



**COWICHAN VALLEY  
REGIONAL DISTRICT**

**FINANCIAL STATEMENTS  
December 31, 2025**

# COWICHAN VALLEY REGIONAL DISTRICT

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## ELECTED AND APPOINTED OFFICIALS 2025

### BOARD OF DIRECTORS

City of Duncan	M. Staples
Town of Ladysmith	D. Beeston
Town of Lake Cowichan	T. McGonigle (Vice Chair)
District of North Cowichan	B. Findlay
District of North Cowichan	C. Justice
District of North Cowichan	M. Caljouw
District of North Cowichan	T. Manhas
Electoral Area "A" - Mill Bay/Malahat	A. Segall (Chair)
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
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	T. Bowen

**COWICHAN VALLEY REGIONAL DISTRICT**

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**FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

**FINANCIAL STATEMENTS**

- 1 Statement of Financial Position
  - 2 Statement of Operations
  - 3 Statement of Changes in Net Financial Assets
  - 4 Statement of Cash Flows
- Summary of Significant Accounting Policies  
Notes to the Financial Statements

**UNAUDITED SUPPORTING SCHEDULES**

- A Statement of Operating Surplus by Function
- B Schedule of Restart Grant
- C Schedule of Growing Communities Fund Grant
- D Schedule of Housing Initiatives Fund Grant

## 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 their 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.



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Danielle Myles Wilson  
Chief Administrative Officer



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Tracy Bowen  
Chief Financial Officer

May 13, 2026



**KPMG LLP**

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Victoria BC V8W 3Y7  
Canada  
Telephone 250 480 3500  
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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, 2025
- 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, 2025, 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.



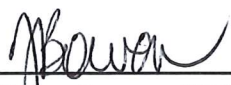

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material 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 13, 2026

**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2025**

	2025	2024
<b>Financial Assets</b>		
Cash & Cash Equivalents (Note 1)	\$ 73,807,199	\$ 60,866,938
Investments (Note 2)	28,008,527	27,177,203
Accounts Receivable (Note 3)	8,365,010	5,688,629
Debt Recoverable from Members (Note 4)	<u>63,872,448</u>	<u>46,673,763</u>
	<u>\$ 174,053,184</u>	<u>\$ 140,406,533</u>
<b>Liabilities</b>		
Accounts Payable & Accrued Liabilities (Note 7)	\$ 6,489,637	\$ 5,987,694
Deferred Revenue (Note 8)	4,670,067	4,896,098
Restricted Contributions and Performance Deposits (Note 9)	2,684,474	1,464,051
Employee Future Benefits (Note 10)	194,956	168,407
Asset Retirement Obligations (Note 12)	2,184,931	1,598,960
Short-term Debt (Note 13 & 23)	7,370,446	2,498,210
Long-term Debt		
Regional District (Note 13 & 24)	12,185,343	9,689,110
Members (Note 4)	<u>63,872,448</u>	<u>46,673,763</u>
	<u>\$ 99,652,302</u>	<u>\$ 72,976,293</u>
<b>Net Financial Assets</b>	<u>\$ 74,400,882</u>	<u>\$ 67,430,240</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 15 & 22)	\$ 190,776,988	\$ 181,979,114
Inventories	31,781	31,271
Prepaid Expenses	<u>187,664</u>	<u>230,563</u>
	<u>190,996,433</u>	<u>182,240,948</u>
<b>Accumulated Surplus (Note 17)</b>	<u><b>\$ 265,397,315</b></u>	<u><b>\$ 249,671,188</b></u>
Contingent Liabilities (Note 14)		
Commitments (Note 19)		
		
_____ Tracy Bowen, CPA, CGA Chief Financial Officer		_____ Anna Segall Chair

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

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025 Budget (Note 16)	2025 Actual	2024 Actual
<b>Revenues</b>			
Tax Requisition	\$ 64,553,971	\$ 64,553,972	\$ 59,237,357
User Fees	10,200,755	9,379,810	5,774,842
Parcel Taxes	3,653,551	3,641,620	3,208,849
Government Transfers - Provincial	17,424,310	5,187,510	4,176,882
Government Transfers - Federal	5,451,090	3,524,719	2,904,564
Services Provided to Other Local Governments	65,315	65,315	65,315
Revenue from Own Sources	14,130,482	13,988,849	14,004,454
Other Revenue	2,936,981	2,021,183	4,819,231
Interest Income	1,276,588	2,597,639	3,419,499
Donations	6,000	53,575	854,060
	<u>\$ 119,699,043</u>	<u>\$ 105,014,192</u>	<u>\$ 98,465,053</u>
<b>Expenses (Note 26)</b>			
General Government Services	15,575,599	12,538,329	12,477,418
Vancouver Island Regional Library	2,897,593	2,897,593	2,780,396
Transportation Services	5,065,034	3,086,426	4,421,001
Electoral Area Services	6,582,011	5,734,158	5,758,924
Protective Services	9,335,133	7,439,386	6,076,792
Parks and Recreation	30,561,353	32,173,614	28,701,857
Environmental Services	21,548,095	17,415,051	14,048,827
Sewer and Water Utilities	7,501,030	8,003,508	7,395,496
	<u>\$ 99,065,848</u>	<u>\$ 89,288,065</u>	<u>\$ 81,660,711</u>
<b>Annual Surplus</b>	\$ 20,633,195	\$ 15,726,127	\$ 16,804,342
<b>Accumulated Surplus, Beginning of Year</b>	<u>249,671,188</u>	<u>249,671,188</u>	<u>232,866,846</u>
<b>Accumulated Surplus, End of Year (Note 17)</b>	<u><b>\$ 270,304,383</b></u>	<u><b>\$ 265,397,315</b></u>	<u><b>\$ 249,671,188</b></u>

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

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025 Budget (Note 16)	2025 Actual	2024 Actual
<b>Annual Surplus</b>	\$ 20,633,195	\$ 15,726,127	\$ 16,804,342
Additions of Tangible Capital Assets	-	(16,681,218)	(16,793,533)
Contributed Tangible Capital Assets	-	(47,475)	(847,960)
Amortization of Tangible Capital Assets	-	8,024,475	7,055,904
Gain on Disposal of Tangible Capital Asset	-	-	(8,505)
Proceeds on Sale of Tangible Capital Assets	-	-	14,959
Change in Inventories	-	(510)	749
Change in Prepaid Expenses	-	42,899	71,275
Addition of Asset Retirement Obligation	-	(93,656)	-
<b>Increase in Net Financial Assets</b>	<u>20,633,195</u>	<u>6,970,642</u>	<u>6,297,231</u>
<b>Net Financial Assets, Beginning of Year</b>	<u>67,430,240</u>	<u>67,430,240</u>	<u>61,133,009</u>
<b>Net Financial Assets, End of Year</b>	<u><u>\$ 88,063,435</u></u>	<u><u>\$ 74,400,882</u></u>	<u><u>\$ 67,430,240</u></u>

