



Annual Report 2014

For the Year Ended December 31, 2014
North Cowichan, British Columbia, Canada

The Corporation of the District of North Cowichan

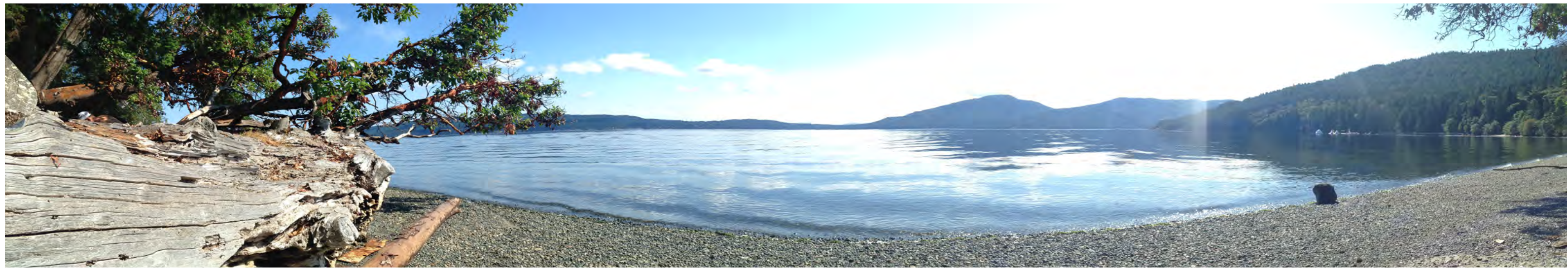
2014 ANNUAL REPORT

North Cowichan, British Columbia

T 250.746.3100 | F 250.746.3133

info@northcowichan.ca | www.northcowichan.ca

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



MAYOR'S MESSAGE

It is my pleasure to introduce the 2014 Annual Report on our services and operations. As you will see in the following pages, 2014 was a busy and productive year in North Cowichan.

This past year we were able to resolve some high-profile issues. Of foremost significance to many residents was the future of Echo Heights which reached a critical point mid-year. With a strong public movement determined to prevent any development in the approximately 22 hectare parcel (just over 54 acres) of Municipal property, and Council poised to adopt a plan to develop 20% of the parcel, a compromise was proposed and embraced by both sides. As a result, 91% of the land was dedicated as Municipal Park. The remainder, located in the previously disturbed areas adjacent to existing housing, was designated for residential development. We will use the funds raised from the lots created for community development projects.

Finding a location for a new police detachment was another outstanding issue we were able to address in 2014. A 1.2-hectare site (approximately 3 acres) on Ford Road north of Walmart was purchased which is centrally located and offers ease of access. We will work with RCMP personnel

in 2015 to begin designing the building, with the ultimate goal to complete construction in 2017. This new detachment, able to properly accommodate both staff and police members, is a critical component of supporting public safety initiatives.

Another hot topic that Council dealt with was the petition by a number of property owners to have a new public road constructed to provide access to the majority of the lots on the Maple Bay Peninsula, commonly referred to as Stoney Hill. There were others, however, who expressed concern about how easier public access could potentially affect the rural character of the area. In the end, Council adopted the local area service bylaw in order to provide these property owners with a more formal access to their property. Council acknowledged that further development would need to be considered in relation to the policy direction of the Official Community Plan, and other related Municipal legislation and policies, in order to maintain the rural character of this unique geographical area.

While an important part of Council's work is resolving issues such as the above, it is very rewarding to move ahead on new initiatives

that support our strategic priorities. As you read through the highlights on the next pages, we hope you will feel a sense of pride over what we have accomplished together. While we are likely to face challenges in the upcoming years, we know that we will experience many successes due in large part to the dedicated and talented volunteers who contribute long hours of service to our community. I also want to recognize the hard work of our diligent and committed staff. These collective efforts all help to make this a caring, vital and progressive community.

Part of being able to make decisions that benefit our community is for us to understand your vision. Your views are important to us. Please stay engaged with your community. Visit our website at www.northcowichan.ca to sign up to receive updates on what is happening in your own neighbourhood, and in other parts of the Municipality. Take a moment to share with us your feedback and ideas by emailing us at council@northcowichan.ca.

Over the next year we will be exploring further opportunities to collaborate with our neighbouring jurisdictions on matters of mutual concern, and focussing on developing our relationships with

our First Nations partners more fully. We will be looking at ways to increase business attraction, as well as how we can support our existing businesses and industries which offer good-paying jobs for our families. And with everything that we do, we will look through the lens of fiscal and environmental responsibility in order to address our present needs, and the needs of our children and grandchildren. Our goal is a North Cowichan where families choose to live, work and invest.

