



MUNICIPALITY OF
NORTH
Cowichan

Annual Report 2016

For the Year Ended December 31, 2016
North Cowichan, British Columbia, Canada

The Corporation of the District of North Cowichan

2016 ANNUAL REPORT

North Cowichan, British Columbia

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The Annual Report is produced by the Financial Services Department of the Municipality of North Cowichan in cooperation with all civic departments.

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DUNCAN - NORTH COWICHAN JOINT UTILITIES BOARD CONSOLIDATED FINANCIAL STATEMENTS

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MAYOR'S MESSAGE

2016 was a busy year for North Cowichan, especially in terms of major land use decisions.

Zoning for a neighbourhood commercial centre at Berkey's Corner was the subject of extensive debate and eventually received approval.

There was less controversy when lands on Bell McKinnon Road were considered for rezoning to public institutional use, to accommodate a new Cowichan District Hospital. Council supported the rezoning and purchase of the lands has been completed by the CVRD as the process to move the hospital project forward continues.

Another major proposal, the Kingsview Comprehensive Development Plan, was brought to Council as a replacement for the failed Cliffs Over Maple Bay plan. The detailed plan received both praise and criticism, and reached 3rd reading near the end of 2016. However, concerns about the proposal were received from Cowichan Tribes after the closure of the Public Hearing, 3rd Reading was rescinded and the proposal will be reconsidered in 2017.

Maple Bay Peninsula Road was paved to reduce the long term cost of maintenance and now provides a safe, smooth access for area residents and visitors to the Sansum Narrows Park.

The lack of affordable housing in the region has become a serious issue. In response, North Cowichan has signed an MOU with the Community Land Trust Foundation of BC to explore affordable housing options on municipal land at the curling club on Sherman Road and at the old firehall site on Willow Street.

Interest has been expressed in future uses of the old Aquannis Centre and ownership of the facility was transferred to the CVRD, along with a reserve fund of \$134,500, to facilitate decisions regarding the future of this prime location.

I would like to thank Council, staff and the community for their work on these major issues and a multitude of other concerns facing North Cowichan. Our efforts to engage the community are and will continue to be key to making good decisions for all. Please take advantage of the many ways you can express your opinion, from volunteer committees to PlaceSpeak to a phone call.



Jon Lefebure, Mayor

2016 OFFICIALS

MAYOR

Jon Lefebure

COUNCILLORS

Joyce Behnsen
 Rob Douglas
 Maeve Maguire
 Kate Marsh
 Al Siebring
 Tom Walker

AUDITORS

Grant Thorton

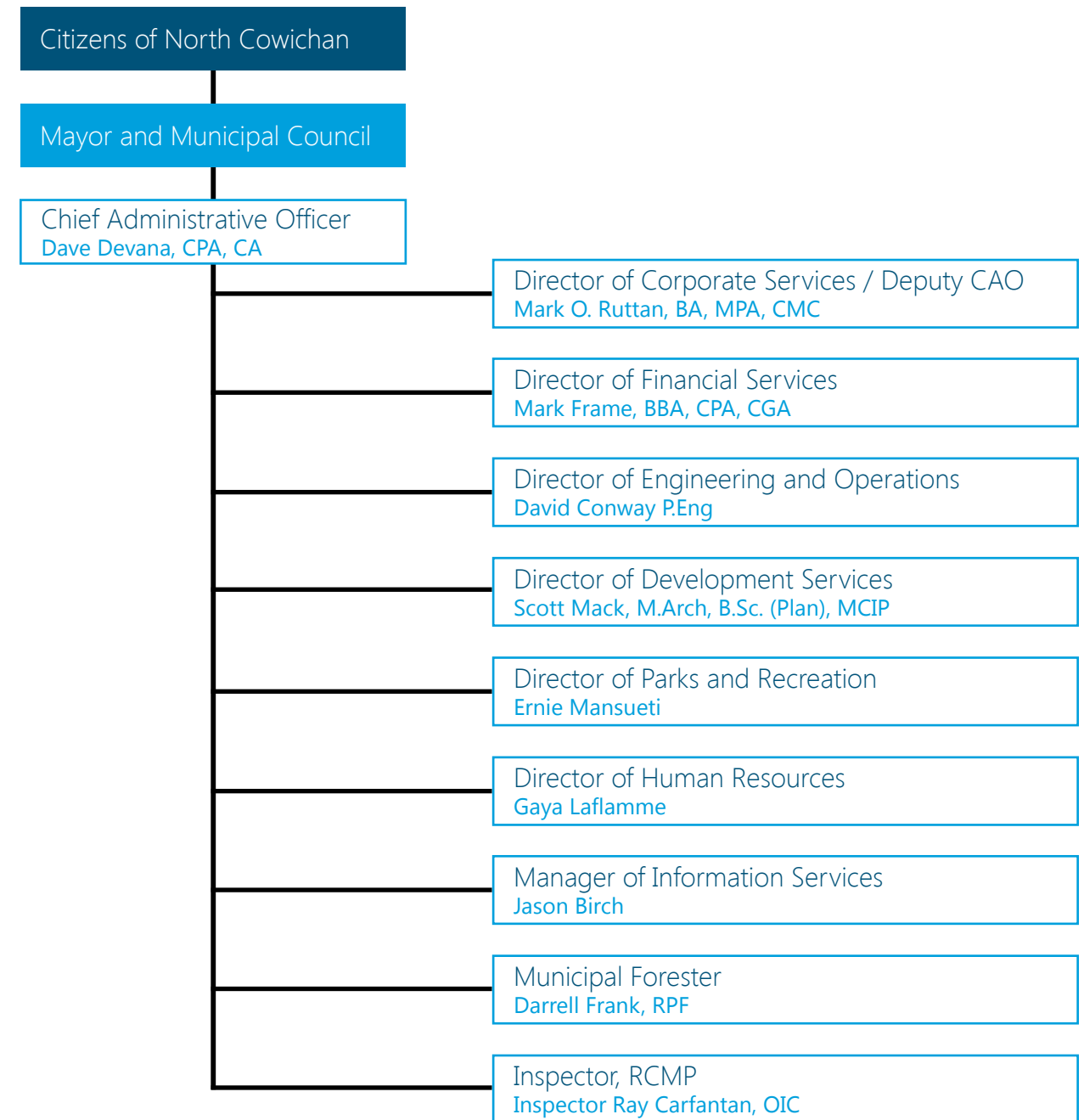
BANKERS

Royal Bank of Canada

SOLICITORS

Young Anderson
 Taylor Granitto

ORGANIZATIONAL STRUCTURE



ELECTED OFFICIALS

2014-2018 MAYOR & MUNICIPAL COUNCIL

The Municipal Council is North Cowichan's governing body. North Cowichan's Municipal Council is comprised of a Mayor and six Councillors. Each member of the Municipal Council was elected in November 2014 for a four-year term. Under the Community Charter, Council's role is to provide good government; services its citizens need and want; stewardship of its public assets; and a positive economic, social and environmental climate.

Council usually holds two regular council meetings each month, which are open to the public. Meeting agendas and schedules are available from the Municipal Hall and on the website at www.northcowichan.ca.



JON LEFEBURE

MAYOR



JOYCE BEHNSEN

COUNCILLOR



ROB DOUGLAS

COUNCILLOR



MAEVE MAGUIRE

COUNCILLOR



KATE MARSH

COUNCILLOR



AL SIEBRING

COUNCILLOR



TOM WALKER

COUNCILLOR

COUNCIL APPOINTMENTS

INTERNAL COMMITTEES

Agricultural Advisory Committee
Audit Committee
Board of Variance
Chemainus Advisory Committee
Community Planning Advisory Committee
Environmental Advisory Committee
Joint Utilities Board
Parcel Tax Roll Review Panel
Parks and Recreation Advisory Committee
Protective Services Committee
Public Works Committee
Quamichan Lake Water Quality Task Force
Sports Wall of Fame Nomination Committee

EXTERNAL COMMITTEES

BC Forest Discovery Centre
Chemainus Festival of Murals Society
Chemainus and District Chamber of Commerce
City of Duncan Tourism Advisory Committee
Cowichan Communities Health Network
Cowichan Region Community Policing Advisory Committee Society
Cowichan Success-By-Six
Cowichan Valley Regional District Board
Cowichan Valley Regional District Community Safety Advisory Commission
Cowichan Valley Welcoming Communities Advisory Committee
Crofton Community Centre Society
Duncan – Cowichan Chamber of Commerce
Island Agriculture Show Steering Committee
Island Corridor Foundation Local Government Liaison Committee
Island Savings Centre Commission
Maple Bay Community Association
Mayor's Advisory Committee on Disabilities (City of Duncan)
Regional Recreation Select Committee (CVRD)
Social Planning Cowichan Board
Somenos Management Committee
Vancouver Island Regional Library Board

PAST REEVES & MAYORS

T.J. Skinner	1873
A.H. Green	1874
J. Morley	1875-1877
W. Drinkwater	1878-1879, 1888-1893
W.H. Lomas	1880-1882
W.C. Duncan	1883
J.N. Evans	1884, 1886-1887, 1900-1903, 1915-1917, 1923-1928
H.O. Wellburn	1885
S.H. Davie	1894-1895, 1904-1906
T.A. Wood	1896-1899
H. Bonsall	1907
J.Mc.L. Campbell	1908
A.C. Aitken	1909-1911, 1922-1923
P.W. Anketell Jones	1912-1913
J.I. Mutter	1914, 1918-1919
A.A.D. Herd	1920
E.W. Paitson	1921-1922
G.A. Tisdall	1929-1937
D.D. Chapman	1938-1949
A.E. Beasley	1950-1953
C.A.P. Murison	1954-1959
D.C. Morton	1960-1969
G.C. Smith	1970-1977
G.W. Whittaker	1978-1979
G.P. Bruce	1980-1987
H.R. Hollett	1988-1996, 2000-2002
A. Murray	1997-1999
J. Lefebure	2002-2008, 2011-Current
T. Walker	2008-2011

MAP OF NORTH COWICHAN

Located on the east coast of Vancouver Island in the Cowichan Valley Regional District, North Cowichan is centrally located between the cities of Victoria to the south, and Nanaimo to the north. Vancouver is located to the east, separated by the Salish Sea. Spanning 195 square kilometers, North Cowichan is the largest District Municipality by area on Vancouver Island. A "Community of Communities," the core communities include Chemainus, Crofton, and the South End which is comprised of smaller neighbourhoods such as Maple Bay, Westholme, and University Village centered in the greater-Duncan area.



OBJECTIVES & MEASURES

Prepared in compliance with sections 98 (2) (d) and (f) of the *Community Charter*, this statement sets out Council's broad objectives for 2016 and 2017, corresponding performance measures, and progress achieved during the previous year. Council's primary objectives are to foster North Cowichan's social, economic and environmental well-being in order to be the best place on Vancouver Island to live, work and play.

Objective #1

Foster Social Well-being *B Healthy, Safe, Inclusive and Vibrant Communities*

	Performance Measure	2014	2015	2016
1	Crime rates ⁱ	7.07%	8.03%	8.6%
2	Vehicle accidents ⁱⁱ	284	295	308
3	Boil water advisories ⁱⁱⁱ	0	1	4
4	Fire calls ^{iv}	725	765	721
5	Trails built ^v	.125 km	21 km	2.9 km
6	Parks added	39.15 ha	19.78 ha	0

Objective #2

Foster Economic Well-being *B Flourishing and Diverse Local Economy*

	Performance Measure	2014	2015	2016
1	Housing starts ^{vi}	103	89	141
2	New commercial building permits ^{vii}	21	9	2
3	New business starts ^{viii}	136	140	186
4	Unemployment rate ^{ix}	5.6%	5.3%	4.35%
5	Assessment base ^x	\$4.33 billion	\$4.28 billion	\$4.39 billion
6	General residential tax rate ^{xi}	4.34	4.57	4.63
7	Average general municipal home taxes	\$1,369	\$1,425	\$1,481

Objective #3

Foster Environmental Well-being *B Environmental Protection and Quality Green Spaces*

	Performance Measure	2014	2015	2016
1	Net carbon emissions ^{xii}	0	0	0
2	Trees planted in forest reserve	60,969	42,380	44,172

Notes

- i. The crime rate is a reflection of community safety and security, as well as an indicator of other social and economic problems. The crime rate includes actual confirmed crimes against persons, crimes against property, and other Criminal Code offences per 100 population.
- ii. The number of vehicle accidents is a measure of traffic safety. These measures include fatalities and damages over \$1,000.
- iii. The number of boil water advisories is a measure of the health and safety of municipal water systems.
- iv. The number of response calls to the North Cowichan Fire Department is an indicator of building safety.
- v. The kilometres of trails built includes formal trails built by or for the Municipality.
- vi. Housing starts includes new single and multi-family home starts. This figure is considered a good leading indicator for home sales and a major indicator of economic activity and consumer confidence.
- vii. The number of new commercial building permits issued is one important measure of a jurisdiction's economic activity and attractiveness to investors.
- viii. The number of new business licences issued is an important measure of economic and entrepreneurial activity.
- ix. The unemployment rate is estimated by Statistics Canada based on 5.2% for Victoria and 3.5% for Nanaimo, with the average being 4.35%. It comprises the number of unemployed persons expressed as a percentage of the labour force. Source: Statistics Canada Tables 282-0129 and 282-0134 - Labour force survey estimates.
- x. The total net taxable assessment base for North Cowichan provides an estimate of the market value of all land and improvements assessed for general municipal purposes, according to BC Assessment's revised roll (expressed as billions of dollars).
- xi. Competitive property tax rates are an important measure of economic well-being. This figure represents the general portion of the residential property tax rate per \$1,000 of assessed value.
- xii. Net carbon emissions are the amount of net greenhouse gas emissions per equivalent tonne of carbon dioxide emitted by North Cowichan's municipal operations. This figure includes offsets from Municipal initiatives to reduce corporate emissions.

2016 ACCOMPLISHMENTS

REPORT ON MUNICIPAL SERVICES AND OPERATIONS

LED STREETLIGHT REPLACEMENTS

We replaced 567 high-pressure sodium streetlights with light-emitting diode (LED) versions which will reduce our electrical consumption by 230,000 kWh annually and reduce annual costs for street lighting by up to \$45,000. BC Hydro provided \$43,000 in co-funding for this project which will reduce our greenhouse gas (GHG) emissions by 5.7 tonnes CO₂e. It is expected that payback on the total project costs will be achieved through energy and operational savings will be realized within three years.

STONEY HILL REGIONAL PARK & ROAD ENHANCEMENTS

The Stoney Hill Regional Park, located on the Maple Bay peninsula in the Municipality of North Cowichan and managed by the Cowichan Valley Regional District (CVRD), is truly a gem providing vistas of the Sansum Narrows, Salt Spring Island, Salish Sea and the surrounding area from the 3.2 km return-loop trail. It is now easier to access thanks to the newly paved road and the addition of a gravel parking lot which serves as the trailhead.

COWICHAN AQUATIC CENTRE ENERGY IMPROVEMENTS

The Cowichan Aquatic Centre upgraded its domestic hot water system overall to include a solar pre-heat loop. This system takes the cold water going into the building for domestic use, runs it through the solar loop which boosts the temperature thus reducing the amount of natural gas needed to bring the water up to the right temperature in addition to reducing our energy consumption.