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	\$ 15,726,127	\$ 16,804,342
Non-cash items included in surplus		
Amortization of Tangible Capital Assets	8,024,475	7,055,904
Contributed Tangible Capital Assets	(47,475)	(847,960)
Gain on Disposal of Tangible Capital Asset	-	(8,505)
Debt Actuarial Adjustment	(305,034)	(392,581)
Employee Future Benefits	26,549	17,227
Revaluation of Asset Retirement Obligation	492,315	82,102
Change in non-cash working capital balances related to operations		
Accounts Receivable	(2,676,381)	(34,167)
Inventories	(510)	749
Prepaid Expenses	42,899	71,275
Accounts Payable and Accrued Liabilities	501,943	714,927
Deferred Revenue	(226,031)	1,223,414
Restricted Contributions and Performance Deposits	1,220,423	(65,211)
Land Held for Resale	-	248,738
<b>Cash provided by operating activities</b>	<b>22,779,300</b>	<b>24,870,254</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of Tangible Capital Assets	(16,681,218)	(16,793,533)
Proceeds on Sale of Tangible Capital Assets	-	14,959
<b>Cash used in capital activities</b>	<b>(16,681,218)</b>	<b>(16,778,574)</b>
<b>INVESTING ACTIVITIES</b>		
Investment in Investments	(831,324)	(701,629)
<b>Cash used in investing activities</b>	<b>(831,324)</b>	<b>(701,629)</b>
<b>FINANCING ACTIVITIES</b>		
Debt Issued	9,294,250	1,219,917
Debt Repayment	(1,620,747)	(1,575,997)
<b>Cash provided by (used in) financing activities</b>	<b>7,673,503</b>	<b>(356,080)</b>
<b>Increase in cash</b>	<b>12,940,261</b>	<b>7,033,971</b>
<b>Cash - Beginning of Year</b>	<b>60,866,938</b>	<b>53,832,967</b>
<b>Cash - End of Year (Statement 1)</b>	<b>\$ 73,807,199</b>	<b>\$ 60,866,938</b>
Interest Paid	\$ 797,822	\$ 631,824

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

## COWICHAN VALLEY REGIONAL DISTRICT

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2025

#### 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 Equivalents

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) Investments

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.

## COWICHAN VALLEY REGIONAL DISTRICT

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2025

#### Summary of Significant Accounting Policies (continued)

##### (e) Financial Instruments

The Regional District's financial instruments include cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities and debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless the Regional District elects to carry the financial instrument at fair value. The Regional District does not hold any equity instruments or derivatives and has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses. They are recorded in the Statement of Operations when they are realized. There are no unrealized changes in fair value in the years presented; as a result, the Regional District does not have a Statement of Remeasurement Gains and Losses.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost are included in the cost and amortized on an effective interest basis.

##### (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.

## COWICHAN VALLEY REGIONAL DISTRICT

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2025

#### Summary of Significant Accounting Policies (continued)

##### (g) Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability had occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is initially recorded at the best estimate of the expenditures required to retire a tangible capital asset, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset if the asset is recognized and in productive use. This liability is subsequently reviewed at each financial reporting date and adjusted for any revisions to the timing or amount required to settle the obligation. The changes in the liability for the passage of time are recorded as accretion expense in the Statement of Operations and all other changes are adjusted to the tangible capital asset. This cost is amortized over the useful life of the tangible capital asset following the amortization accounting policies outlined in (j). If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

The liability for closure and post-closure care relating to landfill sites has been recognized based on estimated future expenditures. The liability is discounted using a present value calculation. The change in this estimated liability during the year is recorded as an expense in operations. Assumptions used in the calculations are revised yearly.

Recoveries related to asset retirement obligations are recognized when the recovery can be appropriately measured, a reasonable estimate of the amount can be made and it is expected that future economic benefits will be obtained. A recovery is recognized on a gross basis from the asset retirement obligations liability.

##### (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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**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.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Regional District's ability to provide goods or services or when the value of the future economic benefits associated with the asset are less than the book value.

**(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

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2025

#### 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

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### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED DECEMBER 31, 2025

#### 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 provisions for contingencies, the valuation of accounts receivables, estimation of employee future benefits, estimated useful life of tangible capital assets, the amount to settle asset retirement obligations, and provisions for contaminated sites. Actual results may vary from those estimates and adjustments will be reported in operations as they become known.

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**COWICHAN VALLEY REGIONAL DISTRICT**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**1) Cash & Cash Equivalents**

	2025	2024
Restricted Cash		
Statutory Reserves	\$ 19,609,151	\$ 13,363,078
Restricted Contributions and Performance Deposits	<u>2,684,474</u>	<u>1,464,051</u>
	22,293,625	14,827,129
Unrestricted Cash	<u>51,513,574</u>	<u>46,039,809</u>
Total Cash	<u><u>\$ 73,807,199</u></u>	<u><u>\$ 60,866,938</u></u>

**2) Investments**

Investments are MFA Money Market funds and BC Fossil Fuel Free bond funds. The Money Market fund balance at December 31, 2025 is \$6,119,748 (2024 - \$5,948,767). The yield on funds for 2025 was 2.88% (2024 - 4.83%). The BC Fossil Fuel Free bond funds balance at December 31, 2025 is \$11,456,508 (2024 - \$11,123,837). The yield on funds for 2025 was 3.89% (2024 - 5.39%).

Investments also include term deposits with a balance of \$10,432,271 at December 31, 2025 (2024 - \$10,104,599) with interest rates ranging from 3.25% to 5.10% (2024 - 4.90% to 5.40%). Maturity dates range from 2026 to 2028.

**3) Accounts Receivable**

	2025	2024
Federal Governments	\$ 506,693	\$ 478,584
Provincial Governments	2,808,806	1,745,944
Local Governments	314,105	125,135
Other Trade Receivables	<u>4,735,406</u>	<u>3,338,966</u>
	<u><u>\$ 8,365,010</u></u>	<u><u>\$ 5,688,629</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.

	2025	2024
District of North Cowichan	\$ 49,527,931	\$ 31,338,120
Town of Ladysmith	11,951,733	12,816,879
Vancouver Island Regional Library	<u>2,392,784</u>	<u>2,518,764</u>
	<u><u>\$ 63,872,448</u></u>	<u><u>\$ 46,673,763</u></u>

## COWICHAN VALLEY REGIONAL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

#### 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.

	2025	2024
Cash Deposits - Cowichan Valley Regional District	\$ 295,801	\$ 252,644
Cash Deposits - Members	1,187,321	973,077
Demand Notes - Cowichan Valley Regional District	555,807	472,449
Demand Notes - Members	<u>2,441,214</u>	<u>1,906,413</u>
	<u>\$ 4,480,143</u>	<u>\$ 3,604,583</u>

#### 6) Land Held for Resale

There was no land held for resale in 2025.