I am pleased to serve you as your Mayor. Along with the rest of Council, I am confident that we will keep walking forward together and that we will achieve our mission of providing good government, desirable services and responsible stewardship of our precious community assets.

Jon Lefebure, Mayor



TABLE OF CONTENTS

ANNUAL REPORT

Mayor's Message	iv-v
Officials	2
Organizational Structure	3
Elected Officials	4
Council Appointments	5
Past Reeves & Mayors	6
Map of North Cowichan	7
Objectives and Measures	8-9
Accomplishments	10-15

FINANCIAL REPORT

Report from the Director of Finance	16
Financial Reporting Award	17
CORPORATION OF THE DISTRICT OF NORTH COWICHAN	
CONSOLIDATED FINANCIAL STATEMENTS	19
Statement of Responsibility	20
Independent Auditor's Report	21
Consolidated Statement of Financial Position	22
Consolidated Statement of Operations	23
Consolidated Statement of Changes in Net Financial Assets	24
Consolidated Statement of Cash Flow	25
Notes to the Consolidated Financial Statements	26-39
Schedules to the Consolidated Financial Statements	40-51
DUNCAN-NORTH COWICHAN JOINT UTILITIES BOARD	
CONSOLIDATED FINANCIAL STATEMENTS	53
Statement of Responsibility	54
Independent Auditor's Report	55
Statement of Financial Position	56
Statement of Operations	57
Notes to the Financial Statements	58-60
Schedule to the Financial Statements	61
STATISTICAL INFORMATION	
Five-year Statistical Review	64-76
Top 10 Principal Taxpayers	77
OTHER INFORMATION	
Permissive Tax Exemptions	80-83
Chemainus Off-street Parking	84
Development Cost Charges	85
Declaration of Disqualification from Office	86

2014 OFFICIALS

MAYOR

Jon Lefebure

COUNCILLORS

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

AUDITORS

Hayes Stewart Little & Co.