PARKS AND TRAILS MASTER PLAN ADOPTION

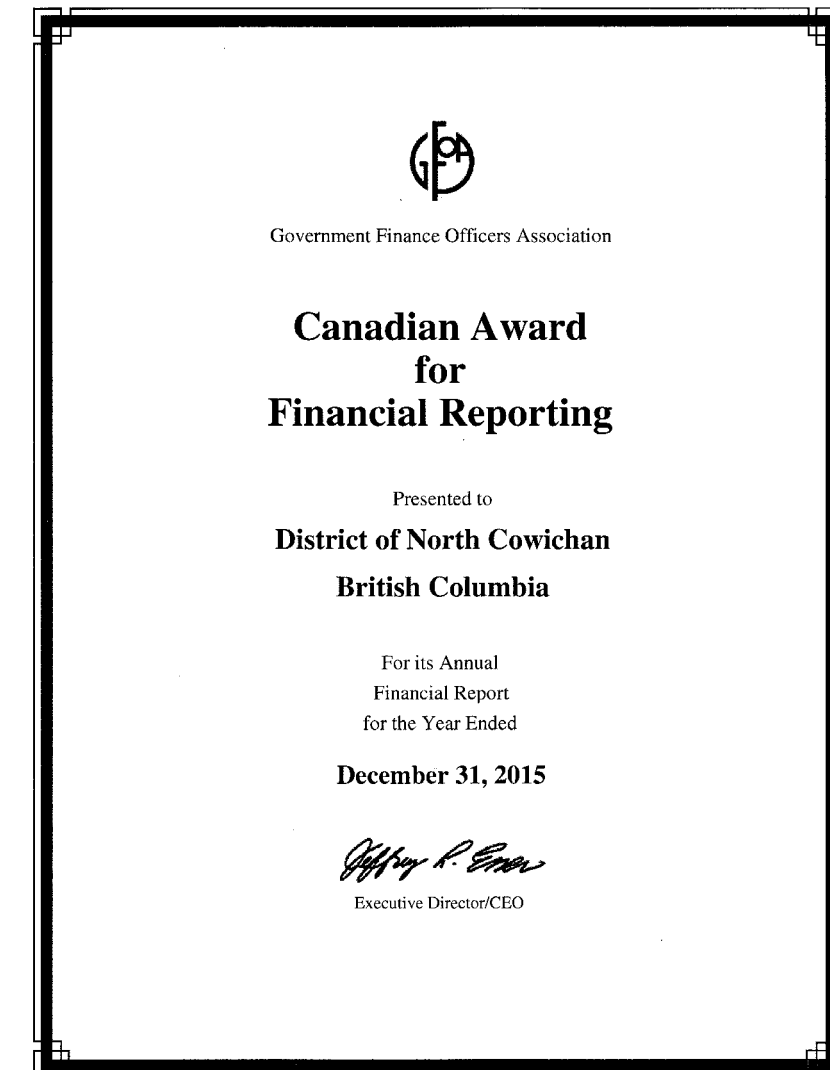
Our parks and trails are the envy of outdoor enthusiasts attracting both locals and visitors from throughout the region. The Parks and Trails Master Plan was developed over 16 months and will provide a strategic framework that guides the resourcing, development, management, provision and expansion of the Municipality's parks and trails over the next 15 years. After extensive consultation, specific actions were identified that reflect the desires of the community which will contribute to improved quality of health and well-being of our citizens.

FINANCIAL REPORTING AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the District of North Cowichan for its Annual Report of the fiscal year ended December 31, 2015. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles, and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA.



REPORT FROM THE DIRECTOR OF FINANCE

May 3, 2017

Mayor and Council
Municipality of North Cowichan
Your Worship and Members of Council,

I am pleased to present the Municipality of North Cowichan's 2016 Annual Financial Report for the fiscal year ended December 31, 2016, as required by sections 98 of the *Community Charter*.

This report includes the auditor's report, the 2016 financial statements, and supplementary information for the Municipality of North Cowichan.

The Consolidated Financial Statements are the responsibility of the management of the Municipality of North Cowichan and were prepared by municipal staff in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and have been applied on a basis consistent with that of the preceding year.

The Municipality maintains a system of internal accounting controls designed to safeguard the assets of the Corporation and to provide reliable financial information. We confirm and test these systems on a cyclical basis by contracted audit services.

The audit firm Grant Thornton was appointed by Council and is responsible for expressing an opinion as to whether the consolidated financial statements fairly present the financial position of the Municipality of North Cowichan and the results of its 2016 operations.

The 2016 audited financial statements were presented to and approved by Council.

As at December 31, 2016, the Municipality had an accumulated surplus of \$284.2 million, an increase of \$7.6 million for the year. This is largely comprised of net investments in tangible capital assets (\$246 million), which includes land, park infrastructure, roads, and utility assets. Debenture debt increased by \$1.2 million to \$23 million. New debt related to the Tier 4 Flood Protection of \$1.7 million and \$.86 million related to Chemainus water was incurred, principal repayments of \$1.0 million and actuarial adjustment of \$.37 million reduced debenture debt. Temporary borrowing of \$1.5 million related to the Henry Road water main and flood protection was repaid. The reserves increased by \$1 million to \$8.3 million.

Consolidated revenues increased by \$5.0 million to \$52.5 million. Taxation increased by \$1.2 million, sales of service increased by \$.4 million, other revenue from own sources increased \$1.2 million (\$.93 million land sales), grants increased by \$1.9 million (Tier 4 Flood Protection), and collections from developers and others increased by \$.4 million.

Expenses increased by \$1.6 million from 2015 and were under budget in total by \$.8 million. Annual Surplus was \$7.6 million (2015 - \$4.2 million)

Capital expenditures for the year were \$12.5 million (2015 - \$11.4 million) including \$4.7 million on Flood Protection Works, \$3.9 million in roads projects, \$.93 on water capital, \$.42 million on sewer capital, \$.48 million on vehicles and equipment and \$.36 million on recreation capital.

In 2016, North Cowichan maintained the budget for tax supported capital at \$3.3 million. This amounted to 12.4% of 2016 property taxes being allocated to general capital compared to 12.7% in 2015. This is consistent with Council's Revenue, Tax and Budget Policy adopted in 2010 requiring adequate capital funding of 10-15% of property tax revenues.

Respectfully,



Mark Frame, CPA, CGA
Director of Financial Services

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The Corporation of the District of North Cowichan

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

[AUDITED]
DECEMBER 31, 2016

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN

Statement of Responsibility

The accompanying consolidated financial statements are the responsibility of the management of the District of North Cowichan and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative control designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The North Cowichan Municipal Council met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters before approving the consolidated financial statements.

Grant Thornton LLP, as the Municipality's appointed external auditors, has audited the consolidated financial statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian public sector accounting standards.

Mark Ruttan
Acting Chief Administrative Officer
May 3, 2017

INDEPENDENT AUDITOR'S REPORT

To the Mayor and members of Council of
THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN

Grant Thornton LLP
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F +1 250 746 1950
www.GrantThornton.ca

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Corporation of The District of North Cowichan, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of operations, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluation of the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of The District of North Cowichan as at December 31, 2016 and its operations, changes in its net debt, and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The consolidated financial statements of the The Corporation of The District of North Cowichan for the year ended December 31, 2015, were audited by Hayes Stewart Little & Co. The partners and staff of Hayes Stewart Little & Co. joined Grant Thornton LLP subsequent to October 1, 2016.



Duncan, BC
May 3, 2017

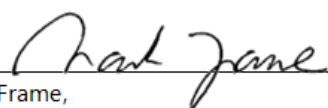
Chartered Professional Accountants

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Consolidated Statement of Financial Position
AS AT DECEMBER 31, 2016, WITH COMPARATIVE FIGURES FOR 2015

	2016 <u>Actual</u>	2015 <u>Actual</u>
Financial Assets		
Cash and cash equivalents (Notes 2 and 4)	\$ 3,674,018	\$ 5,158,191
Temporary investments (Notes 2 and 4)	46,128,552	40,232,902
Accounts receivable (Note 5)	4,278,863	4,654,694
Property acquired for taxes (Note 2)	405,642	843,814
Deposit - Municipal Finance Authority (Note 8)	1,321,932	1,307,194
	<u>55,809,007</u>	<u>52,196,795</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	3,836,110	5,018,220
Employee future benefits and compensation payable (Note 2)	3,812,788	3,605,919
Unearned revenue (Note 7)	3,596,951	3,264,231
Reserve - Municipal Finance Authority (Note 8)	1,321,932	1,307,194
Restricted reserves (Note 10)	7,440,263	6,989,093
Debenture debt (Note 12)	22,981,708	21,790,273
Temporary financing (Note 13)	-	1,534,260
	<u>42,989,752</u>	<u>43,509,190</u>
Net financial assets	<u>12,819,255</u>	<u>8,687,605</u>
Non-financial assets		
Tangible capital assets (Schedule X)	268,367,854	265,022,774
Inventory of supplies (Note 2)	574,961	579,915
Prepaid items	47,270	77,975
Property acquired for taxes (Note 2)	2,341,505	2,206,004
	<u>271,331,590</u>	<u>267,886,668</u>
Accumulated surplus (Note 15)	<u>\$ 284,150,845</u>	<u>\$ 276,574,273</u>

Commitments and Contingent Liabilities (Note 14)

Approved by:


M. Frame,
Director of Finance

See accompanying notes to the financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Consolidated Statement of Operations
FOR THE YEAR ENDED DECEMBER 31, 2016, WITH COMPARATIVE FIGURES FOR 2015

	2016 <u>Budget</u> (Note 16)	2016 <u>Actual</u>	2015 <u>Actual</u>
Revenue			
Taxation (Schedule I)	\$ 32,135,088	\$ 32,147,304	\$ 30,944,355
Sales of services (Schedule II)	10,101,411	10,303,696	9,934,036
Other revenue from own sources (Schedule III)	2,588,189	2,458,109	1,290,799
Return on investments	367,441	482,740	537,184
Grants and government transfers (Schedule IV)	6,257,710	4,915,296	3,044,440
Collections from developers and others	2,882,588	1,847,256	1,445,735
Actuarial adjustment to debt	-	367,322	318,574
	<u>54,332,427</u>	<u>52,521,723</u>	<u>47,515,123</u>
Expenses			
General government services (Schedule V)	3,766,706	3,900,172	3,524,570
Protective services (Schedule VI)	8,820,271	9,102,024	8,204,382
Engineering and public works (Schedule VII)	10,538,419	9,871,914	9,516,588
Environmental health services (Schedule VIII)	1,630,161	1,419,315	1,362,455
Forestry services	1,500,140	1,154,654	1,293,708
Community development	1,260,650	928,399	1,101,461
Recreation and cultural services (Schedule IX)	10,211,866	10,810,209	10,465,129
Net loss on sale	-	68,134	220,972
Transfer of asset (Note 19)	-	45,507	-
Water	4,172,015	4,057,932	3,991,686
Sewer	3,839,058	3,586,891	3,670,914
	<u>45,739,286</u>	<u>44,945,151</u>	<u>43,351,864</u>
Annual Surplus	<u>\$ 8,593,141</u>	<u>7,576,572</u>	<u>4,163,259</u>
Accumulated surplus, beginning of year (Note 15)		<u>276,574,273</u>	<u>272,411,014</u>
Accumulated surplus, end of year (Note 15)		<u>\$ 284,150,845</u>	<u>\$ 276,574,273</u>

See accompanying notes to the financial statements.

Consolidated Statement of Changes in Net Financial Assets

FOR THE YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE FIGURES FOR 2015

	2016 <u>Budget</u> (Note 16)	2016 <u>Actual</u>	2015 <u>Actual</u>
Annual Surplus	\$ 8,593,141	\$ 7,576,572	\$ 4,163,259
Acquisition of tangible capital assets	(22,943,170)	(12,458,888)	(11,390,752)
Amortization of tangible capital assets	8,883,200	8,954,565	8,678,052
Net loss on sale of tangible capital assets	-	68,134	220,972
Proceeds on sale of tangible capital assets	-	26,996	19,121
Transfer of asset (Note 19)	-	45,507	-
Write-downs of tangible capital assets	-	18,607	4,952
	<u>(14,059,970)</u>	<u>(3,345,079)</u>	<u>(2,467,655)</u>
Decrease (Increase) in prepaids	-	30,704	(42,101)
Decrease in inventories	-	4,954	19,394
Increase in property acquired for taxes	-	(135,501)	-
	<u>-</u>	<u>(99,843)</u>	<u>(22,707)</u>
Change in net financial assets	(5,466,829)	4,131,651	1,672,897
Net financial assets at beginning of year	8,687,605	8,687,605	7,014,708
Net financial assets at end of year	<u>\$ 3,220,776</u>	<u>\$ 12,819,255</u>	<u>\$ 8,687,605</u>

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flow

FOR THE YEAR ENDED DECEMBER 31, 2016, WITH COMPARATIVE FIGURES FOR 2015

	2016 <u>Actual</u>	2015 <u>Actual</u>
Operating transactions		
Annual surplus	\$ 7,576,572	\$ 4,163,259
Non-cash items included in surplus:		
Amortization of tangible capital assets	8,954,565	8,678,052
Actuarial adjustment to debt	(367,322)	(318,574)
Write-downs of tangible capital assets	18,607	4,952
Net loss on sale of tangible capital assets	68,134	220,972
	<u>16,250,556</u>	<u>12,748,661</u>
Accounts receivable	375,833	(970,138)
Inventory of supplies	4,954	19,394
Prepaid items	30,704	(42,101)
Property acquired for taxes	302,671	(312,467)
Accounts payable	(1,182,110)	1,237,731
Accumulated sick leave	206,868	(4,630)
Unearned revenue	332,720	51,423
Restricted reserves	451,170	86,942
	<u>16,773,367</u>	<u>12,814,816</u>
Cash provided by operating transactions		
Capital transactions		
Proceeds on sale of tangible capital assets	26,996	19,121
Transfer of asset (Note 19)	45,507	-
Cash applied to acquire tangible capital assets	(12,458,888)	(11,390,752)
	<u>(12,386,385)</u>	<u>(11,371,631)</u>
Cash applied to capital transactions		
Investing transactions		
Temporary investments	(5,895,650)	(2,964,297)
	<u>(5,895,650)</u>	<u>(2,964,297)</u>
Cash applied to investing transactions		
Financing transactions		
Proceeds from debenture debt	2,564,000	2,000,000
Proceeds from temporary debt	-	1,534,260
Repayment of temporary debt	(1,534,260)	-
Repayment of debenture debt	(1,005,244)	(947,967)
	<u>24,496</u>	<u>2,586,293</u>
Cash provided by financing transactions		
Change in cash and cash equivalents	(1,484,173)	1,065,180
Cash and Cash equivalents, beginning of year	5,158,191	4,093,011
Cash and Cash Equivalents, end of year	<u>\$ 3,674,018</u>	<u>\$ 5,158,191</u>

See accompanying notes to the financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

1. GENERAL

The Corporation of the District of North Cowichan (the Corporation) was incorporated in 1873 under a statute of the Province of British Columbia and operates under the provisions of the Local Government Act and the Community Charter of British Columbia. The principal activities include community development, parks and recreation, police and fire protection, road transportation, forestry management, cemetery, solid waste, water utility, sewer utility, and fiscal services.

2. SIGNIFICANT ACCOUNTING POLICIES

It is the Corporation's policy to follow Canadian public sector accounting standards and to apply such principles consistently. The following is a summary of the Corporation's significant policies:

a) BASIS OF PRESENTATION

These consolidated financial statements consolidate the following operations:

- General Capital Fund
- General Revenue Fund
- Reserve Fund
- Water Systems Capital Fund
- Water Systems Revenue Fund
- Sewer Systems Capital Fund
- Sewer Systems Revenue Fund

The Corporation has an interest in a significant cost sharing arrangement; the Duncan - North Cowichan Joint Utilities Board. Adjustments have been made to these consolidated statements to include the Corporation's proportionate share of assets, liabilities and net revenues over expenditures of the administrative body at approximately the following percentage:

Duncan-North Cowichan Joint Utilities Board	53.69%
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b) BASIS OF ACCOUNTING

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the delivery of goods or services and/or upon the creation of a legal obligation to pay. Expenses paid in the current period and attributable to a future period are recorded as prepaid.

c) INVESTMENTS

Investments are recorded at cost which at December 31, 2016, would approximate market value. Investments consist of cash on deposit in the Municipal Finance Authority ("MFA") investment funds that are highly liquid, readily convertible to cash, and are subject to an insignificant risk of change in value.

d) LIABILITY FOR CONTAMINATED SITES

The Corporation recognizes a liability for remediation of a contaminated site when the site is no longer in productive use or an unexpected event resulting in contamination has occurred and the following criteria are satisfied: contamination exceeds an environmental standard, the Corporation is either directly responsible or has accepted responsibility for remediation, it is expected future economic benefits will be given up and a reasonable estimate of the amount can be made. Future economic benefits are expected to be given up if the Corporation has an external obligation to remediate a site or has commenced remediation on its own accord.