#### 7) Accounts Payable & Accrued Liabilities

	2025	2024
Federal Governments	\$ 339,763	\$ 316,873
Provincial Governments	389,112	366,313
Local Governments	724,618	297,165
Accrued Payroll	879,119	1,003,221
Trade Payables	<u>4,157,025</u>	<u>4,004,122</u>
	<u>\$ 6,489,637</u>	<u>\$ 5,987,694</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**8) Deferred Revenue**

	2024	Externally restricted receipts	Revenue earned	2025
Recreation Deposits	\$ 455,061	\$ 719,047	\$ (704,782)	\$ 469,326
Developer Capital Contributions	82,527	-	-	82,527
Other	<u>3,308,741</u>	<u>1,152,876</u>	<u>(1,431,315)</u>	<u>3,030,302</u>
Subtotal	3,846,329	1,871,923	(2,136,097)	3,582,155
Parkland Cash-in-lieu Contributions	<u>1,049,769</u>	<u>38,143</u>	<u>-</u>	<u>1,087,912</u>
	<u>\$ 4,896,098</u>	<u>\$ 1,910,066</u>	<u>\$ (2,136,097)</u>	<u>\$ 4,670,067</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, 2025**

**9) Restricted Contributions and Performance Deposits**

	2025	2024
Warranty Deposits	\$ 2,439,125	\$ 1,267,049
Kinsol Trestle Donations	65,497	65,497
Holdbacks	203,667	203,922
Cowichan Lake Water Protection	76,000	76,000
Arts & Sports Scholarship Fund	30,999	33,375
Nature and Habitat	50,567	50,567
Cowichan Performing Arts	146,805	93,528
Soil Security Deposits	317,808	340,808
Other	(645,994)	(666,695)
	<u>\$ 2,684,474</u>	<u>\$ 1,464,051</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 Cowichan Lake Recreation building, Lambourn Water reservoir replacement, and the Bings Creek modernization 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, 2025**

**10) Employee Future Benefits**

	2025	2024
Discount rates	4.50%	4.30%
Expected future inflation rates	3.00%	3.00%
Expected wages/salary increase	3.00%	3.00%

**Accrued Benefit Obligation as at December 31, 2025**

	2025	2024
Accrued benefit obligation - beginning	\$ 277,687	\$ 273,569
Current service cost	28,250	27,965
Interest on accrued benefit obligation	12,634	11,679
Benefits paid during the year	(24,265)	(33,372)
Actuarial gain	<u>(4,862)</u>	<u>(2,154)</u>
Ending benefit obligation	289,444	277,687
Unamortized net actuarial loss	<u>(94,488)</u>	<u>(109,280)</u>
Accrued Unfunded Benefit Liability	<u><u>\$ 194,956</u></u>	<u><u>\$ 168,407</u></u>

The total expense related to these benefits was:

	2025	2024
Current service costs	\$ 28,250	\$ 27,965
Interest on accrued benefit obligation	12,634	11,679
Amortization of actuarial loss	<u>9,930</u>	<u>10,955</u>
Total expense	<u><u>\$ 50,814</u></u>	<u><u>\$ 50,599</u></u>

The total expense is included in wages and benefits expense.

**11) 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, 2024 the Plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local government.

## COWICHAN VALLEY REGIONAL DISTRICT

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

#### 11) 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, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2027, with results available in 2028.

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 \$2,075,463 (2024 - \$1,930,638) for employer contributions, while employees contributed \$1,919,407 (2024 - \$1,785,476) to the plan in fiscal 2025.

#### 12) Asset Retirement Obligations

The Regional District's asset retirement obligations consist of:

##### a) Landfills

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**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**12) Asset Retirement Obligations (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. Post closure monitoring requirements for the landfill began in 2019. The post closure monitoring costs are estimated at \$19,500 per year for another 19 years (2024 - \$7,500 annually).

The Peerless Road remediation and closure works were completed in 2015. The post closure maintenance costs are estimated at \$24,000 annually for another 14 years (2024 - \$12,000 annually).

The Regional District currently maintains an inactive landfill site on Koksilah Road which has been closed for over 20 years. The Regional District is responsible for long-term groundwater monitoring at this site at a cost estimated at \$23,000 annually for another 18 years (2024 - \$14,168 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, at this time, that it will not be required to contribute towards any long term monitoring costs and therefore has reported no financial liability in respect of this site at December 31, 2025.

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

	2025	2024
Koksilah Road	\$ 354,289	\$ 213,733
Peerless Road TRP	306,634	149,437
Meade Creek TRP	312,352	117,790
	\$ 973,275	\$ 480,960

The provision is determined using the following assumptions:

	2025	2024
Inflation Rates	2.00%	2.00%
Discount Rates	4.76%	4.47%
Koksilah Road Monitoring	\$23,000 per annum	\$14,168 per annum
Peerless Road Monitoring	\$24,000 per annum	\$12,000 per annum
Meade Creek Monitoring	\$19,500 per annum	\$7,500 per annum

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**12) Asset Retirement Obligations (continued)**

b) Water Wells

The Regional District is responsible for wells on Regional District land. Under the Water Sustainability Act, an owner of a well which is not in service must ensure that the well is deactivated or decommissioned as soon as practicable. The process of decommissioning a well involves completely filling in the well by a qualified professional.

c) Asbestos Abatement

Asbestos and other designated hazardous materials represent a health hazard upon disturbance and as a result carry a legal obligation to remove them when a facility undergoes a significant renovation or demolition. The Regional District owns and operates several facilities that are known to have asbestos and as a result recognized an obligation relating to the removal of the hazardous materials upon adoption of the PS 3280 Asset Retirement Obligations. This resulted in a liability of \$373,000 in 2023 with an equal increase in the historical costs of the associated building assets.

d) Other

The Regional District is responsible for certain radio tower sites. In accordance with applicable site and land use requirements, when these sites are no longer required for service, the Regional District is obligated to disassemble the radio tower infrastructure and restore the sites to their pre-disturbance condition. As a result, the Regional District has recognized a new asset retirement obligation related to the estimated future costs associated with dismantling the tower structures and completing the required site restoration work. As at December 31, 2025, the estimated liability recognized for these obligations is \$93,656.

The Storage Tank Systems for Petroleum Products and Allied Petroleum Products Regulations dictate the requirements for the proper removal and disposal of underground fuel storage tanks upon the expiration of their useful life. This legislated regulation gives rise to an asset retirement obligation for the Regional District for any underground fuel tanks owned. As a result, the Regional District recognized an expense and an increase in the asset retirement liability of \$10,000 in 2023.