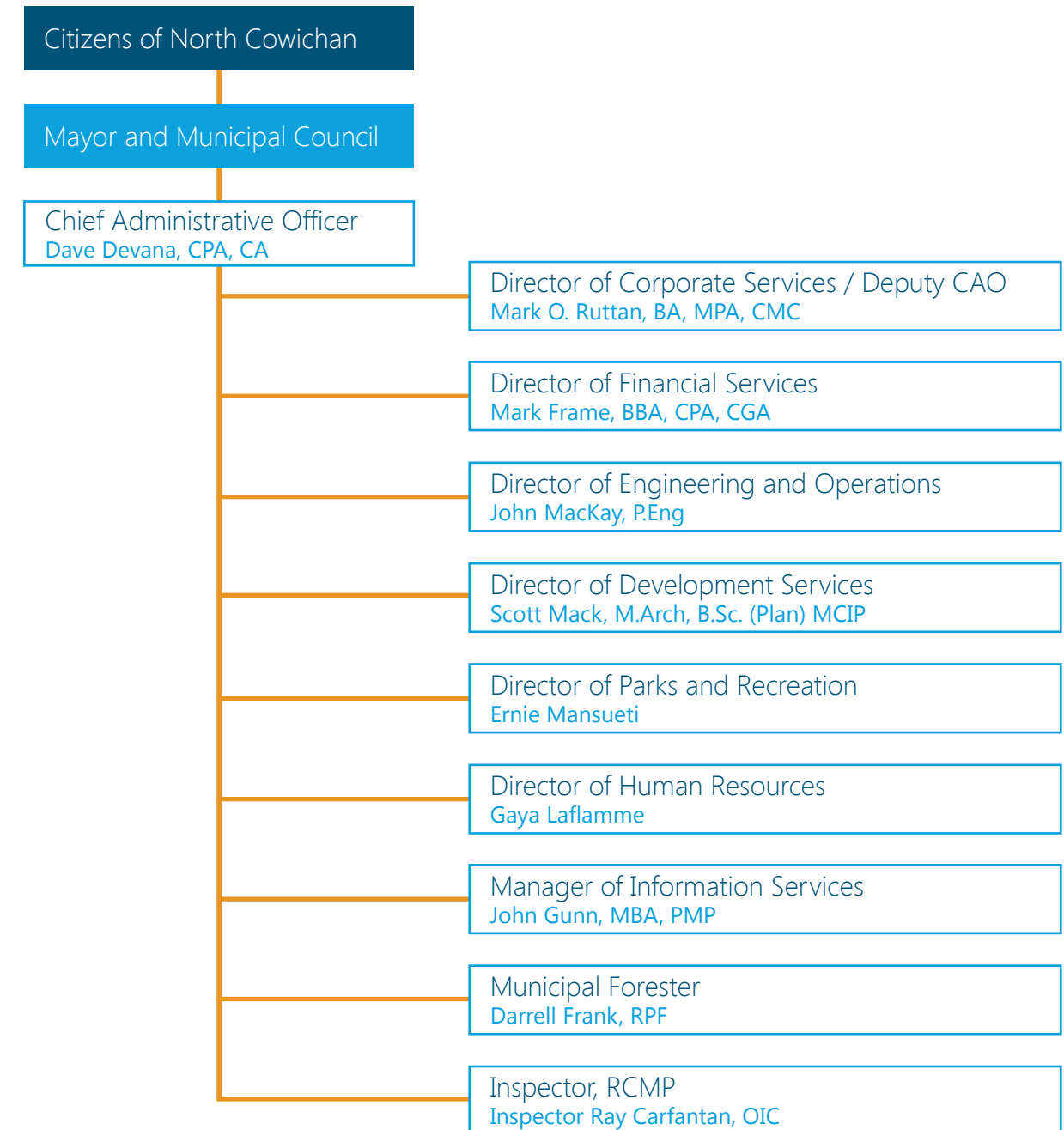
BANKERS

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

COMMITTEES, COMMISSIONS AND BOARDS

INTERNAL COMMITTEES, BOARDS, AND PANELS

Agricultural Advisory Committee
Audit Committee
Board of Variance
Chemainus Advisory Committee
Community Planning Advisory Committee
Environmental Advisory Committee
Forestry Advisory Committee
Joint Utilities Board
Parcel Tax Roll Review Panel
Parks and Recreation Advisory Committee
Protective Services Committee
Sports Wall of Fame Nomination Committee

EXTERNAL APPOINTMENTS

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
Cowichan Success-By-Six
Cowichan Valley Regional District Board
Cowichan Valley Regional District Community Safety Advisory Committee
Cowichan Valley Welcoming Communities Advisory Committee
Crofton Community Centre Society
Duncan - Cowichan Chamber of Commerce
Islands Agriculture Show Steering Committee
Island Savings Centre Commission
Maple Bay Community Association
Mayor's Advisory Committee on Disabilities (City of Duncan)
Social Planning Cowichan Board
Somenos Management Committee
Vancouver Island Regional Library Board

PAST REEVES & MAYORS

SINCE INCORPORATION IN 1873

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.



OBJECTIVES AND MEASURES

This report was prepared in compliance with sections 98(2)(d) and (f) of the *Community Charter*. It lists Council's primary objectives, corresponding performance measures, and provides a progress report. 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. It is anticipated that the future format and content of the report will integrate progress monitoring and reporting on the key objectives and measures contained in North Cowichan's Official Community Plan.

OBJECTIVE 1

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

Performance Measure	2012	2013	2014
1 Crime rates ⁱ	7.48%	6.92%	7.07%
2 Vehicle accidents ⁱⁱ	268	279	284
3 Boil water advisories ⁱⁱⁱ	0	0	0
4 Fire calls ^{iv}	757	809	725
5 Trails built ^v	Unavailable	10.28 km	.125 km
6 Parks added ^{vi}	Unavailable	Unavailable	96.74

OBJECTIVE 2

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

Performance Measure	2012	2013	2014
1 Housing starts ^{vii}	96	102	103
2 Non-residential building permits ^{viii}	11	12	0
3 New business starts ^{ix}	176	138	136
4 Unemployment rate ^x	6.9%	7.5%	5.6%
5 Assessment base ^{xi}	\$4.47 billion	\$4.41 billion	\$4.33 billion
6 General residential tax rate ^{xii}	3.82	4.09	4.34
7 Average general municipal home taxes	\$1,281	\$1,332	\$1,369

OBJECTIVE 3

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

Performance Measure	2012	2013	2014
1 Net carbon emissions ^{xiii}	748	986	0
2 Trees planted in forest reserve	54,057	46,563	60,969



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. The number of advisories has been reduced due to the development of the new Chemainus wells.
- 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. The acres of parks added includes municipal and regional parks added during the previous year.
- vii. 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.
- viii. The number of non-residential building permits issued is an important measure of a jurisdiction's economic activity and attractiveness to investors.
- ix. The number of new business formations is an important measure of economic and entrepreneurial activity.
- x. The unemployment rate is estimated by Statistics Canada for North Cowichan, Duncan and Electoral Areas D & E. It comprises the number of unemployed persons expressed as a percentage of the labour force.
- xi. 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).
- xii. 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.
- xiii. 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 is reported annually in the Climate Action Revenue Incentive Program report to the Province of BC and includes offsets from introducing household organic waste composting and other Municipal initiatives.