The Corporation has determined that no owned properties meet the criteria to recognize a liability for contaminated sites.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) REVENUE RECOGNITION

- i) Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year.
- ii) Sale of services and user fee revenues are recognized when the service or product is rendered by the Corporation.
- iii) Grant revenues are recognized when the funding becomes receivable.
- iv) Revenue unearned in the current period is recorded as deferred revenue.
- v) Government transfers are recognized in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

f) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit in qualifying institutions as defined in the community charter.

g) PROPERTY ACQUIRED FOR TAXES – DEEDED TO MUNICIPALITY

Property acquired for taxes is presented at estimated historical values as either financial assets or non-financial assets. Properties that are presented as a financial asset are those which are readily available for sale during the subsequent period. Properties that are presented as non-financial assets are those that are either not saleable or will not be ready for sale within the subsequent period.

	2016	2015
Properties available for sale	<u>\$405,642</u>	<u>\$843,814</u>
Properties not available for sale	<u>2,341,505</u>	<u>2,206,004</u>
	<u>\$2,747,147</u>	<u>\$3,049,818</u>

h) EMPLOYEE FUTURE BENEFITS AND COMPENSATION PAYABLE

The Corporation and its employees make contributions to the Municipal Pension Plan. The Corporation's contributions are expensed as paid.

Sick leave cash-out and severance benefits accrue to the Corporation's employees. The liability relating to these benefits is determined in accordance with Section PS 3255 of the Public Sector Accounting Handbook of the Chartered Professional Accountants of Canada. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service life of employees.

The following amounts are the accrued liabilities in respect of Employee Future Benefits and wages payable:

	2016	2015
Lieu time payable	<u>754,588</u>	<u>713,119</u>
Sick leave cash-out and severance benefits	<u>3,058,200</u>	<u>2,892,800</u>
	<u>\$3,812,788</u>	<u>\$3,605,919</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) EMPLOYEE FUTURE BENEFITS AND COMPENSATION PAYABLE (CONTINUED)

Under the terms of the union contract, sick leave not taken in a year is carried forward to a maximum accumulation for 180 working days for each employee. On retirement or termination of employment after 5 years of service, sick leave accumulated is paid out at the employee's prevailing wage rate.

The Corporation also provides 30 days of paid leave at retirement, as prescribed by the Pension (Municipal) Act, at the employee's prevailing wage rate.

The liabilities for sick leave cash-out and severance benefits are based on an actuarial valuation as at December 31, 2016.

	2016	2015
Accrued benefit obligation	\$2,918,700	\$3,211,400
Unamortized actuarial gain/(loss)	139,500	318,600
Accrued benefit liability	\$3,058,200	\$2,892,800
Benefit expense:		
Current service cost	\$293,400	\$279,700
Interest cost	64,900	62,000
Amortization of net actuarial (gain)/loss	36,600	(3,200)
	\$394,900	\$338,500

Significant actuarial assumptions as at December 31st include:

	2016	2015
Valuation interest rate	3.00%	2.00%
Rate of compensation increase	2.75%	3.10%
Expected coverage remaining service life (in years)	10	10

i) APPROPRIATED SURPLUS – GENERAL REVENUE FUND

General Revenue Fund appropriations are non-statutory reserves established at the discretion of Council. These reserves are outlined in Note 15.

- i) The reserve for property acquired for taxes is an amount set aside to offset the carrying value of property acquired for taxes.
- ii) Reserves for future expenditures are amounts set aside from past and current operations for future operating and capital expenditures.
- iii) The reserve for uncollected taxes is an amount set aside to offset uncollected taxes.
- iv) The reserve for the Joint Utilities Board is an amount set aside for future capital expenditures, established at the discretion of the Board.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles as recommended by PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Significant areas requiring the use of management estimates relate to the determination of accrued sick benefits and retirement liability, collectability of accounts receivable, amortization of capital assets, deferred charges and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

k) LEASES

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses incurred.

l) NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

m) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information was not available were recorded at the current fair market values, in the year of recognition, discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land	Indefinite
Land Improvements	10 to 30 years
Buildings	15 to 50 years
Engineering Structures	10 to 60 years
Machinery & Equipment	5 to 40 years
Capital Works In Progress	Life determined when complete

Amortization is charged on a monthly basis, starting the month following the date of acquisition and ending in the month of disposition. Capital works in progress are not amortized until the asset is available for productive use.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) TANGIBLE CAPITAL ASSETS (CONTINUED)

Certain assets, which have historical or cultural value including works of art, historical documents, as well as historical and cultural artifacts, are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the Corporation, water, and other natural resources, are not recognized as tangible capital assets.

Tangible capital assets received as contributions are recorded at their estimated fair value at the date the Corporation acquires ownership and are recorded as revenue.

Land and infrastructure assets contributed to the Corporation in 2016 totaled \$1,001,685 (2015 - \$924,780) and were capitalized at their fair value at the time of receipt.

n) MATERIALS AND SUPPLIES

Inventories of materials and supplies are valued at weighted average cost with allowance made for damaged or obsolete goods.

3. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash and cash equivalents, temporary investments, accounts receivable, accounts payable and accrued liabilities, restricted reserves, temporary financing and debenture debt. The carrying amount of these financial instruments approximates their fair value because they are short-term in nature or because they bear interest at market rates.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest or credit risks arising from these financial instruments.

4. CASH AND INVESTMENTS

Cash and investments are comprised of cash on hand, cash on deposit at financial institutions and investments held in the Municipal Finance Authority of British Columbia investments funds.

	2016	2015
Cash	\$3,674,018	\$5,158,191
Temporary Investments	46,128,552	40,232,902
	<u>\$49,802,570</u>	<u>\$45,391,093</u>

Temporary Investments consist of short-term investments in the Municipal Finance Authority of BC money market and intermediate funds and the market value is equal to the carrying value. Temporary Investments have yields ranging from .79% to 1.13%.

Included in investments are the following restricted amounts that can only be expended in accordance with the terms of the Reserve and Restricted Reserve Funds.

	2016	2015
Restricted Investments	<u>\$15,768,741</u>	<u>\$14,313,974</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

5. ACCOUNTS RECEIVABLE

	2016	2015
Property taxes	\$1,953,001	\$2,259,689
Water rates	139,537	150,094
Federal government	249,728	310,125
Provincial government	445,971	1,037,738
Local government	1,165,537	376,259
General	325,089	520,789
	<u>\$4,278,863</u>	<u>\$4,654,694</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
General	\$3,438,233	\$4,103,335
Wages and salaries	189,051	713,875
Accrued Interest	208,826	201,010
	<u>\$3,836,110</u>	<u>\$5,018,220</u>

7. UNEARNED REVENUE

	2015	Contributions and interest	Revenue earned or refunded	2016
Prepaid taxes and licenses	\$1,596,485	\$3,563,198	\$3,423,711	\$1,735,972
Service fees and deposits	1,384,850	536,075	451,219	1,469,706
Aquatic Centre unearned revenue	201,018	545,690	534,919	211,789
General unearned revenues	61,774	1,717,072	1,599,362	179,484
Tax sale property subject to redemption	20,104	14,005	34,109	-
	<u>\$3,264,231</u>	<u>\$6,376,040</u>	<u>\$6,043,320</u>	<u>\$3,596,951</u>

8. MUNICIPAL FINANCE AUTHORITY – RESERVE DEPOSITS

The Corporation issues debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The Corporation also executes demand notes in connection with each debenture whereby the Corporation may be required to loan certain amounts to the Municipal Finance Authority.

The details of the cash deposits and demand notes at year end are as follows:

	2016	2015
Cash deposits	\$411,735	\$402,696
Demand notes	910,197	904,498
	<u>\$1,321,932</u>	<u>\$1,307,194</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

9. FUNDS HELD IN TRUST

These funds account for assets, which must be administered as directed by agreement or statute for certain beneficiaries. In particular, these funds are for the Cemetery Trust Fund. In accordance with PSAB recommendations on financial statement presentation for local governments, trust funds are not included in the Corporation's Consolidated Financial Statements. A summary of trust fund activities by the Corporation is as follows:

	2016	2015
Assets		
Cash and short term investments	\$355,960	\$342,955
Equity		
Opening balances	\$342,956	\$329,255
Contributions	13,004	13,700
	\$355,960	\$342,955

10. RESTRICTED RESERVES

Receipts which are restricted by the legislation of senior governments are deferred and reported as liabilities. Included in liabilities are reserves for development cost charges, the use of which, with any earnings thereon, is restricted by legislation or agreement with external parties. These amounts are recognized as revenue in the period in which corresponding expenditures are incurred.

<u>Development Cost Charges</u>	2016	2015
Opening balances	\$6,989,093	\$6,902,151
Contributions	372,978	357,726
Return on investment	78,192	101,216
Transfer to capital	-	(372,000)
	\$7,440,263	\$6,989,093

11. FEDERAL GAS TAX AGREEMENT FUNDS

Gas Tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Corporation and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

<u>Federal Gas Tax Agreement Funds</u>	2016	2015
Opening balance of unspent funds	\$0	\$416,000
Add: Amount received during the year	1,267,713	1,226,412
Add: Return on investment	340	4,943
Less: Amount spent	(1,167,713)	(1,647,355)
Closing balance of unspent funds	\$100,340	\$0

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

12. DEBENTURE DEBT

The Corporation issues debt instruments through MFA, pursuant to security issuing bylaws under the authority of the Community Charter, to finance certain capital expenditures. Sinking fund balances, managed by MFA, are used to reduce long-term debt.

	M.F.A Issue Number	Interest Rate	Maturity Date	Originally Approved	2016 Net Unmatured	2015 Net Unmatured
General Capital Fund						
Maple Bay Fire Hall	95	1.80%	Apr 12, 2025	\$1,600,000	\$873,505	\$954,902
Maple Bay Fire Hall	103	4.65%	Apr 23, 2028	500,000	345,285	367,381
Cowichan Aquatic Ctr	104	5.15%	Nov 20, 2028	15,000,000	10,358,552	11,021,422
Cowichan Aquatic Ctr	106	4.13%	Oct 12, 2029	2,265,500	1,664,602	1,760,867
Duncan Curling Club	N/A	4.00%	Jan 15, 2032	551,500	452,471	473,889
Tier 2 Flood Protection	121	2.90%	Oct 4, 2032	745,475	639,168	667,328
Tier 2 Flood Protection	124	3.15%	Apr 8, 2033	1,000,000	895,171	931,493
Municipal Hall Expansion	126	3.85%	Sep 26, 2033	1,500,000	1,342,757	1,397,240
Stoney Hill Road	131	2.20%	Apr 8, 2040	2,000,000	1,948,652	2,000,000
Tier 4 Flood Protection	137	2.60%	Apr 19, 2036	1,700,000	1,700,000	-
				<u>26,862,475</u>	<u>20,220,163</u>	<u>19,574,522</u>
	M.F.A Issue Number	Interest Rate	Maturity Date	Originally Approved	2016 Net Unmatured	2015 Net Unmatured
Water Systems Capital Fund						
Chemainus	64	4.43%	Sep 25, 2016	300,000	-	22,927
Chemainus	110	4.50%	April 8, 2030	1,750,000	1,360,193	1,431,693
Crofton	106	4.13%	Oct 13, 2029	530,000	389,423	411,944
Chemainus	137	2.60%	Apr 19, 2036	864,000	864,000	-
South End	63	4.00%	Dec 1, 2016	590,000	-	45,089
South End	63	4.00%	Dec 1, 2016	200,000	-	15,284
				<u>3,144,000</u>	<u>2,613,616</u>	<u>1,926,937</u>
Sewer Systems Capital Fund						
Chemainus	65	4.55%	Apr 24, 2017	1,207,000	92,241	180,089
Crofton	65	4.55%	Apr 24, 2017	728,700	55,688	108,725
				<u>1,935,700</u>	<u>147,929</u>	<u>288,814</u>
				<u>\$31,942,175</u>	<u>\$22,981,708</u>	<u>\$21,790,273</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

12. DEBENTURE DEBT (CONTINUED)

Future payments on net outstanding debt over the next five years and thereafter are as follows:

Year	General	Water	Sewer	Total
Principal repayments:				
2017	\$898,157	\$107,118	\$58,540	\$1,063,815
2018	899,065	107,118	-	1,006,183
2019	900,010	107,118	-	1,007,128
2020	900,994	107,118	-	1,008,112
2021	902,018	107,118	-	1,009,136
Thereafter	7,979,239	1,129,580	-	9,108,819
	<u>12,479,483</u>	<u>1,665,170</u>	<u>58,540</u>	<u>14,203,193</u>
Actuarial sinking fund earnings:				
2017	257,842	21,215	89,389	368,446
2018	302,203	26,196	-	328,399
2019	348,304	31,370	-	379,674
2020	396,212	36,746	-	432,958
2021	446,001	42,332	-	488,333
Thereafter	5,990,118	790,587	-	6,780,705
	<u>7,740,680</u>	<u>948,446</u>	<u>89,389</u>	<u>8,778,515</u>
	<u>\$20,220,163</u>	<u>\$2,613,616</u>	<u>\$147,929</u>	<u>\$22,981,708</u>

Interest paid during the year was \$1,402,564 (2015 - \$1,393,717).

13. TEMPORARY FINANCING

The Corporation issues temporary debt instruments through MFA, pursuant to security issuing bylaws under the authority of the Community Charter. Temporary financing is due on demand and was repaid in full April 2016 when MFA issued its debenture debt.

	M.F.A Issue Number	Interest Rate	Maturity Date	Originally Approved	2016 Net Unmatured	2015 Net Unmatured
Water Capital Fund	580-1	1.37%	On demand	\$864,000	\$-	\$855,360
General Capital Fund	580-1	1.37%	On demand	1,700,000	-	678,900
				<u>\$2,564,000</u>	<u>\$-</u>	<u>\$1,534,260</u>

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

14. COMMITMENTS AND CONTINGENT LIABILITIES

- a) The Cowichan Valley Regional District debt is, under the provisions of the Local Government Act, a direct, joint and several liability of the Corporation and other local governments within the Cowichan Valley Regional District.
- b) Loan agreements with the Cowichan Valley Regional District and the Municipal Finance Authority provide that if at any time the scheduled payments provided for in the agreements are not sufficient to meet the Municipal Finance Authority's obligations in respect to such borrowings; the resulting deficiencies become a liability of the Corporation.
- c) The Corporation has guaranteed a commercial loan to a maximum of \$400,000 to the Duncan-Cowichan Chamber of Commerce. The loan matures January 1, 2020.
- d) The Corporation and its employees contribute to the Municipal Pension Plan (Plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015 The Plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 188 contributors from the Corporation.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated rate is based on an entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits a going concern basis. The next valuation will be as at December 31, 2018, with results available in 2019. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual employers participating in the Plan.