Changes to the asset retirement obligation in the year are as follows:

	Landfill Obligation	Water Wells	Asbestos Abatement	Other	December 31, 2025
<b>Retirement Obligation</b>					
Opening	\$ 480,960	\$ 735,000	\$ 373,000	\$ 10,000	\$ 1,598,960
Revaluation	492,315	-	-	-	492,315
Additions	-	-	-	93,656	93,656
<b>Closing Balance</b>	<b>\$ 973,275</b>	<b>\$ 735,000</b>	<b>\$ 373,000</b>	<b>\$ 103,656</b>	<b>\$ 2,184,931</b>

**COWICHAN VALLEY REGIONAL DISTRICT**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**13) 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 23. Details of Long-term debt, including debt issue numbers, maturity dates, interest rates and outstanding amounts are summarized in Note 24.

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

	Short-term Debt	Long-term Debt
2026	\$ 1,604,317	\$ 789,076
2027	1,626,526	789,076
2028	1,622,530	789,076
2029	1,292,469	688,960
2030	1,209,198	588,180
Thereafter	<u>15,406</u>	<u>8,540,975</u>
	<u>\$ 7,370,446</u>	<u>\$ 12,185,343</u>

**14) Contingent Liabilities**

As at December 31, 2025 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, 2025**

**15) Tangible Capital Assets**

	2025	2024
Land	\$ 63,055,379	\$ 63,055,379
Building	27,382,089	24,640,358
Vehicles, Machinery and Equipment	15,036,804	7,172,206
Engineering Structures	58,117,280	60,423,995
Parks	8,138,214	6,675,668
Other Tangible Capital Assets	8,708,267	9,477,333
Work in Progress	10,338,955	10,534,175
	<u>\$ 190,776,988</u>	<u>\$ 181,979,114</u>

For additional information, see the Schedule of Tangible Capital Assets (Note 22).

During the year land, and sewer/water/drainage systems built by others valued at \$47,475 (2024 - \$847,960) were accepted and recorded as contributed assets.

**16) Budget Figures**

Budget figures represent the 2025 Financial Plan Bylaw adopted by the Board on February 26, 2025. 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.

	2025
Surplus for the year (Statement 2)	\$ 20,633,195
<b>Add:</b>	
Transfer from Reserves	7,174,690
Prior Year Operating Surplus	10,906,085
MFA Funding - Proceeds from Debt	11,604,821
Difference between operating and reserves on bylaw	(682,203)
<b>Less:</b>	
Debt Principal recorded as operating on bylaw	(3,677,723)
Transfer to Reserves	(4,151,816)
Purchase of Tangible Capital Assets	(42,729,252)
Difference between operating and reserves on bylaw	<u>922,203</u>
Surplus, per Cowichan Valley Regional District Financial Plan Bylaw No. 4629	<u>\$ -</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**17) Accumulated Surplus**

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

	2025	2024
<b>Surplus</b>		
Operating Fund Reserve Fund - Operating Surplus	\$ 57,672,348	\$ 54,732,579
Operating Fund Reserve Fund - Community Works	9,471,551	8,531,283
Operating Fund Reserve Fund - Growing Communities	3,824,924	-
Operating Fund - Employee Future Benefit	(194,956)	(168,407)
Equity in Tangible Capital Assets	170,755,611	169,609,775
Operating Fund - Asset Retirement Obligation - Landfill Post Closure Costs	<u>(973,275)</u>	<u>(480,960)</u>
Total Surplus	240,556,203	232,224,270
Statutory Reserve Funds	<u>24,841,112</u>	<u>17,446,918</u>
Accumulated Surplus (Statement 1)	<u><u>\$ 265,397,315</u></u>	<u><u>\$ 249,671,188</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:

	2025	2024
Community Works Reserve, opening balance	\$ 8,531,283	\$ 9,115,988
Add:		
Community works funds received in year	1,869,330	1,869,330
Interest earned	336,967	480,153
Less:		
Amounts spent on projects	<u>(1,266,029)</u>	<u>(2,934,188)</u>
Community Works Reserve, Ending Balance	<u><u>\$ 9,471,551</u></u>	<u><u>\$ 8,531,283</u></u>

The Province of British Columbia announced the Growing Communities Fund in February 2023, providing a one-time total of \$1 billion in grants to all municipalities and regional districts in British Columbia. The funding supports municipalities and regional districts in building community infrastructure and amenities to meet the demands of population growth.

Details of the Growing Communities Fund grant transactions are presented in the Schedule of Growing Communities Fund Grant (Schedule C).

## COWICHAN VALLEY REGIONAL DISTRICT

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

#### 18) 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 26 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

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

#### 19) 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 2026 commitment is \$154,839.

##### **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 2025/2026 annual transit operating agreement and memorandum of understanding for these services is \$1,161,086.

##### **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 2026 commitment is \$581,644.

##### **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 2026 commitment is \$363,022.

##### **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 2026 commitment is \$370,189.

##### **Regional Disposal**

A three year (with six year extension) agreement for the transportation of CVRD municipal solid waste, commencing March 2019. Termination of this agreement requires 180 days notice. The 2026 commitment is \$3,970,000.

##### **Easy Living Landscape Ltd**

A three year agreement for landscaping services for CVRD parks was entered into in December 2021 and commenced January 1, 2022. An amendment to the agreement was entered into to in October 2024 extending the agreement to December 31, 2026. The 2026 commitment is \$1,119,631.