2014 ACCOMPLISHMENTS



MAPLE MOUNTAIN TRAIL

REPORT ON MUNICIPAL SERVICES AND OPERATIONS

RECREATIONAL FORESTRY TRAILS

The Municipality has some of the most stunning landscapes on Vancouver Island, framed by ocean, rivers and mountains. A particularly rare and valued asset is North Cowichan's 5000-hectare Municipal Forest Reserve. This self-sustaining resource not only provides revenue for the Municipality, but also offers terrific recreational opportunities due to our climate, terrain, and vistas.

In mid-2013, after researching many of the mountain biking areas in North America, the Cowichan Trail Stewardship Society approached the Municipality with an idea to build an "epic trail" on Maple Mountain. Armed with partial funding from the Municipality, their vision of building a world-class mountain biking trail in the Cowichan Valley is now becoming a reality due to the dedication of its volunteers who have spent thousands of hours of time fundraising, designing and trail building. There has been a significant increase in users of the new 15 kilometre section of trail with the mountain gaining a reputation in mountain biking and hiking circles as one of the "go-to" sites on Vancouver Island—with another almost 9 kilometres more coming soon. The Maple Syrup Trail joins an already impressive network of trails that cross the Municipality.

MUNICIPAL PARKS

For almost 35 years, an approximately 22-hectare parcel of municipal land on Echo Heights in Chemainus was earmarked for residential development, and was further identified in the 2011 Official Community Plan as being within the Chemainus Growth Centre. Over the years many options for comprehensive development of the site were explored, however, no decision was ultimately made. In the meantime, Council acknowledged that there was significant community interest mounting to preserve a large portion—if not all—of the site as municipal park. Council identified finding a resolution to this longstanding matter to be a priority and 2014 will likely be remembered as the year when just over 19.5 hectares of forest—about 91% of the total area— was dedicated as Echo Heights Park. The remaining 9% of the area will be developed under the current residential zoning with the proceeds being used to fund a wide range of community improvement projects and amenities for both residents and visitors to enjoy.

COWICHAN AQUATIC CENTRE PARTNERSHIPS

The full-featured Cowichan Aquatic Centre built in 2008 has proven to be a valuable addition to the Municipality's recreational facilities, offering water activities, as well as dry-land health and fitness programs. 2014 saw the removal of the two-tier fee structure with the addition of new funding partners. Starting in 2015, everyone will enjoy using the Aquatic Centre and accessing programs at the same rates.

NORTH COWICHAN FIRE DEPARTMENT

Fire protection is a significant and critical service delivered by North Cowichan's fire department. We have four well-provisioned fire halls and approximately 126 firefighters. These paid-on-call firefighters dedicate a significant amount of time to training, practicing and maintaining equipment—all while balancing their work and family schedules. We have a well-regarded truck rotation program and reserve fund to ensure safety and insurance compliance, and public protection. In 2014, we replaced an aging pumper truck in Crofton.





CAEP PUBLIC ENGAGEMENT

CLIMATE ACTION AND ENERGY PLAN INITIATIVES

Following the adoption of the Climate Action and Energy Plan (CAEP) in 2013, the CAEP won the Community Energy Association's top award at the 2013 Union of BC Municipalities' convention. Following on the heels of that win, that Planning Institute of BC awarded the CAEP its silver award of excellence in Policy Planning—Small Town and Rural Areas in mid-May 2014.

In 2014, we adopted an Implementation and Monitoring Framework for the CAEP. The Framework outlines actions and initiatives that will be integrated into departmental work plans to reduce our energy use and greenhouse gas (GHG) emissions both individually and corporately.

On the corporate front, we have set up a Corporate Energy Management Program. Over the last year, we completed seven facility audits and established a five-year project plan. We are now on solid footing to inventory, track and complete future projects. The energy efficiency projects identified in the plan will reduce energy consumption throughout our operations and deliver cost savings over the five-year period.

We also hosted the first-ever 'Household Challenge' in September. Five households competed to see who could make the biggest changes in five areas: eating more locally-produced foods; and reducing energy, waste, water consumption, and greenhouse gas emissions. The participants worked with mentors who helped them find ways to make beneficial changes without negatively impacting their lifestyles.

FLOOD PROTECTION WORKS

The York Road pump station was finished in 2014 and is an integral part of the overall flood protection system. The flood protection network is designed to protect public health by preventing the flooding of homes and critical infrastructure in the urban core of North Cowichan and the City of Duncan, as well as Cowichan Tribes' Reserve lands. The final phase of flood protection works will continue in 2015 and 2016 with an extension of the dike along the Trans-Canada Highway from Beverly Street to Holmes Creek.