The Corporation paid \$1,176,391 (2015 - \$1,130,109) for employer contributions, which represents .066% of the total plan contributions, while employees contributed \$1,012,256 (2015 - \$967,956) to the Plan in fiscal 2016.
- e) At the end of the year the Corporation was involved in a number of legal actions the outcomes of which are indeterminate at this time. The Corporation carries liability insurance with a current deductible of \$25,000.
- f) The Corporation has entered into two operating leases for photocopiers with terms ranging from 36 to 60 months. Under the operating leases, the Corporation is required to make monthly lease payments calculated by a formula specified in the agreement. Payments in 2016 totaled \$3,736. As at December 31, 2016 the estimated balance outstanding was \$1,531.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

15. ACCUMULATED SURPLUS

	2016	2015
Operating Funds		
Unappropriated:		
General	\$2,652,457	\$1,847,845
Water Systems	4,225,795	3,339,623
Sewer Systems	12,846,949	11,908,219
	19,725,201	17,095,687
Appropriated:		
Reserves for property acquired for taxes	2,747,147	2,871,685
Reserves for future expenditures	5,331,759	4,931,768
Reserve for uncollected taxes	1,295,091	1,295,091
Reserve for Joint Utilities Board	727,341	647,454
	10,101,338	9,745,998
	29,826,539	26,841,685
Capital Funds		
General Capital	195,959,048	192,238,472
Water Capital	26,961,724	26,572,082
Sewer Capital	21,862,972	22,378,791
Joint Utility Board Capital	1,212,086	1,218,362
	245,995,830	242,407,707
Reserve Funds		
Land Sales	138,257	-
Machinery and Equipment	2,675,089	2,274,357
Local Area Service	881,380	938,331
Forest	1,773,910	1,571,361
Park Development	197,931	195,792
Parkland Purchase	377,377	373,298
Chemainus Parking	151,379	149,743
Agriculture	161,894	80,953
Self-Insurance	117,726	116,454
Climate Action and Energy Plan	197,966	279,395
Maple Bay Sewer	87,420	86,472
Aquannis Centre	-	134,191
Cowichan Aquatic Centre	130,020	64,812
Evans Park	163,129	161,366
Fuller Lake Arena	69,061	68,314
Harbours General	26,048	25,767
Harbours Chemainus	346,909	334,662
Mural Protection	49,034	40,690
Gas Tax	100,340	-
Infrastructure Replacement	250,000	-
Gravel Pits	433,606	428,920
	8,328,476	7,324,881
	\$284,150,845	\$276,574,273

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

16. BUDGET DATA

The budget data presented in these financial statements is based upon the 2016-2020 Financial Plan Bylaw adopted by council May 4, 2016. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

Financial Plan Bylaw surplus for the year	\$0
Add back:	
Principal debt repayment	1,158,586
Capital expenditures	22,943,170
Less:	
Amortization	(8,883,200)
Proceeds from borrowing	(2,238,576)
Budgeted transfers from reserve funds	(333,936)
Budgeted transfers from accumulated surplus	(4,052,903)
Adjusted Annual Surplus	\$8,593,141

17. JOINT UTILITIES BOARD

The Duncan – North Cowichan Joint Utilities Board is a government partnership that operates and maintains joint sewer lagoons on behalf of the City of Duncan and the District of North Cowichan. The distribution of expenditures related to operations is based on the number of users in each municipality as well as users from surrounding areas in the Cowichan Valley Regional District and the Cowichan Tribes.

The Joint Utilities Board leases the sewage lagoon lands under an operating lease which expires July 31, 2060. The Corporation's proportionate share of the future minimum lease payments is \$172,760 per annum with an estimated annual increase of 2.2%.

Because the percentage of units owned by the partners changes from year-to-year which produces different cost shares for each partner, there is a write down or write up of asset balances. In 2016 the Corporation recorded a write up of assets in the amount of \$20,412 (2015 - \$0)

Financial results for the Joint Utilities Board are consolidated into the Corporation's financial statements proportionately based on the units owned by each partner. In 2016 the Corporation's proportion for consolidation purposes was 53.69% (2015 – 52.8%) Condensed financial information for the Joint Utilities Boards is as follows:

	2016	2015
Net financial assets	\$1,327,944	\$1,226,161
Non-financial assets	2,284,468	2,307,362
Accumulated Surplus	\$3,612,412	\$3,533,523
Revenues	\$985,359	\$1,050,466
Expenses	906,470	969,103
Annual Surplus	\$78,889	\$81,363

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

18. SEGMENT REPORTING

The Corporation's operations and activities are organized and reported by fund. Services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information, which is outlined in Schedule XI, along with the services they provide as follows:

General Government Services

This segment includes Administration, Finance, Information Technology and other corporate services.

Protective Services

This segment includes police protection, fire protection, building and plumbing inspections, animal control, weed control, and other protective services.

Engineering and Public Works

This segment is responsible for the construction and maintenance of the Corporation's infrastructure, including drainage and transportation systems.

Environmental Health Services

This segment is comprised of garbage and recycling collection and the Mountain View Cemetery.

Forestry Services

This segment is responsible for the maintenance and management of the Municipal Forest Reserve.

Community Development

This segment includes planning and development, which includes processing development applications and developing related policies and regulations.

Recreation and Culture Services

The Parks and Recreation department manages, facilitates, and maintains a system of services, facilities, and parks to enhance the quality of life for the citizens of North Cowichan.

Water

This segment includes all of the operating activities related to the treatment and distribution of water throughout the Corporation.

Sewer

This segment includes all of the operating activities related to the collection and treatment of wastewater (sewage) throughout the Corporation.

Reserve Funds

These funds have been created to hold assets for specific future requirements pursuant to the *Community Charter*.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Taxes, grants-in-lieu of taxes and any revenues not directly attributable to a segment are apportioned to the General Revenue Fund service based on the net annual budget.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

19. TRANSFER OF ASSET

During the year the Corporation transferred ownership of the Aquannis Centre (decommissioned swimming pool) to the Cowichan Valley Regional District for \$1; the net book value of the Aquannis Centre at the time of the transfer was \$45,506. At the same time the Corporation transferred the balance in the reserve fund in the amount of \$135,092 that was specific to the Aquannis Centre to the Cowichan Valley Regional District.

20. LISTING OF OPERATING EXPENDITURES BY OBJECT TYPE

The following provides a summary of operating expenses by object:

	<u>2016</u>	<u>2015</u>
Salaries, wages and benefits	\$16,942,611	\$16,055,345
Contract services	11,933,440	12,160,941
Amortization	8,954,565	8,678,052
Materials and supplies	5,579,722	4,837,885
Interest	1,402,565	1,393,717
Loss on sale and transfer of tangible capital assets	113,641	220,972
Write down of tangible capital assets	18,607	4,952
Total expense	<u>\$44,945,151</u>	<u>\$43,351,864</u>

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.

22. SUBSEQUENT EVENT

Subsequent to the year end the Corporation entered into an agreement to sell three lots that were not in productive use in the amount of \$3,000,000. One of these lots had been operated as a gravel pit and has known contamination; as a condition of the sale, the purchaser has agreed to post a \$250,000 bond to remediate the site which includes remediating the contamination. As the liability has been transferred to the purchaser, the Corporation has not recorded the liability in its records.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Schedules to the Consolidated Financial Statements
 FOR THE YEAR ENDED DECEMBER 31, 2016

	TAXATION		SCHEDULE I
	2016 Budget (Note 16)	2016	2015
Municipal Purposes:			
General taxation	\$ 26,616,313	\$ 26,611,168	\$ 25,684,821
Business Improvement Area	86,200	84,258	85,234
Local Area Service	95,348	95,348	-
Utilities	971,600	971,701	957,552
Grants-in-lieu of taxes	232,590	265,490	234,182
Water systems	1,824,418	1,811,154	1,756,169
Sewer systems	2,308,619	2,308,185	2,226,397
Total Municipal Taxes	<u>32,135,088</u>	<u>32,147,304</u>	<u>30,944,355</u>
Collections For Other Governments:			
School	12,414,300	11,940,758	12,214,842
Cowichan Valley Regional Hospital District	3,003,000	3,128,740	2,823,891
Cowichan Valley Regional District	7,300,000	7,341,902	7,090,899
BC Assessment	365,000	346,992	363,022
Municipal Finance Authority	1,160	1,078	1,050
Total Collections for other governments	<u>23,083,460</u>	<u>22,759,470</u>	<u>22,493,704</u>
	<u>55,218,548</u>	<u>54,906,774</u>	<u>53,438,059</u>
Deduct: requisitions remitted to other taxing authorities	<u>(23,083,460)</u>	<u>(22,759,470)</u>	<u>(22,493,704)</u>
Total Taxes Levied	<u>\$ 32,135,088</u>	<u>\$ 32,147,304</u>	<u>\$ 30,944,355</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Schedules to the Consolidated Financial Statements
 FOR THE YEAR ENDED DECEMBER 31, 2016

	SALES OF SERVICES		SCHEDULE II
	2016 Budget (Note 16)	2016	2015
General government service	\$ 111,300	\$ 125,257	\$ 48,232
Protective services	248,554	231,510	267,092
Fire protection	164,567	167,282	162,292
Transportation service	114,164	305,309	109,441
Residential garbage - municipal	1,157,882	1,177,342	1,169,655
Forestry	1,659,150	1,568,954	1,662,246
Cowichan Aquatic Centre	1,961,960	2,029,470	1,969,897
Fuller Lake Arena	312,150	288,142	273,060
Other recreation	29,374	54,406	55,964
Wharves	218,640	215,624	211,589
Miscellaneous	104,678	89,982	95,767
Cemetery	127,850	126,589	102,871
Water	2,291,700	2,322,675	2,167,061
Sewer	1,599,442	1,601,154	1,638,868
	<u>\$ 10,101,411</u>	<u>\$ 10,303,696</u>	<u>\$ 9,934,036</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Schedules to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

OTHER REVENUE FROM OWN SOURCES

SCHEDULE III

	2016 <u>Budget</u> (Note 16)	2016	<u>2015</u>
Licences and Permits	\$ 660,452	\$ 805,696	\$ 611,515
Tax Penalties and Interest	330,000	344,797	340,367
Fines	1,960	44,668	5,858
Rentals	226,012	221,439	294,126
Land Sales	1,360,000	928,542	-
Water	9,765	112,967	38,933
	<u>\$ 2,588,189</u>	<u>\$ 2,458,109</u>	<u>\$ 1,290,799</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Schedules to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

GRANTS AND GOVERNMENT TRANSFERS

SCHEDULE IV

	2016 <u>Budget</u> (Note 16)	2016	<u>2015</u>
Operating Grants			
Traffic Fines Revenue	\$ 288,000	\$ 270,307	\$ 320,368
Other Grants	159,630	147,891	284,337
	<u>447,630</u>	<u>418,198</u>	<u>604,705</u>
Capital Grants			
Fuel Tax	1,268,000	1,267,713	1,226,412
<i>Infrastructure Grants (Prov/Fed)</i>			
Diking	4,462,080	3,156,049	878,323
<i>Provincial and other Grants</i>			
Cowichan Valley Soccer Association	-	-	300,000
Chemainus Skate Park	-	-	10,000
ICBC Grants	80,000	30,000	25,000
Other	-	43,336	-
	<u>80,000</u>	<u>73,336</u>	<u>335,000</u>
	<u>\$ 6,257,710</u>	<u>\$ 4,915,296</u>	<u>\$ 3,044,440</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Schedules to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

GENERAL GOVERNMENT SERVICES

SCHEDULE V

	2016 <u>Budget</u> (Note 16)	2016	<u>2015</u>
Legislative	\$ 247,500	\$ 235,364	\$ 235,003
Administration	1,431,389	1,420,810	1,359,693
Financial services	1,668,877	1,670,926	1,518,040
Common services	542,170	425,125	422,070
Other government services	131,570	409,030	246,566
Administration recoveries	(522,100)	(528,280)	(517,230)
Interest	57,750	60,526	58,231
Amortization	209,550	206,671	202,197
	<u>\$ 3,766,706</u>	<u>\$ 3,900,172</u>	<u>\$ 3,524,570</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Schedules to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

PROTECTIVE SERVICES

SCHEDULE VI

	2016 <u>Budget</u> (Note 16)	2016	<u>2015</u>
Police protection:			
R.C.M.P. contract	\$ 4,613,221	\$ 4,746,228	\$ 4,007,544
Municipal employees	1,287,775	1,346,488	1,305,573
Crime Prevention	7,070	7,000	7,000
Building maintenance	223,246	200,898	223,702
Bylaw enforcement	72,490	149,912	76,920
	<u>6,203,802</u>	<u>6,450,526</u>	<u>5,620,739</u>
Fire protection:			
General fire protection	111,861	99,810	82,867
Chemainus fire hall	305,827	308,467	321,212
Crofton fire hall	263,837	295,868	276,561
Maple Bay fire hall	267,327	292,783	292,222
South End fire hall	371,487	412,274	386,849
	<u>1,320,339</u>	<u>1,409,202</u>	<u>1,359,711</u>
Other protection:			
Building and plumbing inspections	566,620	508,071	493,550
Animal control	145,590	149,876	140,095
Weed control	9,690	13,012	9,284
Mosquito control	26,080	20,473	20,538
	<u>747,980</u>	<u>691,432</u>	<u>663,467</u>
Interest	52,050	52,050	81,763
Amortization	496,100	498,814	478,702
	<u>548,150</u>	<u>550,864</u>	<u>560,465</u>
	<u>\$ 8,820,271</u>	<u>\$ 9,102,024</u>	<u>\$ 8,204,382</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Schedules to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

ENGINEERING AND PUBLIC WORKS

SCHEDULE VII

	2015 <u>Budget</u> (Note 16)	2016	<u>2015</u>
Administration	\$ 1,423,678	\$ 1,386,931	\$ 1,226,403
Small tools and equipment	50,280	50,382	52,939
Workshop and yard maintenance	152,694	139,639	125,149
Roads - construction	339,354	281,761	294,264
Roadway surfaces maintenance	1,861,194	1,313,344	1,669,596
Snow and ice removal	369,365	470,133	282,885
Bridge - maintenance	5,530	2,576	20,933
Street lighting	456,050	461,990	433,421
Signs and line painting	278,396	247,129	262,137
Drainage	534,119	672,559	630,295
Sidewalk maintenance	32,880	24,505	31,913
Other transportation	219,570	276,188	151,303
Engineering and public works recoveries	(294,430)	(496,765)	(537,469)
Interest	148,119	128,059	85,245
Amortization	4,961,620	4,913,483	4,787,574
	<u>\$ 10,538,419</u>	<u>\$ 9,871,914</u>	<u>\$ 9,516,588</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Schedules to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

ENVIRONMENTAL HEALTH SERVICES

SCHEDULE VIII

	2016 <u>Budget</u> (Note 16)	2016	<u>2015</u>
Garbage collection and recycling	\$ 1,075,319	\$ 1,049,689	\$ 1,030,533
Mountain View Cemetery	164,570	135,551	146,198
Energy Manager	70,119	68,444	65,969
Energy Upgrades Buildings	195,933	45,769	(107)
Amortization	124,220	119,862	119,862
	<u>\$ 1,630,161</u>	<u>\$ 1,419,315</u>	<u>\$ 1,362,455</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Schedules to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

RECREATION AND CULTURAL SERVICES

SCHEDULE IX

	2016 Budget (Note 16)	2016	2015
Administration	\$ 105,190	\$ 91,970	\$ 85,305
Crofton swimming pool	56,520	102,137	72,870
Cowichan Aquatic Centre	3,402,930	3,781,896	3,437,675
Fuller Lake Arena	942,440	1,031,709	933,561
Parks common services	54,510	41,661	36,734
Community recreation program	88,844	105,406	95,676
Chemainus parks and playgrounds	454,890	407,807	559,376
Crofton parks and playgrounds	193,570	155,982	203,305
South end parks and playgrounds	1,225,069	1,270,272	1,466,190
Wharves	147,340	158,077	154,961
Library	1,347,292	1,347,292	1,314,732
Grants-in-aid	259,130	299,051	206,611
Interest	884,631	884,592	885,433
Amortization Expense	1,049,510	1,132,357	1,012,700
	<u>\$ 10,211,866</u>	<u>\$ 10,810,209</u>	<u>\$ 10,465,129</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Schedule to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