## **COWICHAN VALLEY REGIONAL DISTRICT**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025**

#### **20) 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 (2024 - \$60,000).

#### **21) 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, 2025**

**22) 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	2025 Total
<b>Cost</b>										
Opening Balance	\$ 63,055,379	\$ 59,742,498	\$ 31,172,630	\$ 60,327,608	\$ 47,549,748	\$ 1,173,151	\$ 25,146,157	\$ 19,353,802	\$ 10,534,175	\$ 318,055,148
Add: Additions	-	4,722,504	9,507,956	87,416	327,719	-	2,330,506	41,468	10,338,955	27,356,524
Less: Completed W.I.P.	-	-	-	-	-	-	-	-	(10,534,175)	(10,534,175)
Less: Disposals	-	-	(183,689)	-	-	-	-	-	-	(183,689)
Closing Balance	<u>63,055,379</u>	<u>64,465,002</u>	<u>40,496,897</u>	<u>60,415,024</u>	<u>47,877,467</u>	<u>1,173,151</u>	<u>27,476,663</u>	<u>19,395,270</u>	<u>10,338,955</u>	<u>334,693,808</u>
<b>Accumulated Amortization</b>										
Opening Balance	-	35,102,140	24,000,424	25,674,192	22,432,458	519,862	18,470,489	9,876,469	-	136,076,034
Add: Amortization	-	1,980,773	1,643,358	1,419,874	1,255,235	46,741	867,960	810,534	-	8,024,475
Less: Disposals	-	-	(183,689)	-	-	-	-	-	-	(183,689)
Closing Balance	<u>-</u>	<u>37,082,913</u>	<u>25,460,093</u>	<u>27,094,066</u>	<u>23,687,693</u>	<u>566,603</u>	<u>19,338,449</u>	<u>10,687,003</u>	<u>-</u>	<u>143,916,820</u>
Net Book Value December 31, 2025	<u>\$ 63,055,379</u>	<u>\$ 27,382,089</u>	<u>\$ 15,036,804</u>	<u>\$ 33,320,958</u>	<u>\$ 24,189,774</u>	<u>\$ 606,548</u>	<u>\$ 8,138,214</u>	<u>\$ 8,708,267</u>	<u>\$ 10,338,955</u>	<u>\$ 190,776,988</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**22) 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	2024 Total
<b>Cost</b>										
Opening Balance	\$ 59,448,427	\$ 57,188,804	\$ 29,884,559	\$ 56,342,419	\$ 44,852,435	\$ 1,173,151	\$ 23,466,745	\$ 19,353,802	\$ 8,974,632	\$ 300,684,974
Add: Additions	3,606,952	2,553,694	1,559,392	3,985,189	2,697,313	-	1,679,412	-	10,534,175	26,616,127
Less: Completed W.I.P.	-	-	-	-	-	-	-	-	(8,974,632)	(8,974,632)
Less: Disposals	-	-	(271,321)	-	-	-	-	-	-	(271,321)
Closing Balance	<u>63,055,379</u>	<u>59,742,498</u>	<u>31,172,630</u>	<u>60,327,608</u>	<u>47,549,748</u>	<u>1,173,151</u>	<u>25,146,157</u>	<u>19,353,802</u>	<u>10,534,175</u>	<u>318,055,148</u>
<b>Accumulated Amortization</b>										
Opening Balance	-	33,324,811	23,086,599	24,323,608	21,243,914	473,085	17,770,300	9,062,678	-	129,284,995
Add: Amortization	-	1,777,329	1,178,690	1,350,584	1,188,544	46,777	700,189	813,791	-	7,055,904
Less: Disposals	-	-	(264,865)	-	-	-	-	-	-	(264,865)
Closing Balance	-	<u>35,102,140</u>	<u>24,000,424</u>	<u>25,674,192</u>	<u>22,432,458</u>	<u>519,862</u>	<u>18,470,489</u>	<u>9,876,469</u>	-	<u>136,076,034</u>
Net Book Value December 31, 2024	<u>\$ 63,055,379</u>	<u>\$ 24,640,358</u>	<u>\$ 7,172,206</u>	<u>\$ 34,653,416</u>	<u>\$ 25,117,290</u>	<u>\$ 653,289</u>	<u>\$ 6,675,668</u>	<u>\$ 9,477,333</u>	<u>\$ 10,534,175</u>	<u>\$ 181,979,114</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**23) Short-term Debt**

	Board Resolution	Maturity Dates	Originally Authorized	Principal Payment 2025	Net Balance December 31, 2025	Net Balance December 31, 2024
Administration - HVAC	21-208.2.1	2028	\$ 1,230,326	\$ 246,065	\$ 738,196	\$ 984,261
Administration - Roof	24-442 1	2029	369,386	66,302	303,084	369,386
Com Parks - Area B - Basketball Court	23-344 2.1	2029	120,889	25,301	95,588	120,889
Com Parks - Area B - Land	20-327.5	2026	880,000	177,614	-	177,614
Com Parks - Area G - Recreation Centre	24-442.7	2029	281,600	-	281,600	-
Cowichan Community Centre	22-330.4	2029	174,311	35,717	109,579	145,297
Cowichan Community Centre	20-63.1.3	2025	168,445	33,287	-	33,287
Cowichan Lake Recreation	23-344.7	2029	1,100,000	-	1,100,000	-
Curbside - Totes	23-320	2029	3,609,636	-	3,609,636	-
Curbside - Truck	23-344.2.4	2029	477,293	22,272	455,021	-
Curbside - Truck	23-344.2.5	2029	216,999	-	216,999	-
Fire Protection - North Oyster Fire Hall	22-506.2.2	2029	108,723	13,588	95,134	-
ISC Theatre - Theatre Upgrades	23-344 2.3	2029	122,979	40,209	82,771	122,979
KPR - Parking Lot Improvements	20-244.1.3	2026	415,000	62,141	-	62,141
Parks & Trails - Portable Office	24-442 2	2029	18,016	3,454	14,562	18,016
Regional Parks - CVT North Watts	23-344 2.2	2029	48,499	48,499	-	48,499
Regional Parks - Portable Office	24-442 3	2029	18,016	3,454	14,562	18,016
SLCC - Parking Lot	18-201	2026	173,325	33,483	-	33,483
SWM	20-63.1.5	2025	90,000	22,090	-	22,090
SWM - Excavator	22-485 1.2	2029	301,434	61,766	189,718	251,484
SWM - Peerless Skid Steer	21-208.5	2027	88,951	17,268	34,834	52,102
SWM - Vehicle	22-330.6	2029	46,388	9,505	29,162	38,666
				<u>\$ 922,015</u>	<u>\$ 7,370,446</u>	<u>\$ 2,498,210</u>

Debt bears interest at variable rates which are paid monthly.

The weighted average interest rate at December 31, 2025 was 3.33% (December 31, 2024 - 5.10%).

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, 2025**

**24) Long-term Debt**

	L/A Bylaw	Term	Maturity Dates	Originally Authorized	Principal Payment 2025	Net Balance December 31, 2025	Interest Rate
<b>Issued by the Municipal Finance Authority for the Regional District</b>							
Cowichan Lake Recreation	3197	20	2029	2,500,000	\$ 151,197	\$ 667,735	4.10 %
Cowichan Lake Recreation	3197	20	2030	3,700,000	216,000	1,198,829	2.33 %
Malahat Fire	3630	15	2028	265,000	20,480	65,840	4.52 %
Curbside Collection	3607	15	2028	1,600,000	123,650	397,525	4.52 %
Curbside Collection	3607	15	2029	175,000	13,067	57,003	4.52 %
Solid Waste Mgmt Complex	4105	20	2038	709,700	31,537	507,319	3.15 %
Solid Waste Mgmt Complex	3277	20	2038	300,000	13,331	214,451	3.15 %
Solid Waste Mgmt Complex	4105	20	2039	1,258,300	62,915	849,353	2.85 %
Solid Waste Mgmt Complex	3278	20	2030	590,000	34,443	191,165	2.33 %
Solid Waste Mgmt Complex	3277	20	2030	720,000	42,032	233,286	1.28 %
Solid Waste Mgmt Complex	3277	20	2033	780,000	41,070	384,764	4.52 %
Solid Waste Mgmt Complex	3727	20	2034	871,000	44,311	475,514	4.52 %
Arbutus Ridge Water	3287	20	2031	100,000	5,640	38,239	1.47 %
Central Youbou Water	2665	25	2033	488,000	21,948	210,316	4.30 %
Dogwood Ridge Water	3281	25	2036	94,000	3,844	52,287	1.47 %
Douglas Hill Water	3383	20	2031	150,000	8,461	57,358	1.47 %
Fern Ridge Water	2995	20	2029	23,175	1,401	6,190	4.10 %
Honeymoon Bay Water	2973	20	2030	37,000	2,160	11,988	1.28 %
Honeymoon Bay Water	3981	15	2034	325,000	20,257	211,970	2.24 %
Lambourn Water	3062	20	2030	100,000	5,838	32,401	1.28 %
Satellite Park Water	3029	20	2029	160,000	9,677	42,735	4.10 %
Burnum Water	3708	25	2045	250,000	8,448	209,382	2.51 %
Saltair Water	4328	20	2045	300,000	-	300,000	2.07 %