LOCAL AREA PLANS

Work commenced in 2013 on two local area land use plans for the community of Crofton, and for the area around Vancouver Island University / James Street / Beverly Street, known as University Village. Continuing in 2014, significant progress was made in the preparation of these plans. As part of the planning process, open houses and workshops were conducted, and online public consultation tools were used which provided valuable insight into the community's vision for these areas. This input will help formulate plans that will contribute to the economic, environmental and social development of the community for years to come. Adoption of both of these plans is expected in 2015.

NEW RCMP DETACHMENT SITE LOCATION

The existing North Cowichan–Duncan RCMP detachment on Canada Avenue was constructed in 1980. Approximately 10 years ago, recognizing that the building had reached the end of its productive life, we decided it was time to build a new detachment rather than spend significant funds to update the existing outdated and undersized building. After much investigation, we purchased and rezoned a property for the new detachment at the northwest corner of the intersection of Drinkwater Road and Ford Road. With the site secured, we are now working on the design of the building, in collaboration with the RCMP. We anticipate that we will complete detailed design work in 2015 so that the detachment can be constructed over 2016 and 2017.





WATERWHEEL SQUARE

REVITALIZATION INITIATIVES

Based on the 2011 Chemainus Town Centre Revitalization Plan, we are pleased to now have a home for the long-awaited Chemainus Skate Park. It was built on a portion of the old Chemainus Elementary School site adjacent to Chemainus High School. This new community recreational facility will provide opportunities for BMX bike riders, skateboarders, inline skaters and scooter enthusiasts of different skill levels, and will include a spectator viewing area. Work on the redevelopment of the remainder of the old Chemainus Elementary School site will move forward in 2015.

In the downtown core of Chemainus, following receipt of much public input, we redeveloped the Willow Street parking lot into a more attractive and inviting community meeting place that includes:

- an enlarged lookout area to highlight the water and mountain views;
- a strong connection between old town and uptown Chemainus;
- bus parking and safe passenger drop-off in close proximity to the Chemainus Museum;
- improved pedestrian paths and walkways; and
- enhanced landscaping to create a park-like setting.

The project was completed by the end of the year, just in time for the Christmas light-up. The Municipality was pleased to receive a \$200,000 grant from the Island Coastal Economic Trust towards this project. We expect these improvements will kick-start more revitalization projects in upcoming years.

INFRASTRUCTURE IMPROVEMENTS

While we often view road works as an inconvenience to our daily lives, keeping our infrastructure in good condition is a necessary part of providing dependable services for our community. During 2014, construction projects throughout the Municipality included laying down approximately 1.3 kilometres of water and drainage pipes.

Driver, cyclist and pedestrian safety is also of prime importance when road reconstruction is undertaken. It is often at this time when intersections are analyzed to determine whether users could benefit from the installation of a roundabout, rather than installation of electric signal equipment to control traffic. In 2014 we constructed another roundabout, bringing the total to now to 15, many of which have been constructed with partial funds from the Insurance Corporation of BC. Around the world, numerous benefits have been experienced by choosing roundabouts as the preferred method of traffic calming—most notably, reduced vehicle speed which can contribute to greater overall safety in our neighbourhoods.

AGRICULTURE

Our Agricultural Advisory Committee continues to assist in the implementation of the 2001 Strategic Agricultural Plan. Last year we identified five key priorities, including water management as the highest priority. In the last quarter of 2014, we launched the Bonsall Creek Watershed Management Plan project under the direction of an advisory working group. This advisory working group will provide critical support and technical guidance to ensure the resulting plan will meet our stewardship and agricultural goals. We anticipate the final plan will be presented to Council at the beginning of 2016. The Investment Agriculture Foundation of BC has contributed 50% of the total project budget of \$140,000.



REPORT

FROM THE DIRECTOR OF FINANCIAL SERVICES

May 6, 2015

Mayor and Council
Municipality of North Cowichan

Your Worship and Members of Council,

I am pleased to present the Municipality of North Cowichan's 2014 Annual Financial Report for the fiscal year ended December 31, 2014, as required by section 98 of the *Community Charter*.

This report includes the auditor's report, the 2014 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 Hayes, Stewart, Little and Company 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 2014 operations.

The 2014 audited financial statements were presented to and approved by Council.

As at December 31, 2014, the Municipality had an accumulated surplus of \$272 million, an increase of \$4.4 million for the year. This is largely comprised of net investments in tangible capital assets (\$241 million), which

includes land, park infrastructure, roads, and utility assets. Debenture debt decreased by \$1.2 million to \$21.1 million.

The reserves increased by \$1.1 million to \$7.6 million.

Consolidated revenues decreased by \$4.1 million, taxation increased by \$1.08 million, grants decreased by \$5.1 million and collections from developers and others decreased by \$0.18 million. Expenses increased by \$2.7 million.