TANGIBLE CAPITAL ASSETS

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance December 31, 2015	2016 Additions	2016 Disposals	2016 Write-downs	Balance December 31, 2016	Balance December 31, 2016	2016 Additions	2016 Disposals	2015	2016
Land	\$ 41,897,614	\$ 277,627	\$ -	\$ -	\$ 42,175,241	\$ -	\$ -	\$ -	\$ 41,897,614	\$ 42,175,241
Land Improvements	11,559,202	1,130,748	-	-	12,689,950	4,640,407	560,903	-	7,479,698	8,049,543
Buildings	46,733,557	582,586	780,113	-	46,536,030	16,676,635	1,206,247	734,606	30,528,563	29,859,395
Engineering Structures	271,293,922	8,036,453	161,681	-	279,168,694	107,018,650	5,588,118	76,260	164,275,272	166,638,186
Machinery & Equipment	34,669,242	691,134	346,283	-	35,014,093	18,436,609	1,599,296	336,575	16,232,633	15,314,763
Work In Progress	4,608,994	5,258,194	3,517,855	18,607	6,330,726	-	-	-	4,608,994	6,330,726
	\$ 410,762,531	\$ 15,976,742	\$ 4,805,932	\$ 18,607	\$ 421,914,734	\$ 145,739,757	\$ 8,954,564	\$ 1,147,441	\$ 265,022,774	\$ 268,367,854

SCHEDULE X

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Schedule to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

For the Year ended December 31, 2016

OPERATIONS BY SEGMENT

SCHEDULE XI

	General government services	Protective services	Engineering and Public Works	Environmental health services	Forestry services	Community Development	Recreation and cultural services	Waterworks	Sewer System	Reserve Funds	Capital	Consolidated
Revenues												
Taxes	\$ 2,951,250	\$ 6,195,004	\$ 8,680,029	\$ 267,443	\$ -	\$ 879,140	\$ 64,301,182	\$ 1,811,154	\$ 2,308,185	\$ -	\$ 2,624,917	\$ 32,147,304
Sales of service	215,239	398,793	305,309	1,303,931	1,568,954	-	2,587,641	2,322,675	1,601,154	-	-	10,303,696
Other revenue from own source	1,307,847	828,921	53,548	-	-	149,690	5136	112,967	-	-	-	2,456,109
Return on investments	22,342	46,894	65,705	2,024	-	6,655	48,674	35,148	130,596	124,702	-	482,740
Provincial and other government grants	-	277,306	1,178,762	-	-	56,366	53,477	50,000	-	100,000	3,199,385	4,915,296
Collections from developers and others	-	-	-	-	-	-	-	-	-	50,000	1,797,256	1,847,256
Actuarial adjustment to debt	4,112	27,883	5,866	-	-	-	179,328	67,789	82,344	-	-	367,322
	4,500,790	7,774,801	10,289,219	1,573,398	1,568,954	1,091,851	9,304,438	4,399,733	4,122,279	274,702	7,621,558	52,521,723
Expenses												
Wages and salaries	3,026,113	2,660,754	2,991,690	476,880	326,687	753,766	4,513,528	1,331,933	861,260	-	-	16,942,611
Contracted services	457,238	5,196,784	1,163,702	533,999	741,273	129,150	2,385,960	426,694	898,640	-	-	11,933,440
Material and supplies	149,624	693,622	669,148	288,574	83,852	45,483	1,889,359	1,114,113	645,947	-	-	5,579,722
Amortization	206,671	498,814	4,913,483	119,862	2,842	-	1,132,357	1,027,923	1,052,613	-	-	8,954,565
Loss on sale, write downs and transfer of capital assets	-	7,820	77,527	-	-	-	49,920	-	12,621	-	-	132,248
Interest	60,526	52,050	128,059	-	-	-	884,592	157,269	120,069	-	-	1,402,565
	3,900,172	9,094,204	9,943,609	1,419,315	1,154,654	928,399	10,855,716	4,057,932	3,591,150	-	-	44,945,151
Excess of revenues over expenses	\$ 600,618	\$ (1,319,403)	\$ 345,610	\$ 154,083	\$ 414,300	\$ 163,452	\$ (1,551,278)	\$ 341,801	\$ 531,129	\$ 274,702	\$ 7,621,558	\$ 7,576,572

For the Year ended December 31, 2015

	General government services	Protective services	Engineering and Public Works	Environmental health services	Forestry services	Community Development	Recreation and cultural services	Waterworks	Sewer System	Reserve Funds	Capital	Consolidated
Revenues												
Taxes	\$ 2,654,749	\$ 5,818,847	\$ 8,361,787	\$ 179,654	\$ -	\$ 824,946	\$ 6,197,232	\$ 1,756,169	\$ 2,226,397	\$ -	\$ 2,924,574	\$ 30,944,355
Sales of service	143,999	429,385	109,441	1,272,526	1,662,246	-	2,510,510	2,167,061	1,638,868	-	-	9,934,036
Other revenue from own source	369,879	735,716	26,665	-	3,984	115,622	3,984	38,933	-	-	-	1,290,799
Return on investments	20,874	45,751	65,745	1,413	-	6,486	48,726	37,747	155,095	155,347	-	537,184
Provincial and other government grants	-	327,367	1,258,027	-	-	215,103	30,620	-	-	-	1,213,323	3,044,440
Collections from developers and others	-	-	-	-	-	-	-	-	-	35,776	-	1,445,735
Actuarial adjustment to debt	2,015	27,200	3,386	-	-	-	150,131	60,207	75,635	-	-	318,574
	3,191,516	7,384,265	9,825,051	1,453,593	1,662,246	1,162,159	8,941,203	4,060,117	4,095,995	191,122	5,547,856	47,515,123
Expenses												
Wages and salaries	2,884,433	2,547,880	2,659,498	468,604	313,871	856,985	4,242,876	1,229,123	852,074	-	-	16,055,344
Contracted services	443,604	4,418,586	1,703,360	524,994	901,723	197,835	2,638,332	419,500	913,007	-	-	12,160,941
Material and supplies	63,895	677,452	280,911	248,995	73,272	46,641	1,685,788	1,168,534	718,188	-	-	4,837,886
Amortization	202,197	478,702	4,787,574	119,862	2,842	-	1,012,700	1,010,139	1,064,036	-	-	8,678,052
Loss on sale, write downs and transfer of capital assets	58,231	81,763	85,245	-	-	-	155,311	49,522	21,952	-	-	225,924
Interest	3,524,570	8,204,382	9,560,297	1,362,455	1,293,708	1,101,461	10,620,440	3,991,686	3,692,865	-	-	43,351,864
Excess of revenues over expenses	\$ (333,054)	\$ (820,117)	\$ 264,754	\$ 91,138	\$ 368,538	\$ 60,698	\$ (1,679,237)	\$ 68,431	\$ 403,130	\$ 191,122	\$ 5,547,856	\$ 4,163,259

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DUNCAN - NORTH COWICHAN JOINT UTILITIES BOARD

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

[AUDITED]
DECEMBER 31, 2016

DUNCAN - NORTH COWICHAN JOINT UTILITIES BOARD

Statement of Responsibility

The accompanying financial statements are the responsibility of the management of the Duncan - North Cowichan Joint Utilities Board and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative control designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The North Cowichan Municipal Council met with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters before approving the financial statements.

Grant Thornton LLP, as the Duncan – North Cowichan Joint Utilities Board’s appointed external auditors, has audited the financial statements. The Auditor’s report is addressed to the Duncan – North Cowichan Joint Utilities Board and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Duncan – North Cowichan Joint Utilities Board in accordance with Canadian public sector accounting standards.

Mark Ruttan
Acting Chief Administrative Officer
May 3, 2017

INDEPENDENT AUDITOR'S REPORT

To the Duncan - North Cowichan Joint Utilities Board,

Grant Thornton LLP
823 Canada Avenue
Duncan, BC
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F +1 250 746 1950
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Report on Financial Statements

We have audited the accompanying financial statements of the Duncan - North Cowichan Joint Utilities Board, which comprise the statement of financial position as at December 31, 2016, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluation of the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Duncan - North Cowichan Joint Utilities Board as at December 31, 2016 and its operations for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of the Duncan – North Cowichan Joint Utilities Board for the year ended December 31, 2015, were audited by Hayes Stewart Little & Co. The partners and staff of Hayes Stewart Little & Co. joined Grant Thornton LLP subsequent to October 1, 2016.



Duncan, BC
May 3, 2017

Chartered Professional Accountants

Statement of Financial Position

AS AT DECEMBER 31, 2016, WITH COMPARATIVE FIGURES FOR 2015

	<u>2016</u>	<u>2015</u>
Financial Assets		
Investments (Notes 3 and 6)	\$ <u>1,354,759</u>	\$ <u>1,226,161</u>
Liabilities		
Unearned revenue	<u>26,815</u>	-
Net Financial Assets	<u>1,327,944</u>	<u>1,226,161</u>
Non-financial assets		
Tangible capital assets (Schedule I)	<u>2,257,653</u>	2,307,362
Prepaid items	<u>26,815</u>	-
	<u>2,284,468</u>	<u>2,307,362</u>
Accumulated surplus	\$ <u><u>3,612,412</u></u>	\$ <u><u>3,533,523</u></u>



M. Frame,
Director of Finance

See accompanying notes to the financial statements.

Statement of Operations

AS AT DECEMBER 31, 2016, WITH COMPARATIVE FIGURES FOR 2015

	<u>2016</u> <u>Budget</u>	<u>2016</u>	<u>2015</u>
Revenue			
Contributions from:			
The Corporation of the District of North Cowichan	\$ 1,533,165	\$ 499,033	\$ 530,619
The Corporation of the City of Duncan	907,755	296,877	325,518
Cowichan Valley Regional District	376,712	154,757	160,285
Cowichan Tribes	53,571	21,295	18,171
Interest received	<u>16,400</u>	<u>13,397</u>	<u>15,873</u>
	<u>2,887,603</u>	<u>985,359</u>	<u>1,050,466</u>
Expenses			
Administration	41,163	39,513	42,492
Amortization	-	49,710	49,710
Sewer lagoon operation and maintenance	<u>933,260</u>	<u>817,247</u>	<u>876,901</u>
	<u>974,423</u>	<u>906,470</u>	<u>969,103</u>
Annual Surplus	1,913,180	78,889	81,363
Accumulated surplus, beginning of year	<u>3,533,523</u>	<u>3,533,523</u>	<u>3,452,160</u>
Accumulated surplus, end of year	\$ <u><u>5,446,703</u></u>	\$ <u><u>3,612,412</u></u>	\$ <u><u>3,533,523</u></u>

See accompanying notes to the financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

1. SUMMARY OF OPERATIONS

The Duncan – North Cowichan Joint Utilities Board is a government partnership that operates and maintains joint sewer lagoons on behalf of the City of Duncan and the District of North Cowichan. The distribution of expenditures related to operations is based on the number of users in each municipality.

2. SIGNIFICANT ACCOUNTING POLICIES

It is the Board's policy to follow Canadian public sector accounting standards and to apply such principles consistently. The following is a summary of the Corporation's significant policies:

a) BASIS OF ACCOUNTING

The Board follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the delivery of goods or services and/or upon the creation of a legal obligation to pay. Expenses paid in the current period and attributable to a future period are recorded as prepaid.

b) REVENUE RECOGNITION

- i) Contributions from partners are recognized when invoiced.
- ii) Government transfers are recognized in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit in qualifying institutions as defined in the community charter.

d) USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles as recommended by PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. A significant area requiring the use of management estimates relate to the determination of amortization of capital assets. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

e) NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Engineering Structures	10 to 60 years
------------------------	----------------

Amortization is charged on a monthly basis, starting the month following the date of acquisition and ending in the month of disposition. Capital works in progress are not amortized until the asset is available for productive use.

3. INVESTMENTS

Investments are carried at cost, which at December 31, 2016, would approximate market value. The balance of investments has been internally restricted by the Board and is to be expended in accordance with the terms of the reserve for capital expenditure.

4. OPERATING LEASE

The Board leased the sewage lagoon lands under an operating lease which expires July 31, 2060. Future minimum lease payments are \$321,774 per annum with an estimated annual increase of 2.2%.

5. FINANCIAL INSTRUMENTS

The Board's financial instruments consist of investments. The carrying amount of these financial instruments approximates their fair value because they are short-term in nature or because they bear interest at market rates.

Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest or credit risks arising from these financial instruments.

6. CAPITAL RESERVE FUNDS

The Capital reserve funds are non-statutory reserves, for the purpose of future capital expenditures, established at the discretion of the Board. Balances and changes are outlined as follows:

	2016	2015
Balances, beginning of year	\$1,226,161	\$1,095,088
Add: transfer from current operations	128,598	131,073
Balance, end of year	\$1,354,759	\$1,226,161

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2016

7. LISTING OF OPERATING EXPENDITURES BY OBJECT TYPE

The following provides a summary of operating expenses by object:

	2016	2015
Salaries, wages and benefits	\$131,531	\$118,898
Contract services	99,942	151,755
Amortization	49,710	49,710
Materials and supplies	307,554	337,846
Land Rent	317,733	310,894
Total expense	<u>\$906,470</u>	<u>\$969,103</u>

8. STATEMENT OF CASH FLOWS

A statement of cash flows has not been prepared as it is not considered to provide any additional information.

DUNCAN - NORTH COWICHAN JOINT UTILITIES BOARD Schedule to the Consolidated Financial Statements FOR THE YEAR ENDED DECEMBER 31, 2016

TANGIBLE CAPITAL ASSETS

		COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
					Balance December 31, 2015	2016 Additions	2016 Disposals	Balance December 31, 2016	2015	2016
	\$	2,485,490	-	-	178,128	\$ 49,710	-	\$ 227,837	\$ 2,307,362	\$ 2,257,653
Engineering Structures										

SCHEDULE I



The Corporation of the District of North Cowichan

STATISTICAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2016

[UNAUDITED]

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN

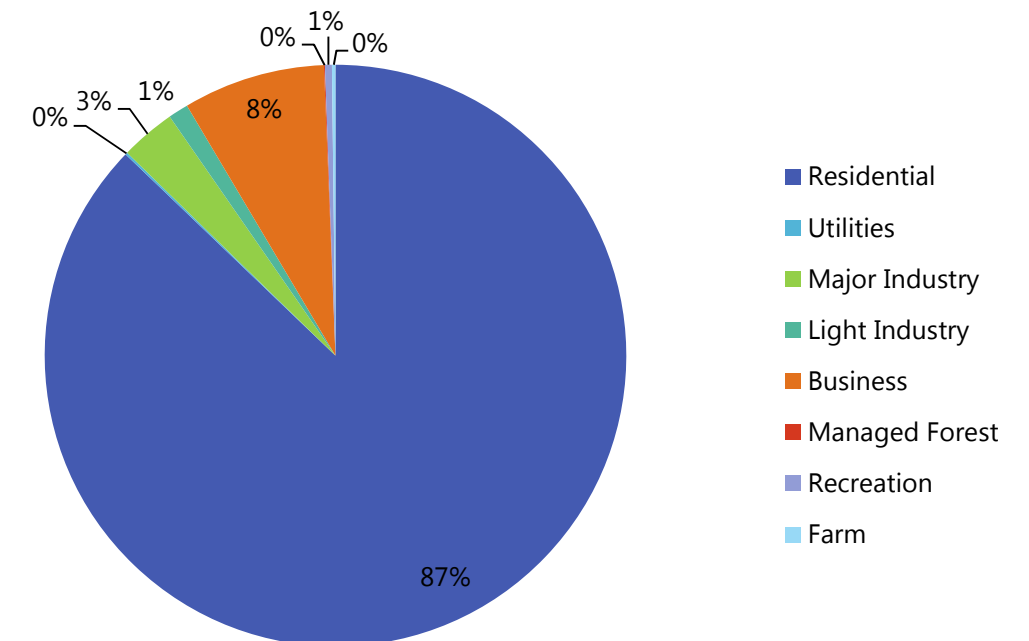
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

TAXABLE ASSESSMENTS OF LAND AND IMPROVEMENTS (IN THOUSANDS)

Property Class	2012	2013	2014	2015	2016
Residential	\$ 3,940,355	\$ 3,855,900	\$ 3,764,441	\$ 3,722,536	\$ 3,828,667
Utilities	5,008	5,053	5,270	4,683	4,898
Major Industry	139,792	138,177	134,371	134,286	134,226
Light Industry	55,841	57,710	54,388	50,327	49,346
Business	304,847	330,410	336,491	336,459	347,478
Managed Forest	1,730	2,206	2,028	2,201	2,436
Recreation	12,410	12,872	20,423	17,405	16,892
Farm	8,324	8,414	8,215	8,352	8,401
	<u>\$ 4,468,307</u>	<u>\$ 4,410,742</u>	<u>\$ 4,325,627</u>	<u>\$ 4,276,249</u>	<u>\$ 4,392,344</u>