**COWICHAN VALLEY REGIONAL DISTRICT**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**24) Long-term Debt (continued)**

	L/A Bylaw	Term	Maturity Dates	Originally Authorized	Principal Payment 2025	Net Balance December 31, 2025	Interest Rate
Shawnigan Village Water	4567	25	2050	3,200,000	-	3,200,000	2.07 %
Shellwood Water	3625	20	2036	85,000	3,957	53,836	2.60 %
Youbou Water	2902	20	2030	120,000	7,005	38,881	1.28 %
Arbutus Mt Sewer	4233	20	2039	153,855	6,638	116,818	2.66 %
Arbutus Ridge Sewer	3289	20	2031	125,000	7,051	47,798	1.47 %
Arbutus Ridge Sewer	4146	25	2044	2,475,000	78,696	2,035,899	2.24 %
Brulette Place Sewer	3297	15	2029	24,713	1,836	8,059	4.10 %
Lambourn Sewer	3063	20	2030	150,000	8,757	48,601	1.28 %
Mesachie Lake Sewer	4151	25	2046	251,226	8,120	219,801	2.41 %
Grand Total					<u>\$1,003,767</u>	<u>\$12,185,343</u>	

## COWICHAN VALLEY REGIONAL DISTRICT

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

#### 25) Financial risk

##### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Regional District is exposed to credit risk with respect to the accounts receivable, cash and investments.

The Regional District assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Regional District at December 31, 2025 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts at December 31, 2025 is \$0 (2024 - \$0).

There have been no significant changes to the credit risk exposure from 2024.

##### (b) Liquidity risk:

Liquidity risk is the risk that the Regional District will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Regional District manages its liquidity risk by monitoring its operating requirements. The Regional District prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

The contractual maturities of long-term debt are disclosed in note 13.

There have been no significant changes to the liquidity risk exposure from 2024.

##### (c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Regional District's surplus or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

**COWICHAN VALLEY REGIONAL DISTRICT**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**25) Financial risk (continued)**

(i) Foreign exchange risk:

The Regional District does not have any material transactions during the year or financial instruments denominated in foreign currencies at year end.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

The Regional District holds investments and short-term debt with variable interest rates which expose the Regional District to cash flow interest rate risk. The Regional District's long-term debt bears interest at a fixed rate and is subject to interest rate risk at the refinancing date.

There has been no change to the market risk exposure from 2024.

(d) Tariff Risk:

The imposition of U.S. tariffs on cross-border trade may result in increased costs for goods and services procured from U.S. suppliers, impacting operations and infrastructure projects. While the long-term impact remains uncertain, the Regional District is actively working to monitor and mitigate the risks and impacts of the tariffs by prioritizing Canadian and local suppliers, where feasible, while ensuring that spending within approved budgets is maintained.

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**26) 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	2025 Consolidated
<b>Revenues</b>									
Tax Requisition	\$ 6,123,876	\$ 2,945,402	\$ 3,943,635	\$ 6,070,452	\$ 5,909,084	\$ 30,348,700	\$ 9,129,752	\$ 83,071	\$ 64,553,972
User Fees	-	-	-	2,741	-	(32,478)	4,813,416	4,596,131	9,379,810
Parcel Taxes	-	-	-	38,100	-	19,750	-	3,583,770	3,641,620
Government Transfers - Provincial	383,273	-	116,956	100,117	2,056,615	431,939	1,944,916	153,694	5,187,510
Government Transfers - Federal	2,206,944	627	452	1,273	2,744	8,600	1,301,601	2,478	3,524,719
Services Provided Other Local Govt	-	-	-	-	65,315	-	-	-	65,315
Revenue from Own Sources	970,714	-	345,925	891,662	-	5,283,423	6,496,825	300	13,988,849
Other Revenue	102,228	-	4,493	37,029	249,743	325,381	1,135,000	167,309	2,021,183
Interest Income	1,936,047	-	-	12,768	179,460	287,196	36,982	145,186	2,597,639
Donations	-	-	-	-	6,000	100	-	47,475	53,575
Services Provided to Other Functions	51,519	-	-	298,596	-	(7,000)	(1,052,749)	709,634	-
	<u>11,774,601</u>	<u>2,946,029</u>	<u>4,411,461</u>	<u>7,452,738</u>	<u>8,468,961</u>	<u>36,665,611</u>	<u>23,805,743</u>	<u>9,489,048</u>	<u>105,014,192</u>
<b>Expenses</b>									
Operations and Maintenance	3,259,166	-	32,515	1,247,649	3,030,156	6,963,360	4,595,839	2,044,253	21,172,938
Wages and Benefits	8,136,828	-	229,964	3,766,819	1,642,551	12,872,533	4,965,059	2,543,068	34,156,822
Contract for Services	141,934	-	2,823,947	189,444	887,257	522,143	5,766,212	8,138	10,339,075
Landfill Closure/Post Closure Costs	-	-	-	-	-	-	492,315	-	492,315
Debt Charges - Interest	43,568	-	-	-	14,174	231,434	269,500	239,147	797,823
Contributions to Community Facilities	-	-	-	-	-	142,084	-	-	142,084
Grants to Organizations	600,000	-	-	444,585	-	8,596,098	-	-	9,640,683
Library Services	-	2,897,593	-	-	-	-	-	-	2,897,593
Fire and Recreation Services Provided by Other Governments	-	-	-	-	1,216,831	-	-	-	1,216,831
Amortization	356,833	-	-	85,661	648,417	2,815,962	1,326,126	2,791,476	8,024,475
Contributions to Third Party Capital	-	-	-	-	-	30,000	-	377,426	407,426
	<u>12,538,329</u>	<u>2,897,593</u>	<u>3,086,426</u>	<u>5,734,158</u>	<u>7,439,386</u>	<u>32,173,614</u>	<u>17,415,051</u>	<u>8,003,508</u>	<u>89,288,065</u>
Net Annual Surplus	<u>\$ (763,728)</u>	<u>\$ 48,436</u>	<u>\$ 1,325,035</u>	<u>\$ 1,718,580</u>	<u>\$ 1,029,575</u>	<u>\$ 4,491,997</u>	<u>\$ 6,390,692</u>	<u>\$ 1,485,540</u>	<u>\$ 15,726,127</u>