Capital expenditures for the year were \$11.3 million including \$2.8 million in roads projects, \$1.0 million on a site for the new RCMP detachment, \$0.9 million on the Chemainus festival square, \$0.23 million on the Chemainus skate park, \$1.3 million on the York Road flood pump station, and \$1.4 million in infrastructure contributed by developers.

In 2014, North Cowichan increased the budget for tax supported capital from \$2.89 million to \$3.16 million. This amounted to 12.8% of 2014 property taxes being allocated to general capital compared to 12.2% in 2013. 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, BBA, CPA, CGA
Director of Financial Services

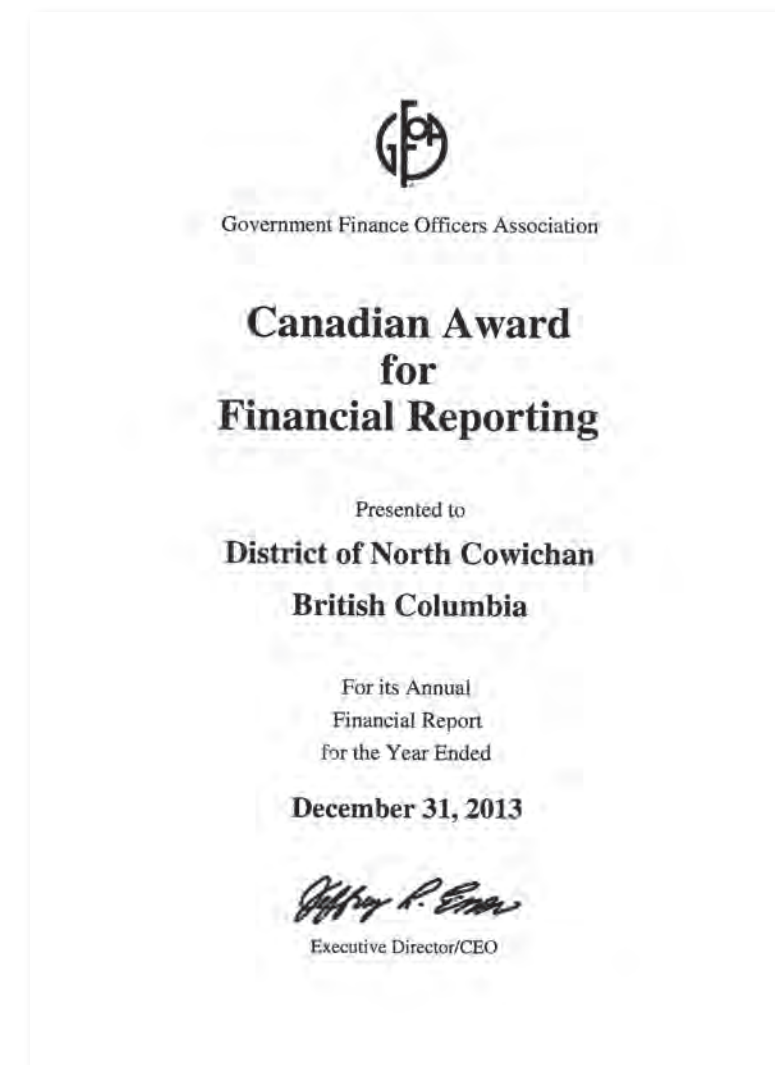
FINANCIAL REPORTING AWARD

CANADIAN AWARD FOR FINANCIAL PLANNING

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, 2013. 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.





The Corporation of the District of North Cowichan

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

[AUDITED]

DECEMBER 31, 2014

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
STATEMENT OF RESPONSIBILITY



INDEPENDENT AUDITOR'S REPORT

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

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, 2014, 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, 2014 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.

Dave Devana
Chief Administrative Officer
May 4, 2015

Duncan, BC
May 4, 2015

Chartered Accountants

DUNCAN 823 Canada Ave. Duncan, BC V9L 1V2 Tel: 250.746.4406 Fax: 250.746.1950	NANAIMO 30 Front St. Nanaimo, BC V9R 5H7 Tel: 250.753.2544 Fax: 250.754.1903	VICTORIA 1000-747 Fort St. Victoria, BC V8W 3E9 Tel: 250.383.8994 Fax: 250.383.8904
---	--	---

Duncan: 888.746.4406 | Nanaimo: 888.754.9551 | Victoria: 855.383.8994



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014, WITH COMPARATIVE FIGURES FOR 2013