2016 Assessment by Property Class



Source: North Cowichan Financial Services

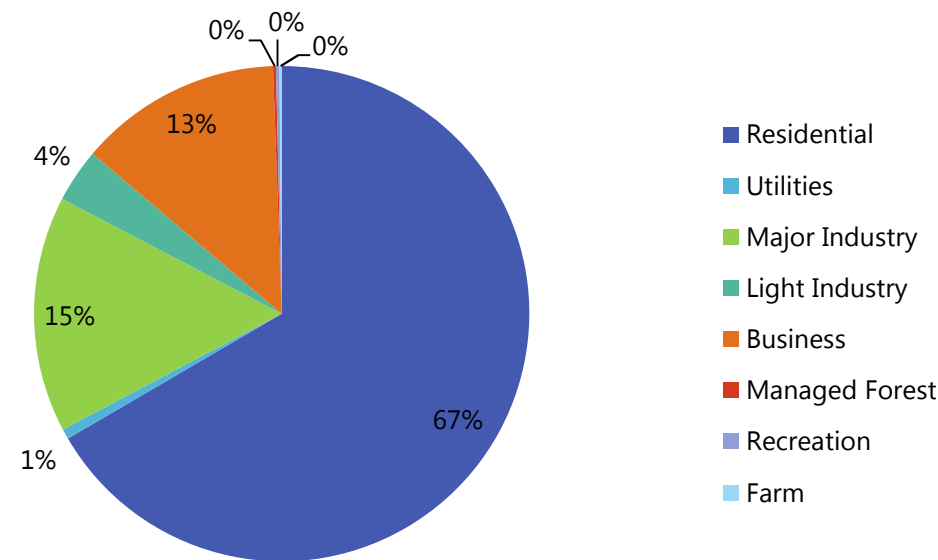
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

TAX REVENUE BY PROPERTY CLASS

Property Class	2012	2013	2014	2015	2016
Residential	\$ 15,048,039	\$ 15,773,792	\$ 16,320,213	\$ 16,990,317	\$ 17,719,679
Utilities	153,043	158,711	157,310	166,089	178,185
Major Industry	3,604,805	3,743,516	3,841,964	3,982,720	4,099,828
Light Industry	959,972	1,037,669	1,050,450	1,063,172	930,383
Business	2,628,819	2,902,512	3,144,707	3,347,424	3,536,949
Managed Forest	29,734	40,770	40,991	43,497	45,476
Recreation	36,879	47,310	71,723	54,998	63,172
Farm	31,801	32,916	35,817	36,604	37,496
	<u>\$ 22,493,092</u>	<u>\$ 23,737,196</u>	<u>\$ 24,663,175</u>	<u>\$ 25,684,821</u>	<u>\$ 26,611,168</u>

2016 Tax Revenue by Property Class



Source: North Cowichan Financial Services

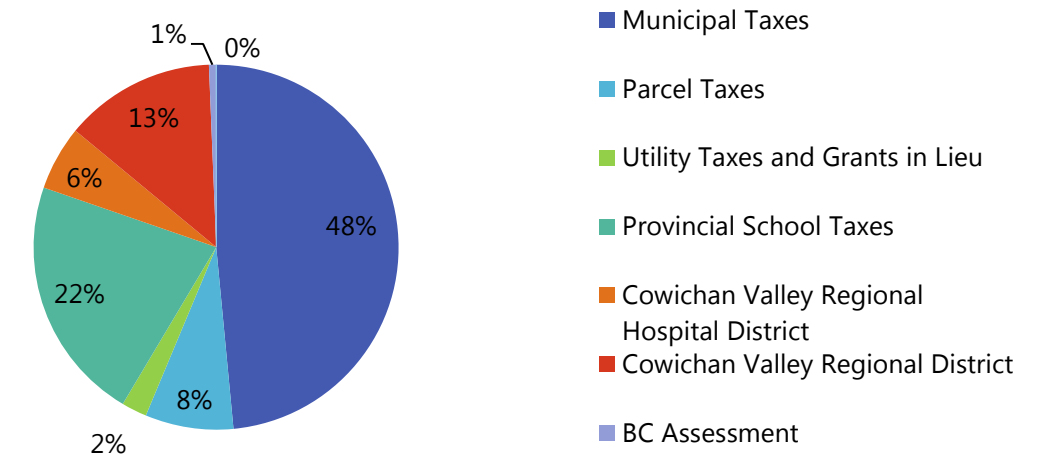
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

PROPERTY TAX LEVIED AND COLLECTED

	2012	2013	2014	2015	2016
Municipal Taxes	\$ 22,493,092	\$ 23,737,196	\$ 24,663,175	\$ 25,684,821	\$ 26,611,168
Parcel Taxes	4,003,340	3,907,627	4,007,250	4,067,800	4,298,945
Utility Taxes and Grants in Lieu	1,073,324	1,147,859	1,207,147	1,191,734	1,237,191
Provincial School Taxes	12,155,133	12,400,567	12,388,510	12,214,842	11,940,758
Cowichan Valley Regional Hospital District	1,900,740	2,388,779	2,664,297	2,823,891	3,128,740
Cowichan Valley Regional District	6,036,143	6,462,047	6,685,258	7,090,899	7,341,902
BC Assessment	381,558	385,024	378,365	363,022	346,992
Municipal Finance Authority	1,082	1,077	1,059	1,050	1,078
	<u>\$ 48,044,412</u>	<u>\$ 50,430,176</u>	<u>\$ 51,995,061</u>	<u>\$ 53,438,059</u>	<u>\$ 54,906,774</u>
Total Current Taxes Levied	\$ 48,044,412	\$ 50,430,176	\$ 51,995,061	\$ 53,438,059	\$ 54,906,774
Total Current Taxes Collected	<u>46,579,824</u>	<u>48,875,118</u>	<u>50,573,959</u>	<u>51,995,426</u>	<u>53,498,332</u>
Outstanding	<u>\$ 1,464,588</u>	<u>\$ 1,555,058</u>	<u>\$ 1,421,102</u>	<u>\$ 1,442,633</u>	<u>\$ 1,408,442</u>
Percentage Collected	<u>97.0%</u>	<u>96.9%</u>	<u>97.3%</u>	<u>97.3%</u>	<u>97.4%</u>

2016 Property Tax by Type



Source: North Cowichan Financial Services

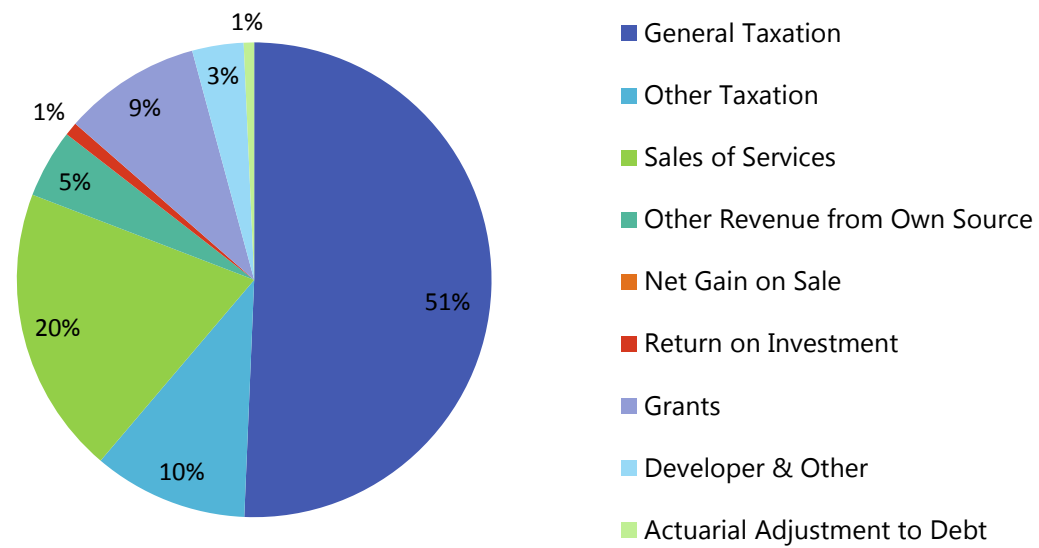
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

SOURCES OF REVENUE

	2012	2013	2014	2015	2016
General Taxation	\$ 22,493,092	\$ 23,737,196	\$ 24,663,175	\$ 25,684,821	\$ 26,611,168
Other Taxation	5,403,951	5,055,486	5,214,397	5,259,534	5,536,136
Sales of Services	8,900,641	10,152,123	9,988,716	9,934,036	10,303,696
Other Revenue from Own Source	1,041,398	1,393,689	1,290,676	1,290,799	2,458,109
Net Gain on Sale	15,726	10,889	907,014		
Return on Investment	497,351	518,519	485,004	537,184	482,740
Grants	2,589,619	8,106,819	3,039,959	3,044,440	4,915,296
Developer & Other	2,173,267	1,713,654	1,538,496	1,445,735	1,847,256
Actuarial Adjustment to Debt	287,724	779,480	268,697	318,574	367,322
	\$ 43,402,769	\$ 51,467,855	\$ 47,396,134	\$ 47,515,123	\$ 52,521,723

2016 Sources of Revenue



Source: North Cowichan Financial Services

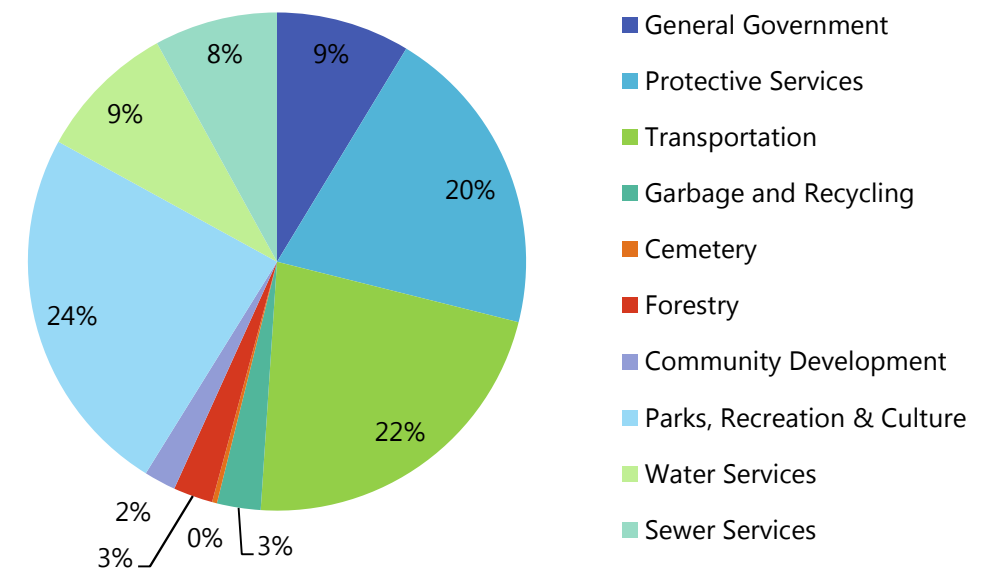
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

EXPENSES BY FUNCTION

	2012	2013	2014	2015	2016
General Government	\$ 3,033,567	\$ 3,314,040	\$ 3,501,452	\$ 3,524,570	\$ 3,900,172
Protective Services	7,454,153	8,209,668	8,028,316	8,204,382	9,094,204
Transportation	9,256,695	8,963,242	9,912,682	9,560,297	9,943,609
Garbage and Recycling	1,491,797	1,306,716	1,222,948	1,216,257	1,283,764
Cemetery	127,699	139,066	138,673	146,198	135,551
Forestry	1,214,269	1,459,565	1,345,038	1,293,708	1,154,654
Community Development	928,357	1,032,004	1,340,289	1,101,461	928,399
Parks, Recreation & Culture	8,731,752	9,346,503	9,921,212	10,620,440	10,855,716
Water Services	3,346,724	3,477,279	4,080,995	3,991,686	4,057,932
Sewer Services	3,254,810	3,117,937	3,529,976	3,692,865	3,591,150
	\$ 38,839,823	\$ 40,366,020	\$ 43,021,581	\$ 43,351,864	\$ 44,945,151

2016 Expenses



Source: North Cowichan Financial Services

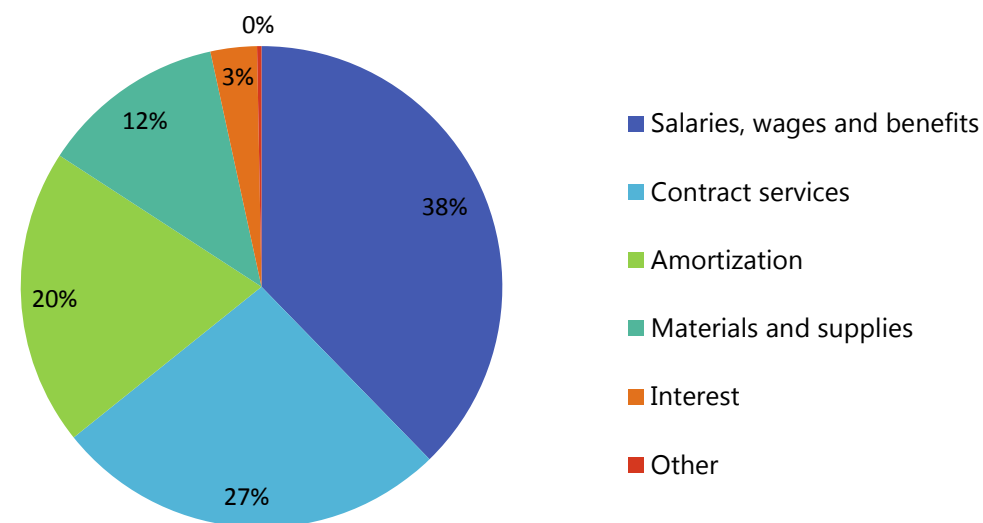
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

EXPENSES BY OBJECT

	2012	2013	2014	2015	2016
Salaries, wages and benefits	\$ 14,410,936	\$ 14,841,612	\$ 15,765,079	\$ 16,055,345	\$ 16,942,611
Contract services	10,488,458	11,448,716	12,134,545	12,160,941	11,933,440
Amortization	7,825,301	8,198,485	8,594,212	8,678,052	8,954,565
Materials and supplies	4,764,748	4,506,994	5,150,889	4,837,885	5,579,722
Interest	1,126,246	1,370,213	1,376,856	1,393,717	1,402,565
Other	224,134			225,924	132,248
	<u>\$ 38,839,823</u>	<u>\$ 40,366,020</u>	<u>\$ 43,021,581</u>	<u>\$ 43,351,864</u>	<u>\$ 44,945,151</u>