**COWICHAN VALLEY REGIONAL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**26) 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	2024 Consolidated
<b>Revenues</b>									
Tax Requisition	\$ 5,916,511	\$2,823,397	\$ 3,137,111	\$5,802,277	\$5,437,153	\$ 27,327,583	\$ 8,711,574	\$ 81,751	\$ 59,237,357
User Fees	-	-	-	2,591	-	(28,695)	1,479,361	4,321,585	5,774,842
Parcel Taxes	-	-	-	36,200	-	19,750	-	3,152,899	3,208,849
Government Transfers - Provincial	918,734	-	251,639	558,941	1,409,721	789,679	196,755	51,413	4,176,882
Government Transfers - Federal	2,350,094	578	352	1,170	2,642	100,570	446,771	2,387	2,904,564
Services Provided Other Local Govt	-	-	-	-	65,315	-	-	-	65,315
Revenue from Own Sources	742,561	-	949,026	1,248,716	39,744	4,937,459	6,049,949	36,999	14,004,454
Other Revenue	607,415	-	5,648	(1,614)	952,711	775,430	899,406	1,580,235	4,819,231
Interest Income	2,556,431	-	-	20,359	202,614	403,786	62,787	173,522	3,419,499
Donations	-	-	-	-	53,960	800,100	-	-	854,060
Services Provided to Other Functions	52,863	-	-	268,205	-	(7,000)	(1,023,989)	709,921	-
	<u>13,144,609</u>	<u>2,823,975</u>	<u>4,343,776</u>	<u>7,936,845</u>	<u>8,163,860</u>	<u>35,118,662</u>	<u>16,822,614</u>	<u>0,110,712</u>	<u>98,465,053</u>
<b>Expenses</b>									
Operations and Maintenance	3,771,394	-	35,301	1,515,665	1,755,865	6,811,030	3,739,067	2,146,000	19,774,322
Wages and Benefits	7,591,824	-	219,726	3,550,415	1,404,484	12,422,988	4,159,566	2,393,021	31,742,024
Contract for Services	134,843	-	4,165,974	165,720	1,213,463	421,693	4,829,405	39,007	10,970,105
Landfill Closure/Post Closure Costs	-	-	-	-	-	-	82,102	-	82,102
Debt Charges - Interest	62,477	-	-	112	13,343	176,162	259,757	119,974	631,825
Contributions to Community Facilities	-	-	-	-	-	138,232	-	-	138,232
Grants to Organizations	768,104	-	-	446,341	-	5,842,964	-	-	7,057,409
Library Services	-	2,780,396	-	-	-	-	-	-	2,780,396
Fire and Recreation Services Provided by Other Governments	-	-	-	-	1,089,994	126,498	-	-	1,216,492
Amortization	148,776	-	-	80,671	599,643	2,599,049	978,930	2,648,835	7,055,904
Contributions to Third Party Capital	-	-	-	-	-	163,240	-	48,660	211,900
	<u>12,477,418</u>	<u>2,780,396</u>	<u>4,421,001</u>	<u>5,758,924</u>	<u>6,076,792</u>	<u>28,701,856</u>	<u>14,048,827</u>	<u>7,395,497</u>	<u>81,660,711</u>
Net Annual Surplus	<u>\$ 667,191</u>	<u>\$ 43,579</u>	<u>\$ (77,225)</u>	<u>\$2,177,921</u>	<u>\$2,087,068</u>	<u>\$ 6,416,806</u>	<u>\$ 2,773,787</u>	<u>\$2,715,215</u>	<u>\$ 16,804,342</u>

**STATEMENT OF OPERATING SURPLUS BY FUNCTION**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(Unaudited)

<b>Function</b>	2025	2024
General Government Services	\$ 8,485,913	\$ 11,294,170
Community Health Network	107,314	28,586
Administration Office	908,197	908,443
I.T. / H.R. / M.I.A. / G.I.S	395,236	395,236
Vancouver Island Regional Library	2,863	2,236
Commuter Transit	488,777	546,804
Transit	2,130,829	1,118,898
9-1-1	(48,607)	115,597
Grant in Aid	111,320	123,626
Environmental Services	1,966,968	1,569,499
Emergency Planning	947,105	1,459,785
Economic Development	480,179	455,679
Regional Tourism	39,412	253,958
Electoral Feasibility Studies	155,336	69,212
Electoral Area Services	251,209	270,706
Victim Services	538	183
Victim Services - West	28	16
Community Parks	1,513,927	2,280,555
Parks & Trails	264,227	206,547
Regional Parks	1,046,497	747,057
Kinsol Trestle	658,683	615,077
Bright Angel Park	204,383	137,601
South Cowichan Community Parks	1,818	7,438
Regional Parkland Acquisition	366,446	152
Animal Control	54,991	75,975
Building Inspection	547,465	655,635
Bylaw Enforcement	1,101,738	1,139,783
Community Planning	1,637,027	1,614,390
GM Land Use Services	64,595	37,075
North Oyster Fire Protection	249,612	440,994
Mesachie Lake Fire Protection	8,545	7,014
Sahtlam Fire Protection	243,481	386,397
Malahat Fire Protection	321,399	313,046
Eagle Heights Fire Protection	48,850	1,089
Honeymoon Bay Fire Protection	94,752	187,730
Youbou Fire Protection	111,033	425,313
Fire Services	124,547	61,500
GM Corporate Services	206,922	250,758
GM Operations	17,486	11,919
GM Community Services/Facilities	254,948	296,775
Regional Recreation	162,975	38,453

