109	-	-	-	-	-	-	2,021,109
Fire and Recreation Services Provided by Other Governments	-	-	-	-	718,817	361,466	-	-	1,080,283
Amortization	194,456	-	-	60,789	457,304	2,791,316	929,613	2,232,960	6,666,438
Contributions to Third Party Capital	-	-	-	-	-	-	-	20,791	20,791
	<u>7,897,985</u>	<u>2,021,109</u>	<u>2,927,404</u>	<u>4,393,583</u>	<u>3,907,311</u>	<u>17,217,099</u>	<u>13,418,042</u>	<u>6,337,598</u>	<u>58,120,131</u>
Net Annual Surplus/(Deficit)	<u>\$ (737,279)</u>	<u>\$ 37,620</u>	<u>\$ 1,105,191</u>	<u>\$ 2,101,935</u>	<u>\$ 744,927</u>	<u>\$ 4,280,366</u>	<u>\$ 1,453,473</u>	<u>\$ 4,241,681</u>	<u>\$ 13,227,914</u>

**STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(Unaudited)**

Function	2021	2020
General Government Services	\$ 4,519,147	\$ 3,472,400
Community Health Network	33,818	44,570
Administration Office	505,870	330,032
I.T. / H.R. / M.I.A. / G.I.S	395,236	395,236
Vancouver Island Regional Library	554	605
Commuter Transit	561,417	520,939
Transit	1,683,841	1,119,270
9-1-1	256,370	284,829
Grant in Aid	175,571	139,408
Environmental Services	886,263	640,294
Emergency Planning	645,340	568,538
Economic Development	403,897	346,344
Regional Tourism	1,055	849
Electoral Feasibility Studies	31,323	44,296
Electoral Area Services	576,213	534,344
Victim Services	212	206
Victim Services - West	20	22
Community Parks	1,051,177	820,711
Parks & Trails	169,048	107,231
Regional Parks	466,362	383,772
Kinsol Trestle	471,275	408,408
Bright Angel Park	48,043	20,739
South Cowichan Community Parks	18,348	18,346
Regional Parkland Acquisition	793,053	688,034
Animal Control	79,595	53,565
Building Inspection	383,967	247,607
Bylaw Enforcement	929,833	803,942
Community Planning	1,110,931	709,954
North Oyster Fire Protection	70,816	59,084
Mesachie Lake Fire Protection	20,645	53,086
Sahtlam Fire Protection	226,108	181,094
Malahat Fire Protection	190,151	142,799
Eagle Heights Fire Protection	17,656	42
Honeymoon Bay Fire Protection	146,757	76,983
Youbou Fire Protection	254,053	191,970
GM Community Services/Facilities	304,707	238,249
Arts & Culture	82,154	64,375
Cowichan Lake Recreation	596,056	382,833
Kerry Park Recreation	810,664	525,072
Island Savings Centre	1,055,002	934,332
Theatre - Area A	12	12

**STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(Unaudited)**

Function	2021	2020
Theatre - Area B	56	56
Cowichan Sportsplex - Area A	5	5
Mill Bay Recreation	449	508
Glenora Recreation	1,440	-
Saltair Recreation	14,814	12,856
Lake Cowichan Activity Centre	127	80
Cowichan Aquatic Centre - Area F	4	6
Shawnigan Lake Community Centre	676,352	574,683
Cobble Hill Historical Society	3	3
Shawnigan Lake Historical Society	20	19
Senior Centre Grant	33	35
Kaatza Historical Society	40	45
Mill Bay/Malahat Historical Society	3	5
Cowichan Station Assoc - Area B	6	6
Nature and Habitat - Area I	2,805	2,436
Thetis Island Wharf	88,868	74,410
Thetis Island Boat Launch	8,147	7,159
Cowichan Lake Water Protection	6,479	7,100
Cowichan Housing Association	802,263	842,977
Safer Futures	55	55
Social Planning	102	101
South Cowichan Community Policing	39	37
Cowichan Community Policing	54,494	389
Cowichan Valley Hospice	114	114
Curbside Collection Garbage/Recycling	441,561	406,083
Solid Waste Management Complex	3,150,040	1,779,073
Cowichan Flood Management	475,585	301,072
South Cowichan Water Study Plan	57,354	62,671
Drinking Water & Watershed Protection	1,045,927	604,174
Liquid Waste Plan - Central Sector	422,172	412,829
Liquid Waste Plan - South Sector	75,201	23,243
Critical Street Lighting "A"	1,766	259
Critical Street Lighting "B"	3,993	3,769
Critical Street Lighting "C"	3,000	3,212
Critical Street Lighting "D"	2,433	3,612
Critical Street Lighting "E"	1,019	1,297
Critical Street Lighting "I"	(613)	792
Mesachie Lake Street Lighting	1,557	1,535
Youbou Street Lighting	12,785	14,128
Brentwood College Street Lighting	27	17
Cowichan Bay Street Lighting	3,117	2,251

**STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(Unaudited)**

Function	2021	2020
Honeymoon Bay Street Lighting	9,409	8,674
Mill Bay Street Lighting	(544)	(245)
Cobble Hill Street Lighting	2,894	2,433
Wilmot Road Street Lighting	13,010	12,065
Sentinel Ridge Street Lighting	10,224	10,174
Twin Cedars Street Lighting	7,187	5,394
Arbutus Mtn. Street Lighting	14,418	12,460
Mill Springs Street Lighting	27,925	25,878
Engineering Services	140,476	230,372
Engineering - Utilities	495,822	370,361
Asset Manager	5,638	4,830
Wilmot Road Drainage System	16,827	15,049
Sentinel Ridge Drainage System	19,889	19,206
Shawnigan Lake East Drainage System	7,250	6,729
Arbutus Mtn. Drainage System	21,997	27,585
Lanes Road Drainage System	19,248	18,168
Bald Mtn. Drainage System	14,750	14,037
Cobble Hill Drainage System	29,538	28,304
Arbutus Ridge Drainage System	38,711	15,455
Shawnigan Creek Cleanout System	19,451	13,408
Satellite Park Water System	59,433	43,332
Douglas Hill Water System	30,493	22,039
Lambourn Water System	71,550	37,925
Arbutus Mtn. Water System	16,253	20,208
Malahat Water System	15,964	(1,330)
Fern Ridge Water System	28,358	22,311
Bald Mtn. Water System	87,027	61,538
Dogwood Ridge Water System	22,670	21,475
Arbutus Ridge Water System	68,210	63,116
Carlton Water System	26,896	20,431
Shellwood Water System	2,916	820
Woodley Range Water System	14,669	16,713
Burnum Water System	41,263	51,006
Mesachie Lake Water System	19,149	12,799
Saltair Water System	442,983	242,451
Central Youbou Water Debt	34,174	23,194
Youbou Water System	143,545	178,558
Honeymoon Bay Water System	100,157	65,018
Honeymoon Bay (S.C.) Water System Debt	1,004	215
Honeymoon Bay Water (well 2) Debt	4,536	990
Cherry Point Estates Water System	30,027	26,571

**STATEMENT OF OPERATING SURPLUS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(Unaudited)**

Function	2021	2020
Shawnigan Lake North Water System	352,595	183,160
Shawnigan Lake Weir	7,707	4,894
Kerry Village Water System	22,635	12,875
Cowichan Bay Sewer System	367,712	321,051
Brulette Place Sewer System	49,476	41,452
Sentinel Ridge Sewer System	13,711	16,426
Twin Cedar Sewer System	27,126	27,126
Lambourn Sewer System	(1,279)	(5,992)
Arbutus Mtn. Sewer System	6,925	7,009
Malahat Sewer System	17,089	(1,512)
Mesachie Lake Sewer System	100,942	123,552
Bald Mtn. Sewer System	46,518	44,497
Cobble Hill Sewer	21,713	37,733
Mill Springs Sewer System	139,175	164,699
Arbutus Ridge Sewer System	404,692	313,562
Eagle Heights Sewer System	(7,806)	63,677
Maple Hill Sewer System	58,557	57,536
Shawnigan Beach Estates Sewer System	285,636	196,785
Kerry Village Sewer System	35,715	24,056
Youbou Sewer System	94,724	84,914
	<u>31,545,172</u>	<u>24,184,719</u>
Operating Fund Surplus Balance	31,545,172	24,184,719
Community Works Reserve Balance	7,801,169	5,169,890
	<u>7,801,169</u>	<u>5,169,890</u>
Operating Fund Balance	<u>\$ 39,346,341</u>	<u>\$ 29,354,609</u>

**SCHEDULE OF SAFE RESTART GRANT
FOR THE YEAR ENDED DECEMBER 31, 2021
(Unaudited)**

	2021
Opening Balance, December 31, 2020	\$ 332,517
Safe Restart Grant received March 2021	640,000
Eligible Costs Incurred:	
Computer and technology costs to improve connectivity and virtual communications	(75,075)
Revenue shortfalls	(63,635)
General Government Services	(126,315)
Electoral Area Services	(1,950)
Protective Services	(3,022)
Parks and Recreation	(12,019)
Environmental Services	(1,808)
Sewer and Water Utilities	(129)
Total Eligible Costs Incurred	<u>(283,952)</u>
Ending Balance December 31, 2021	<u><u>\$ 688,565</u></u>