	2014 Actual	Restated 2013 Actual
Financial Assets		
Cash and cash equivalents (Notes 2 and 4)	\$ 4,093,011	\$ 2,413,069
Temporary investments (Notes 2 and 4)	37,268,605	36,380,285
Accounts receivable (Note 5)	3,684,556	5,772,630
Property acquired for taxes (Note 2)	531,347	1,931,205
Deposit - Municipal Finance Authority (Note 8)	1,249,589	1,239,090
	46,827,108	47,736,279
Liabilities		
Accounts payable and accrued liabilities (Note 6)	3,780,489	6,004,622
Employee future benefits and wages payable (Note 2)	3,610,549	3,445,902
Unearned revenue (Note 7)	3,212,808	3,285,328
Reserve - Municipal Finance Authority (Note 8)	1,249,589	1,239,090
Restricted reserves (Note 10)	6,902,151	6,765,155
Debenture debt (Note 12)	21,056,814	22,272,673
	39,812,400	43,012,770
Net financial assets	7,014,708	4,723,509
Non-financial assets		
Tangible capital assets (Schedule X)	262,555,120	260,437,874
Inventory of supplies (Note 2)	599,309	614,153
Prepaid items	35,873	54,920
Property acquired for taxes (Note 2)	2,206,004	2,206,004
	265,396,306	263,312,951
Accumulated surplus (Note 14 and 19)	\$ 272,411,014	\$ 268,036,461

Commitments and Contingent Liabilities (Note 13)

Approved by:


 M. Frame,
 Director of Finance

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

AS AT DECEMBER 31, 2014, WITH COMPARATIVE FIGURES FOR 2013

	2014 Budget (Note 15)	2014 Actual	Restated 2013 Actual
Revenue			
Taxation (Schedule I)	\$ 29,924,241	\$ 29,877,572	\$ 28,792,682
Sales of services (Schedule II)	9,963,804	9,988,716	10,152,123
Other revenue from own sources (Schedule III)	1,299,020	1,290,676	1,393,689
Net gain on sale	-	907,014	10,889
Return on investments	267,271	485,004	518,519
Grants and government transfers (Schedule IV)	2,194,284	3,039,959	8,106,819
Collections from developers and others	126,315	1,538,496	1,713,654
Actuarial adjustment to debt	-	268,697	779,480
	43,774,935	47,396,134	51,467,855
Expenses			
General government services (Schedule V)	3,378,139	3,501,452	3,314,040
Protective services (Schedule VI)	8,538,192	8,028,316	8,209,668
Engineering and public works (Schedule VII)	9,909,196	9,912,682	8,963,242
Environmental health services (Schedule VIII)	1,439,190	1,361,621	1,445,782
Forestry services	1,463,130	1,345,038	1,459,565
Community development	1,380,590	1,340,289	1,032,004
Recreation and cultural services (Schedule IX)	9,612,714	9,921,212	9,346,503
Water	3,965,971	4,080,995	3,477,279
Sewer	3,911,562	3,529,976	3,117,937
	43,598,684	43,021,581	40,366,020
Annual Surplus	\$ 176,251	4,374,553	11,101,835
Accumulated surplus, beginning of year (Note 14 and 19)		268,036,461	256,934,626
Accumulated surplus, end of year (Note 14 and 19)		\$ 272,411,014	\$ 268,036,461

See accompanying notes to the financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014, WITH COMPARATIVE FIGURES FOR 2013

	2014 Budget (Note 15)	2014 Actual	Restated 2013 Actual
Annual Surplus	\$ 176,251	\$ 4,374,553	\$ 11,101,835
Acquisition of tangible capital assets	(16,121,840)	(11,308,931)	(20,083,207)
Amortization of tangible capital assets	8,333,400	8,594,212	8,198,485
Net gain on sale of tangible capital assets	-	(907,014)	(10,889)
Proceeds on sale of tangible capital assets	-	1,459,219	16,664
Write-downs of tangible capital assets	-	45,269	233,766
	<u>(7,788,440)</u>	<u>(2,117,245)</u>	<u>(11,645,181)</u>
Decrease (Increase) in prepaids	-	19,047	(750)
Decrease (Increase) in inventories	-	14,844	(7,689)
Increase in property acquired for taxes	-	-	(2,206,004)
	<u>-</u>	<u>33,891</u>	<u>(2,214,443)</u>
Change in net financial assets	(7,612,189)	2,291,199	(2,757,789)
Net financial assets at beginning of year	4,723,509	4,723,509	7,481,298
Net financial assets at end of year	<u>\$ (2,888,680)</u>	<u>\$ 7,014,708</u>	<u>\$ 4,723,509</u>