**STATEMENT OF OPERATING SURPLUS BY FUNCTION**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(Unaudited)

<b>Function</b>	2025	2024
Arts & Culture	23,450	20,142
Cowichan Lake Recreation	1,919,246	1,606,658
Kerry Park Recreation	1,036,353	695,954
Island Savings Centre	2,053,001	1,945,827
Theatre - Area A	13	13
Theatre - Area B	-	(38)
Cowichan Sportsplex - Area A	1	1
Mill Bay Recreation	(43)	221
Saltair Recreation	110,043	85,532
Lake Cowichan Activity Centre	155	112
Cowichan Aquatic Centre - Area E	-	(304)
Cowichan Aquatic Centre - Area F	3	3
Cowichan Aquatic Centre - Area I	(161)	-
Shawnigan Lake Community Centre	845,958	862,746
Cobble Hill Historical Society	3	3
Shawnigan Lake Historical Society	19	15
Senior Centre Grant	42	25
Kaatza Historical Society	55	32
Mill Bay/Malahat Historical Society	2	2
Cowichan Station Assoc - Area B	8	7
Nature and Habitat - Area I	11,974	9,782
Thetis Island Wharf	94,216	85,667
Thetis Island Boat Launch	12,147	11,147
Cowichan Lake Water Protection	20,802	17,362
Cowichan Housing Association	2,643,325	1,802,349
Safer Futures	133	48
Social Planning	239	87
South Cowichan Community Policing	31	29
Cowichan Community Policing	55,077	54,485
Cowichan Valley Hospice	259	97
Curbside Collection Garbage/Recycling	2,829,598	642,197
Solid Waste Management Complex	8,128,690	6,819,307
Cowichan Flood Management	806,249	725,871
South Cowichan Water Study Plan	57,067	57,067
Drinking Water & Watershed Protection	1,822,545	2,025,699
Liquid Waste Plan - Central Sector	462,515	452,330
Liquid Waste Plan - South Sector	53,692	61,533
Critical Street Lighting "A"	3,696	3,295
Critical Street Lighting "B"	4,905	4,677
Critical Street Lighting "C"	3,069	2,876
Critical Street Lighting "D"	4,446	3,543

**STATEMENT OF OPERATING SURPLUS BY FUNCTION**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(Unaudited)

<b>Function</b>	2025	2024
Critical Street Lighting "E"	290	190
Critical Street Lighting "I"	1,054	436
Mesachie Lake Street Lighting	1,599	1,308
Youbou Street Lighting	17,503	14,254
Brentwood College Street Lighting	119	84
Cowichan Bay Street Lighting	7,950	6,720
Honeymoon Bay Street Lighting	14,165	11,975
Mill Bay Street Lighting	(1,204)	(1,163)
Cobble Hill Street Lighting	4,290	3,976
Wilmot Road Street Lighting	16,800	15,812
Sentinel Ridge Street Lighting	15,289	14,385
Twin Cedars Street Lighting	8,323	13,644
Arbutus Mtn. Street Lighting	3,206	2,766
Mill Springs Street Lighting	24,653	24,614
Engineering Services	-	164,950
Engineering - Utilities	1,922,627	1,287,399
Asset Manager	5,460	5,460
Wilmot Road Drainage System	17,930	15,084
Sentinel Ridge Drainage System	20,199	19,526
Shawnigan Lake East Drainage System	9,243	8,735
Arbutus Mtn. Drainage System	14,307	12,578
Lanes Road Drainage System	24,684	23,321
Bald Mtn. Drainage System	21,938	19,765
Cobble Hill Drainage System	34,705	33,372
Arbutus Ridge Drainage System	113,168	96,783
Shawnigan Creek Cleanout System	36,206	29,919
Satellite Park Water System	87,770	74,778
Douglas Hill Water System	92,565	69,513
Lambourn Water System	191,168	177,098
Arbutus Mtn. Water System	32,925	16,327
Malahat Water System	56,530	52,528
Fern Ridge Water System	44,449	36,702
Bald Mtn. Water System	69,601	135,386
Dogwood Ridge Water System	7,941	5,253
Arbutus Ridge Water System	39,248	40,303
Carlton Water System	47,527	39,520
Shellwood Water System	5,647	6,246
Woodley Range Water System	43,036	29,089
Burnum Water System	88,731	53,462
Mesachie Lake Water System	(3,647)	(2,227)
Shell Beach Water	94,094	61,446

**STATEMENT OF OPERATING SURPLUS BY FUNCTION**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(Unaudited)

<b>Function</b>	2025	2024
Shawnigan Village Water System	509,425	250,007
Saltair Water System	1,277,027	1,283,366
Central Youbou Water Debt	63,664	59,515
Youbou Water System	265,712	246,246
Honeymoon Bay Water System	127,289	119,097
Honeymoon Bay (S.C.) Water System Debt	4,162	3,372
Honeymoon Bay Water (well 2) Debt	18,719	15,173
Cherry Point Estates Water System	36,153	26,442
Shawnigan Lake North Water System	510,592	621,216
Shawnigan Lake Weir	4,315	12,042
Kerry Village Water System	68,033	45,161
Cowichan Bay Sewer System	707,691	675,558
Brulette Place Sewer System	86,000	73,103
Sentinel Ridge Sewer System	156,373	111,634
Lambourn Sewer System	130,444	63,171
Arbutus Mtn. Sewer System	83,559	52,120
Malahat Sewer System	61,019	53,895
Mesachie Lake Sewer System	81,144	108,313
Bald Mtn. Sewer System	138,309	102,703
Cobble Hill Sewer	(13,839)	35,672
Mill Springs Sewer System	(56,701)	(28,088)
Arbutus Ridge Sewer System	247,613	465,539
Eagle Heights Sewer System	469,946	469,947
Maple Hill Sewer System	88,908	76,259
Shawnigan Beach Estates Sewer System	462,125	423,119
Kerry Village Sewer System	96,102	71,105
Youbou Sewer System	84,688	128,269
<b>Operating Fund Surplus Balance</b>	57,672,348	54,732,579
Community Works Reserve Balance	9,471,551	8,531,283
Growing Communities Fund Balance	3,824,924	-
<b>Operating Fund Balance</b>	<u>\$ 70,968,823</u>	<u>\$ 63,263,862</u>

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**SCHEDULE OF COVID RESTART GRANT FOR  
THE YEAR ENDED DECEMBER 31, 2025**

Opening Balance, December 31, 2024	\$ 67,053
Eligible Costs Incurred	-
Ending Balance, December 31, 2025	<u>\$ 67,053</u>

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**SCHEDULE OF GROWING COMMUNITIES FUND GRANT  
FOR THE YEAR ENDED DECEMBER 31, 2025**

Opening Balance, December 31, 2024	\$ 5,448,458
<b>Add:</b>	
Interest Earned	682,468
<b>Less Eligible Costs Incurred:</b>	
Bings Administration Building Upgrades	(163,508)
Board Room Upgrade	(100,000)
Cowichan Valley Trail - McGee Creek Trestle	(377,622)
Curbside Trucks	(1,431,878)
Indigenous Relations Framework	(193,525)
Regional Growth Strategy	(12,945)
Stocking Lake Dam Replacement	(26,524)
Total Eligible Costs Incurred	<u>(2,306,002)</u>
Ending Balance, December 31, 2025	<u>\$ 3,824,924</u>

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**SCHEDULE OF HOUSING INITIATIVES FUND GRANT  
FOR THE YEAR ENDED DECEMBER 31, 2025**

Opening Balance, December 31, 2024	\$ 120,996
Eligible Costs Incurred	(120,996)
Ending Balance, December 31, 2025	<u>\$ -</u>