2016 Expenses by Object



Source: North Cowichan Financial Services

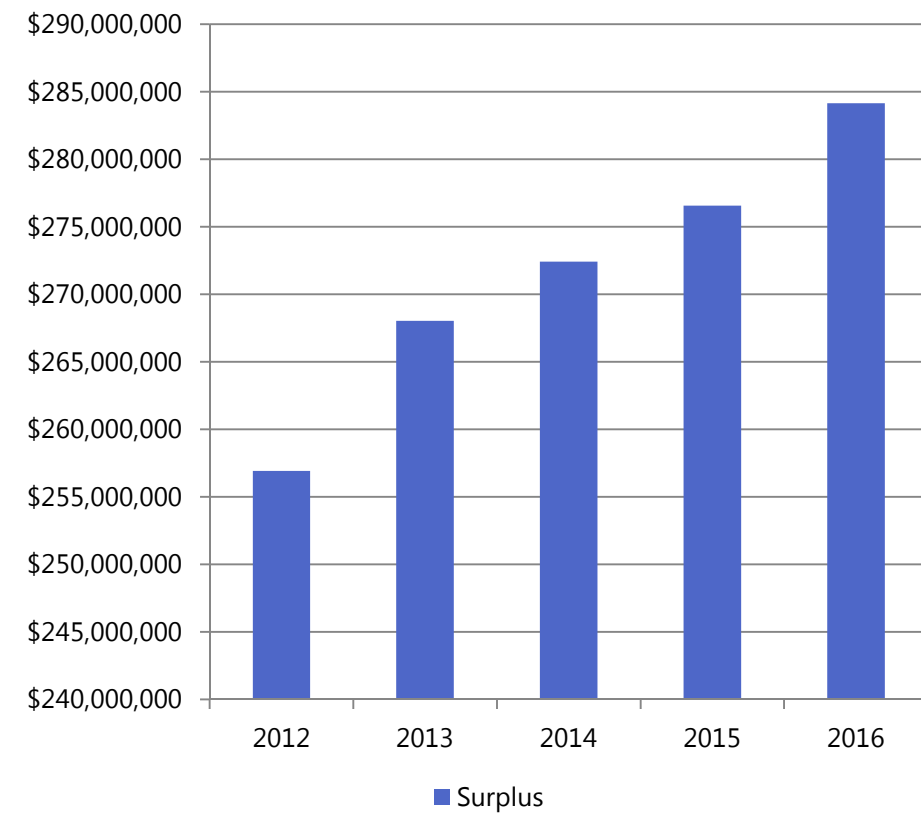
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

ACCUMULATED SURPLUS

	2012	2013	2014	2015	2016
Accumulated Surplus	\$ 256,934,626	\$ 268,036,461	\$ 272,411,014	\$ 276,574,273	\$ 284,150,845
Annual Surplus	\$ 4,275,222	\$ 11,101,835	\$ 4,374,553	\$ 4,163,259	\$ 7,576,572

Accumulated Surplus



Source: North Cowichan Financial Services

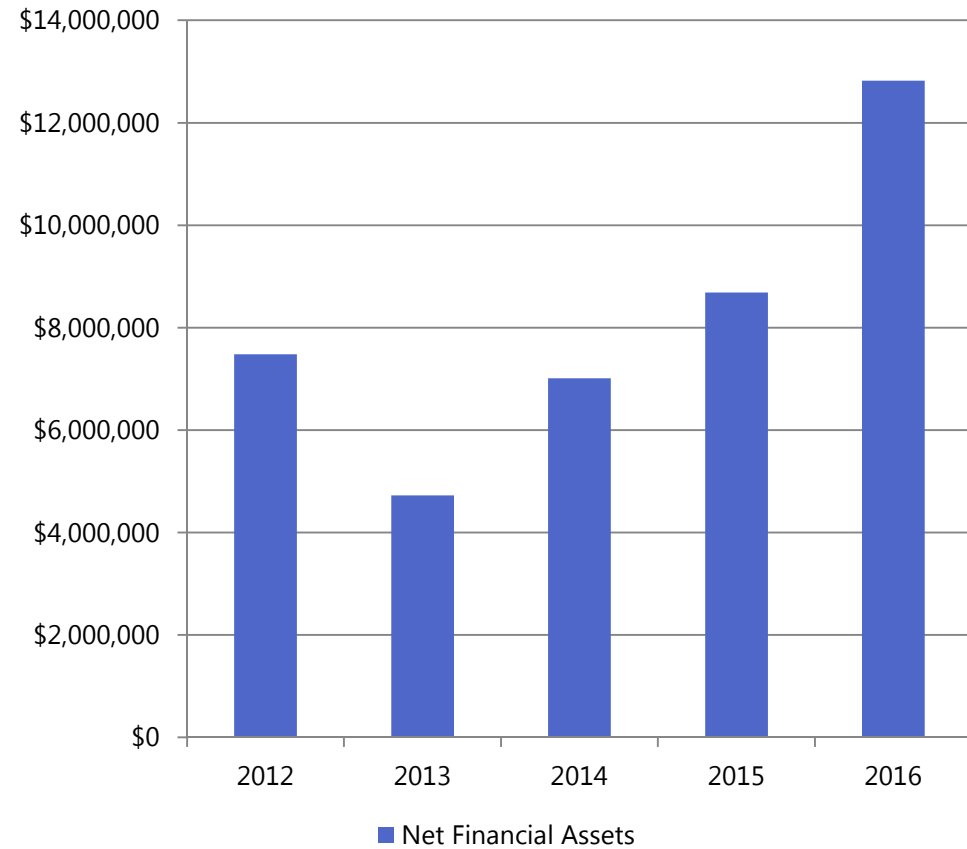
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

NET FINANCIAL ASSETS

	2012	2013	2014	2015	2016
Net Financial Assets	\$ 7,481,296	\$ 4,723,509	\$ 7,014,708	\$ 8,687,605	\$ 12,819,255

Net Financial Assets



Source: North Cowichan Financial Services

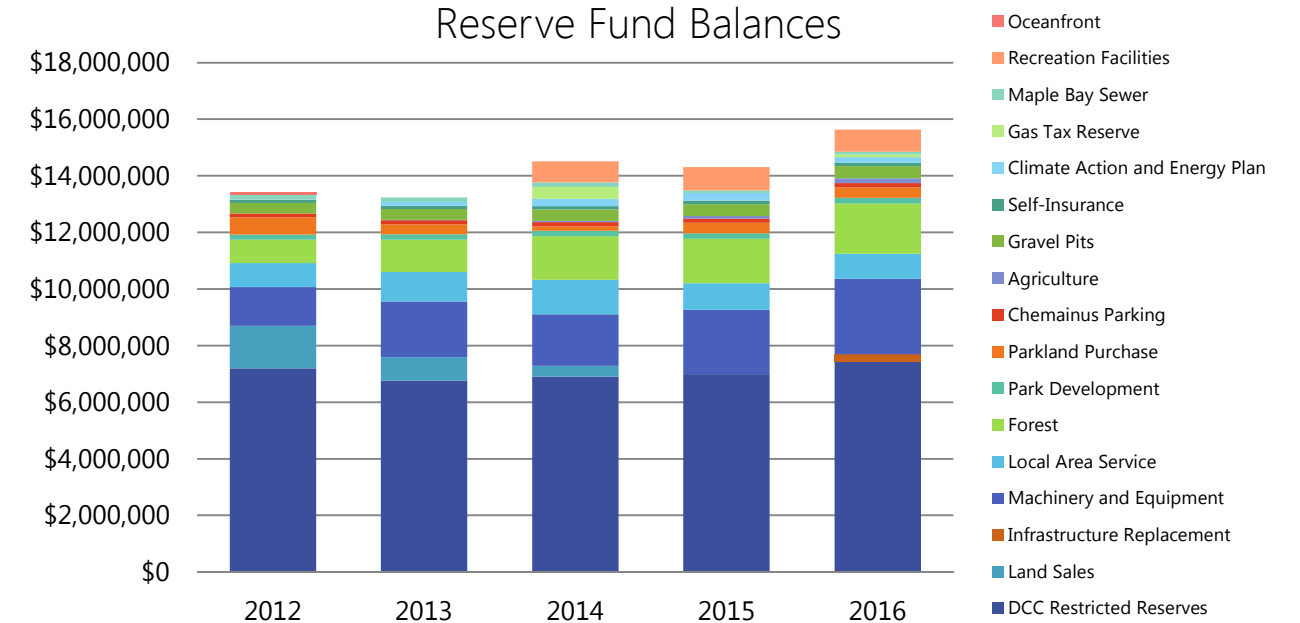
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

RESERVE FUND BALANCES

	2012	2013	2014	2015	2016
DCC Restricted Reserves	\$ 7,195,898	\$ 6,765,155	\$ 6,902,151	\$ 6,989,093	\$ 7,440,263
Land Sales	1,499,182	820,481	385,917	0	138,257
Infrastructure Replacement	0	0	0	0	250,000
Machinery and Equipment	1,371,486	1,968,575	1,820,232	2,274,357	2,675,089
Local Area Service	846,899	1,039,722	1,216,897	938,331	881,380
Forest	825,324	1,148,454	1,537,081	1,571,361	1,773,910
Park Development	187,797	190,499	192,995	195,792	197,931
Parkland Purchase	603,298	352,891	155,439	373,298	377,377
Chemainus Parking	142,102	145,695	147,604	149,743	151,379
Agriculture	0	10,000	50,225	80,953	161,894
Gravel Pits	366,010	384,897	410,902	428,920	433,606
Self-Insurance	111,698	113,306	114,790	116,454	117,726
Climate Action and Energy Plan	18,700	136,969	256,763	279,395	197,966
Gas Tax Reserve			416,000	0	100,340
Maple Bay Sewer	155,066	157,297	159,358	86,475	87,420
Recreation Facilities			748,222	829,802	784,201
Oceanfront	83,235	0	0	0	0
Total	\$ 13,406,695	\$ 13,233,941	\$ 14,514,576	\$ 14,313,974	\$ 15,768,739

Reserve Fund Balances



Source: North Cowichan Financial Services

Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

DEBENTURE DEBT

	2012	2013	2014	2015	2016
Debenture Debt	\$ 21,503,802	\$ 22,272,673	\$ 21,056,814	\$ 21,790,273	\$ 22,981,708
Debt per Capita	732	756	704	725	760

Source: North Cowichan Financial Services

LIABILITY SERVICING

	2012	2013	2014	2015	2016
Liability Servicing Limit	\$ 9,398,637	\$ 10,270,490	\$ 10,467,636	\$ 10,764,589	\$ 11,423,301
Total Liability Servicing Cost	2,609,840	2,856,862	2,719,018	2,670,299	4,087,297
Liability Servicing Capacity Available	\$ 6,788,797	\$ 7,413,628	\$ 7,748,618	\$ 8,094,290	\$ 7,336,004

Source: North Cowichan Financial Services

TAXES COLLECTED FOR OTHER AGENCIES

	2012	2013	2014	2015	2016
School	\$ 12,155,133	\$ 12,400,567	\$ 12,388,510	\$ 12,214,842	\$ 11,940,758
CVRHD	1,900,740	2,388,779	2,664,297	2,823,891	3,128,740
CVRD	6,036,143	6,462,047	6,685,258	7,090,899	7,341,902
BC Assessment	381,558	385,024	378,365	363,022	346,992
MFA	1,082	1,077	1,059	1,050	1,078
	<u>\$ 20,474,656</u>	<u>\$ 21,637,494</u>	<u>\$ 22,117,489</u>	<u>\$ 22,493,704</u>	<u>\$ 22,759,470</u>

Source: North Cowichan Financial Services

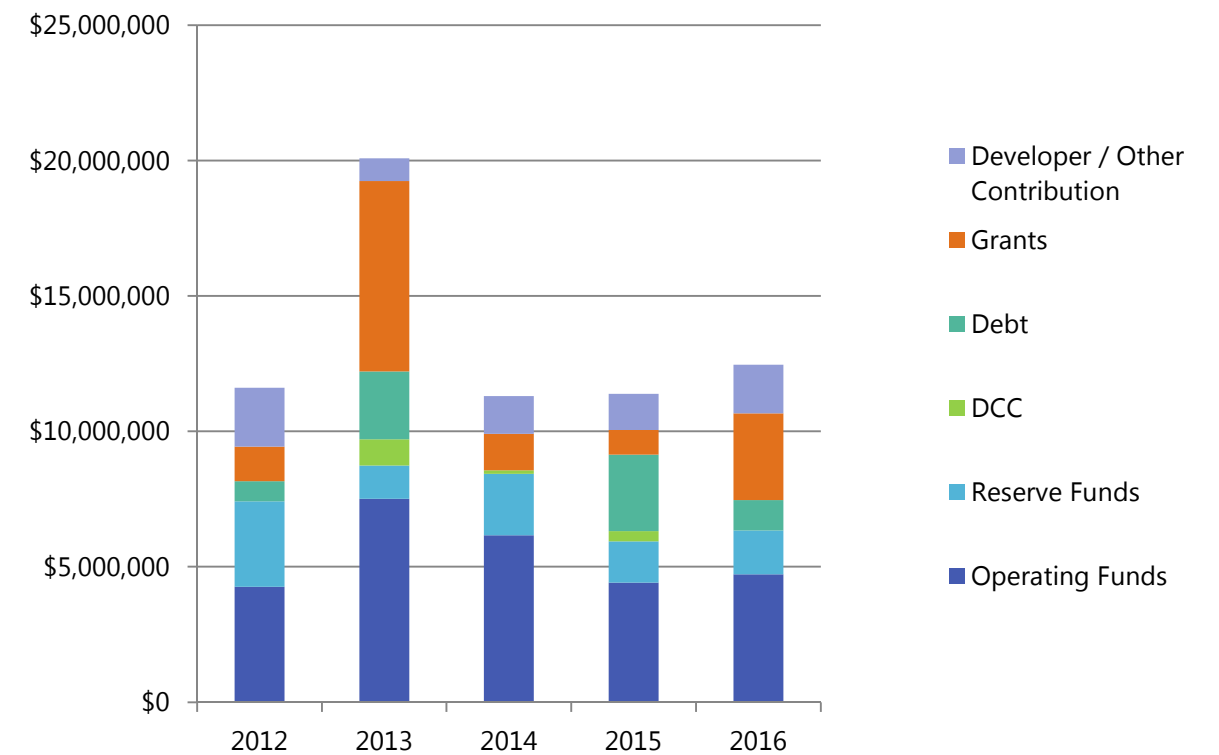
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

CAPITAL EXPENDITURES BY SOURCES OF FINANCING

	2012	2013	2014	2015	2016
Operating Funds	\$ 4,256,479	\$ 7,511,079	\$ 6,158,480	\$ 4,413,185	\$ 4,718,359
Reserve Funds	3,156,986	1,224,538	2,275,092	1,529,485	1,622,366
DCC	-	977,600	133,200	372,000	-
Debt	745,475	2,500,000	-	2,824,800	1,121,522
Grants	1,275,731	7,034,261	1,346,863	913,323	3,199,385
Developer / Other Contribution	2,173,267	835,729	1,395,296	1,337,959	1,797,256
	<u>\$ 11,607,938</u>	<u>\$ 20,083,207</u>	<u>\$ 11,308,931</u>	<u>\$ 11,390,752</u>	<u>\$ 12,458,888</u>

Capital Expenditures by Source of Funding



Source: North Cowichan Financial Services

Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2012-2016

NEW CONSTRUCTION

	2012	2013	2014	2015	2016
Building Permits Issued	296	251	308	249	331
Construction Value	\$ 44,012,722	\$ 41,849,005	\$ 36,958,060	\$ 32,299,000	\$ 39,931,902

Source: North Cowichan Financial Services

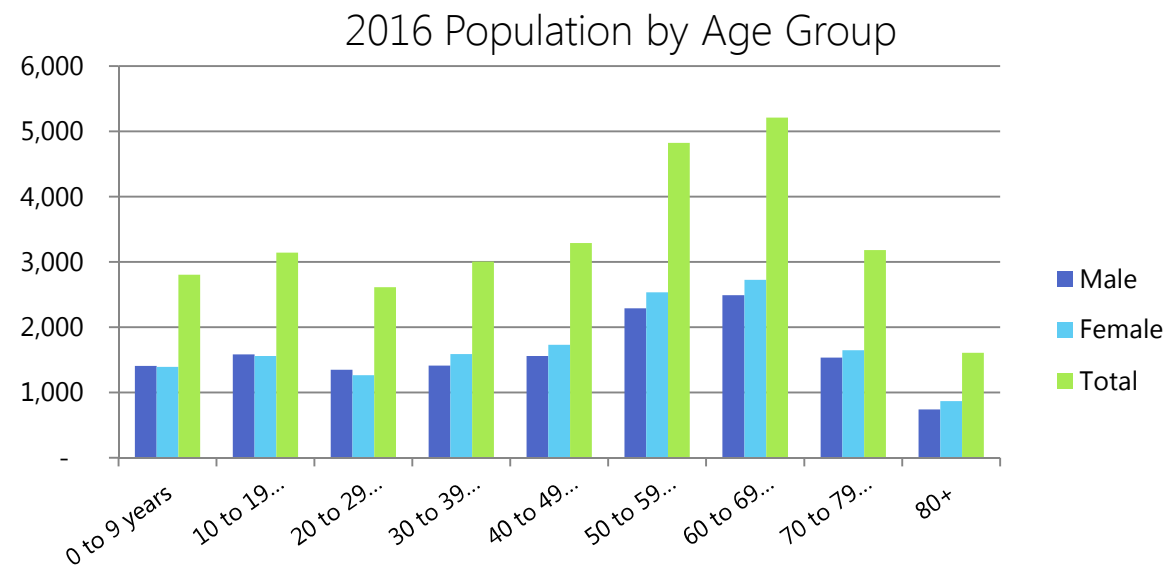
TOTAL POPULATION

	2012	2013	2014	2015	2016
Total population estimates	29,380	29,472	29,895	30,064	30,229
% Change from prior year	-0.1%	0.3%	1.4%	0.6%	0.5%

Source: BC Stats

POPULATION BY AGE GROUP

Median age of population 47.1 years



Source: Statistics Canada Census

Statistical Information

2016 TOP 10 PRINCIPAL CORPORATE TAXPAYERS

Taxpayer	Industry	Tax Contribution
Catalyst Paper Corporation	Industry	\$3,723,908
Calloway Reit (Cowichan) Inc.	Retail	649,821
Western Forest Products Inc.	Industry	544,815
Riocan Holdings Inc.	Retail	504,914
Cowichan Town Centre Market Inc.	Retail	242,339
Island Timberlands GP Ltd	Industry	106,875
Chemainus Village Square Ltd	Retail	101,585
Baljet Car Co. Ltd.	Retail	92,237
Centra Gas BC Inc	Utility	91,939
Alpine-Pacific Leasing Ltd	Retail	89,900

Total Tax Contribution from Top 10 Taxpayers \$6,148,333

Total Municipal Tax \$26,611,168

Proportion of municipal tax paid by top ten 23.1%

Source: North Cowichan Financial Services



The Corporation of the District of North Cowichan

OTHER INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2016

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN

Permissive Tax Exemptions

Amount of Municipal Property Taxes that would have been imposed if no tax exemption in dollars.

Roll #	Property Address	Owner or Occupant	Taxes
24001-000	3790 Gibbins Rd	744 (Cowichan) Squadron Admin Society	1,063
00403-000	5905 Indian Rd	Abbeyfield Houses Society of Duncan	3,588
15117-000	Victoria Rd	Anglican Synod Diocese of BC (St. Michael's and All Angels' Anglican Church)	1,415
16124-000	2852/2858 Mill St	Anglican Synod Diocese of BC (St. Michael's and All Angels' Anglican Church)	1,351
00362-000	5795 Church Rd	Anglican Synod Diocese of BC (St. Peter's Anglican Church)	8,459
00001-000	5800 Church Rd	Anglican Synod Diocese of BC (St. Peter's Anglican Church)	737
01881-000	3441 Gibbins Rd	BC Corporation of Seventh-Day Adventist Church (Duncan)	3,183
05469-001	2892 Drinkwater Rd.	BC Forest Discovery Centre	3,107
05977-000	Drinkwater Rd	BC Forest Discovery Centre	1,283
05105-060	7550 Bell McKinnon Rd	BC S.P.C.A..	4,540
1608-000	2085 Maple Bay Rd	Bishop of Victoria (Queen of Angels School)	1,242
08630-001	Water Licence 106188	Camp Qwanoes	4
08630-002	Water Licence 108939	Camp Qwanoes	4
08633-000	1148 Smith Rd	Camp Qwanoes	4,445
08633-001	1 - 1148 Smith Rd	Camp Qwanoes	184
08076-000	PID 009-625-399	Camp Qwanoes	2,730
08630-000	1148 Barnes Rd	Camp Qwanoes	4,861
08630-050	1148 Barnes Rd	Camp Qwanoes	736
09542-000	1186 Barnes Rd	Camp Qwanoes	1,741
16487-000	3318 River Rd	Canadian Baptists of Western Canada (Calvary Baptist Church)	4,957
15642-005	9796 Willow St	Chemainus Chamber of Commerce	851
15642-000	9796 Willow St	Chemainus Festival of Murals Society	2,028
15152-100	9867 Maple St	Chemainus Health Care Auxiliary	7,950
15148-010	9906 Esplanade St	Chemainus Health Care Foundation	3,909
15004-005	Rifle Range	Chemainus Rod & Gun Club	324
15798-101	9758 Chemainus Rd	Chemainus Rotary Club	522
15656-000	9824 Willow St	Chemainus Seniors Drop-In Centre Society	5,934
15103-001	9745 Chemainus Rd	Chemainus Theatre Festival Foundation	1,110
15105-100	9737 Chemainus Rd	Chemainus Theatre Festival Society	27,381
15086-200	9574 Bare Point Rd	Chemainus Theatre Festival Society	18,699
15054-115	9799 Waterwheel Cres	Chemainus Valley Historical Society	420
01038-001	Beverly St	Chesterfield Sports Society	1,227
01038-002	5847 Chesterfield Ave	Chesterfield Sports Society	2,827
06503-000	6118 Lane Rd	Christian Science Society, Duncan	594
477-000	1815 Tzouhalem Rd	Church of Jesus Christ of Latter-day Saints	2,708
05359-005	6124 Ryall Rd	Clements Centre Society	1,778
05359-006	6124 Ryall Rd	Clements Centre Society	3,926
01791-020	5855 Clements St	Cowichan Agricultural Society & Farmers Institute	2,723
05099-000	7380 Trans Canada Hwy	Cowichan Exhibition	44,250
08548-000	1860 Herd Rd	Cowichan Rugby Club	3,946
01587-000	5856 Clements St	Cowichan Valley Association for Community Living	13,823
01082-000	5810 Garden St	Cowichan Valley Basket Society	1,262
02310-000	3036 Sherman Rd	Cowichan Valley Church of the Nazarene	1,420
02197-001	3045 Gibbins Rd	Cowichan Valley Division of Family Practice	540
01920-000	5860 Banks Rd	Cowichan Valley Hospice Society	1,070
15040-002	2876 Fuller Lake Rd	Cowichan Valley Minor Hockey Club	167
15642-001	9796 Willow St	Cowichan Valley Neighborhood House Association	3,542
05999-000	3253 Sherman Rd	Cowichan Valley Soccer Assn.	3,192
05567-000	6137 Somenos Rd	Cowichan Valley Soccer Assn.	1,197
05033-000	Mt. Prevost	Cowichan War Memorial Trustees	99
08338-000	8104 Musgrave St	Crofton Community Centre Society	4,072
08333-020	Morgan St	Crofton Community Centre Society	2,148
12395-000	1675 Robert St	Crofton Community Centre Society	1,283

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Permissive Tax Exemptions - continued

Amount of Municipal Property Taxes that would have been imposed if no tax exemption in dollars.

Roll #	Property Address	Owner or Occupant	Taxes
08333-100	8003 York Ave	Crofton Community Centre Society	3,102
12316-010	1507 Joan Ave	Crofton Old School Museum	1,947
12316-011	1507 Joan Ave	Crofton Seniors Society	4,418
947-000	2246 and 2244 Moose Rd	Duncan Community Lodge Society (Loyal Order of the Moose)	4,699
06000-000	3191 Sherman Rd	Duncan Curling Club	6,820
5469-005	2986 Drinkwater Rd	Duncan-Cowichan Chamber of Commerce	2,412
6474-000	2359 Calais Rd	Franciscan Poor Clare Nuns (St. Clare's Monastery)	4,003
6355-000	Wicks Rd	Franciscan Poor Clare Nuns (St. Clare's Monastery)	4,102
6038-000	2382 Calais Rd	Franciscans of Western Canada	3,231
02246-005	2731 Boys Rd	Freshwater Fisheries Society of B.C.	659
8314-000	6722 Beaumont Ave	Friends of Cowichan Cadets Society	1,113
16273-000	9877 Esplanade St	Harbour View Housing Society	9,231
15791-000	2828 Pine St	Harbour View Housing Society	5,250
172-001	Rail Corridor	Island Corridor Foundation	745
180-001	Rail Corridor	Island Corridor Foundation	428
180-002	Rail Corridor	Island Corridor Foundation	759
184-001	Rail Corridor	Island Corridor Foundation	569
184-002	Rail Corridor	Island Corridor Foundation	486
186-001	Rail Corridor	Island Corridor Foundation	164
899-001	Rail Corridor	Island Corridor Foundation	528
900-001	Rail Corridor	Island Corridor Foundation	369
1180-025	Rail Corridor	Island Corridor Foundation	298
1180-050	Rail Corridor	Island Corridor Foundation	378
1232-003	Rail Corridor	Island Corridor Foundation	505
1232-004	Rail Corridor	Island Corridor Foundation	436
1232-005	Rail Corridor	Island Corridor Foundation	80
1232-006	Rail Corridor	Island Corridor Foundation	115
1232-007	Rail Corridor	Island Corridor Foundation	1,152
1232-008	Rail Corridor	Island Corridor Foundation	58
1232-009	Rail Corridor	Island Corridor Foundation	4
1232-010	Rail Corridor	Island Corridor Foundation	1,093
1232-011	Rail Corridor	Island Corridor Foundation	1,498
2222-001	Rail Corridor	Island Corridor Foundation	620
3995-000	Rail Corridor	Island Corridor Foundation	11,006
3995-001	Rail Corridor	Island Corridor Foundation	315
3995-002	Rail Corridor	Island Corridor Foundation	2,416
3995-003	Rail Corridor	Island Corridor Foundation	3,112
3995-004	Rail Corridor	Island Corridor Foundation	1,498
3995-007	Rail Corridor	Island Corridor Foundation	2,934
3995-008	Rail Corridor	Island Corridor Foundation	3,017
3995-009	Rail Corridor	Island Corridor Foundation	2,245
3995-010	Rail Corridor	Island Corridor Foundation	1,491
3995-011	Rail Corridor	Island Corridor Foundation	2,263
3995-012	Rail Corridor	Island Corridor Foundation	2,766
3995-013	Rail Corridor	Island Corridor Foundation	3,451
3995-014	Rail Corridor	Island Corridor Foundation	528
3995-015	Rail Corridor	Island Corridor Foundation	2,485
3995-016	Rail Corridor	Island Corridor Foundation	2,434
3995-017	Rail Corridor	Island Corridor Foundation	1,866
3995-018	Rail Corridor	Island Corridor Foundation	1,308
3995-019	Rail Corridor	Island Corridor Foundation	3,320
3995-020	Rail Corridor	Island Corridor Foundation	7
3995-021	Rail Corridor	Island Corridor Foundation	1,115

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Permissive Tax Exemptions - continued

Amount of Municipal Property Taxes that would have been imposed if no tax exemption in dollars.

Roll #	Property Address	Owner or Occupant	Taxes
3995-022	Rail Corridor.	Island Corridor Foundation	532
3996-000	Rail Corridor	Island Corridor Foundation	10,168
18008-001	Rail Corridor	Island Corridor Foundation	20
18008-002	Rail Corridor	Island Corridor Foundation	17
1640-005	5990 Indian Rd	Maple Bay Rowing Club	1,886
8328-000	6735 Beaumont Ave	Maple Bay Rowing Club	1,873
09119-000	6337 Genoa Bay Rd	Maple Bay Yacht Club	1,653
8595-001	1241 Maple Bay Rd	Nature Conservancy of Canada	1,639
8597-000	Aitken Rd	Nature Conservancy of Canada	2,831
00022-200	1501 Khenipson Rd	Nature Conservancy of Canada	4,481
8595-000	Maple Bay Rd	Nature Conservancy of Canada	6,168
3931-010	Cowichan Bay	Nature Trust of B.C.	62
5084-000	Trans Canada Hwy	Nature Trust of B.C.	1,812
197-100	Trans Canada Hwy	Nature Trust of B.C.	2,165
197-101	Trans Canada Hwy	Nature Trust of B.C.	4,642
200-000	6045 Trans Canada Hwy	Nature Trust of B.C. & Ducks Unlimited	1,213
476-000	1839 Tzouhalem Rd	New Life Community Baptist Church	4,457
12266-200	Tsussie Rd	Penelukut Development Society	367
15592-000	9471 Chemainus Rd	Pentecostal Assemblies (Chemainus Tabernacle)	411
15736-000	9775 Chemainus Rd	Royal Canadian Legion (Chemainus Legion)	3,147
5373-000	3248 Cowichan Valley Hwy	Somenos Community Association	2,479
433-000	2004 and 2030 Crescent Rd	St. Peter's Crescent Society	1,454
15148-005	9910 Esplanade St	Steeple's Housing Society	11,004
1572-001	2704 James St	Trinity Evangelical Lutheran Church	1,267
15646-000	9814 Willow St	Trustees of the Chemainus/Crofton Pastoral Charge	643
00016-000	1843 Tzouhalem Rd	Vancouver Island Providence Community Assoc	6,447
830-000	3210 Sherman Rd	Vancouver Island Sikh Cultural Soc	2,680
2227-000	3968 Gibbins Rd	Vimy Community Club	1,443
24017-000	2558 Mt Sicker Rd	Westholme School Society	2,138

Total 406,500

Revitalization Tax Exemptions

Amount of Municipal Property Taxes that would have been imposed if no tax exemption in dollars

Roll #	Property Address	Extent of Exemption	Term	Taxes
01081-011	101-2728 James Street	Class 1 or 6 improvements	2015 - 2019	\$ 3,799
01081-012	102-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	1,729
01081-013	103-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	1,538
01081-014	201-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	3,424
01081-015	202-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	916
01081-016	203-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	944
01081-017	204-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	545
01081-018	205-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	538
01081-019	206-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	930
01081-020	207-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	838
01081-021	302-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	929
01081-022	303-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	954
01081-023	304-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	555
01081-024	305-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	546
01081-025	306-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	944
01081-026	307-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	846
01081-027	401-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	1,037
01081-028	402-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	1,047
01081-029	403-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	968
01081-030	404-5822 Garden Street	Class 1 or 6 improvements	2015 - 2019	1,059
05319-575	6157 Scott Rd.	Class 5 or 6 improvements	2015 - 2024	5,843
05319-610	6200 Scott Rd.		2016 - 2014	5,273
Total				<u>\$ 29,928</u>

Chemainus Off-Street Parking

Report prepared as required under section 906 (9) of the Local Government Act

January 1, 2016	\$ 149,743
Interest	1,636
Current Year Contributions	
Current Year Expenditures	0
	<hr/>
December 31, 2016	<u>\$ 151,379</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Development Cost Charges

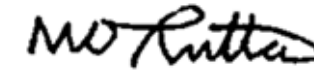
Report prepared as required under section 937.01 of the Local Government Act

	Jan. 1, 2016	Interest	Current Year Contributions	Current Year Expenditures	Dec. 31, 2016
ROADS	286,839	3,792	127,158	-	417,789
PARKS	70,372	1,079	63,200	-	134,651
CHEMAINUS					
WATER	152,473	1,703	10,009	-	164,185
SEWER	108,319	1,199	4,215	-	113,733
	260,792	2,902	14,224	-	277,918
CROFTON					
WATER	108,705	1,190	656	-	110,551
SEWER	51,514	566	813	-	52,893
	160,219	1,757	1,469	-	163,445
SOUTH END					
DRAINAGE	157,008	1,788	13,817	-	172,612
WATER	1,345,437	14,933	51,143	-	1,411,512
SEWER	4,708,426	51,942	101,968	-	4,862,336
	6,210,871	68,662	166,928	-	6,446,460
TOTAL	6,989,093	78,192	372,979	-	7,440,263

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Disqualification From Office

NIL REPORT

No application has been made for any Council or former Council member to be disqualified from office under section 111 of the *Community Charter*.



Mark O. Ruttan
 Director of Administration
 May 12, 2017



MUNICIPALITY OF
NORTH
Cowichan

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