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

AS AT DECEMBER 31, 2014, WITH COMPARATIVE FIGURES FOR 2013

	2014 Actual	Restated 2013 Actual
Operating transactions		
Annual surplus	\$ 4,374,553	\$ 11,101,835
Non-cash items included in surplus:		
Amortization of tangible capital assets	8,594,212	8,198,485
Actuarial adjustment to debt	(268,697)	(779,480)
Write-downs of tangible capital assets	45,269	233,766
Net gain on sale of tangible capital assets	(907,014)	(10,889)
	<u>11,838,323</u>	<u>18,743,717</u>
Temporary investments	(888,320)	78,781
Accounts receivable	2,088,075	(2,189,044)
Inventory of supplies	14,844	(7,689)
Prepaid items	19,047	(750)
Property acquired for taxes	1,399,858	87
Accounts payable	(2,224,132)	1,884,344
Accumulated sick leave	164,647	212,613
Unearned revenue	(72,520)	(472,034)
Restricted reserves	136,997	(430,744)
	<u>12,476,820</u>	<u>17,819,281</u>
Cash provided by operating transactions		
	<u>12,476,820</u>	<u>17,819,281</u>
Capital transactions		
Proceeds on sale of tangible capital assets	1,459,219	16,664
Cash applied to acquire tangible capital assets	(11,308,931)	(20,083,207)
	<u>(9,849,712)</u>	<u>(20,066,543)</u>
Cash applied to capital transactions		
	<u>(9,849,712)</u>	<u>(20,066,543)</u>
Financing transactions		
Proceeds from debenture debt	-	2,500,000
Repayment of debenture debt	(947,166)	(951,649)
	<u>(947,166)</u>	<u>1,548,351</u>
Cash applied to financing transactions		
	<u>(947,166)</u>	<u>1,548,351</u>
Change in cash and cash equivalents	1,679,942	(698,911)
Cash and Cash equivalents, beginning of year	<u>2,413,069</u>	<u>3,111,980</u>
Cash and Cash Equivalents, end of year	<u>\$ 4,093,011</u>	<u>\$ 2,413,069</u>

See accompanying notes to the financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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	52.8%
---	-------

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) 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.

d) CASH AND CASH EQUIVALENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) INVESTMENTS

Investments are recorded at cost which at December 31, 2014, 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.

f) 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.

	2014	2013
Properties available for sale	<u>\$531,347</u>	\$1,931,205
Properties not available for sale	<u>2,206,004</u>	2,206,004
	<u>\$2,737,351</u>	<u>\$4,137,209</u>

g) EMPLOYEE FUTURE BENEFITS AND WAGES 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 Canadian Institute of Chartered Accountants. 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:

	2014	2013
Wages payable	<u>\$640,399</u>	\$663,273
Sick leave cash-out and severance benefits	<u>2,970,150</u>	2,782,629
	<u>\$3,610,549</u>	<u>\$3,445,902</u>

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, 2014.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) EMPLOYEE FUTURE BENEFITS AND WAGES PAYABLE (CONTINUED)

	<u>2014</u>	<u>2013</u>
Accrued benefit obligation	\$2,887,584	\$2,668,873
Unamortized actuarial gain/(loss)	82,570	113,756
Accrued benefit liability	<u>\$2,970,154</u>	<u>\$2,782,629</u>
Benefit expense:		
Current service cost	\$251,691	\$272,706
Interest cost	81,739	74,400
Amortization of net actuarial (gain)/loss	<u>(5,736)</u>	<u>7,524</u>
	<u>\$327,694</u>	<u>\$354,630</u>

Significant actuarial assumptions as at December 31st include:

	<u>2014</u>	<u>2013</u>
Valuation interest rate	2.20%	3.00%
Rate of compensation increase	3.50%	3.75%
Expected coverage remaining service life (in years)	9.9	9.9

h) 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 14.

- 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.

i) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) 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.

k) 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.

l) 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.

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 2014 totaled \$1,385,676 (2013 - \$663,420) and were capitalized at their fair value at the time of receipt.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) 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, 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.

	2014	2013
Cash	\$4,093,011	\$2,413,069
Temporary Investments	37,268,605	36,380,285
	<u>\$41,361,616</u>	<u>\$38,793,354</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 1.09% to 1.28%.

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.

	2014	2013
Restricted Investments	<u>\$14,514,577</u>	<u>\$13,233,941</u>

5. ACCOUNTS RECEIVABLE

	2014	2013
Property taxes	\$2,126,090	\$2,214,264
Water rates	152,477	135,570
Federal government	158,780	353,117
Provincial government	55,185	1,624,077
Local government	686,426	442,806
General	505,598	1,002,796
	<u>\$3,684,556</u>	<u>\$5,772,630</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
General	\$3,068,836	\$5,339,605
Salaries and wages	512,525	465,729
Accrued Interest	199,128	199,288
	<u>\$3,780,489</u>	<u>\$6,004,622</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

7. UNEARNED REVENUE

	2013	Contributions and interest	Revenue earned or refunded	2014
Prepaid taxes and licenses	\$1,377,470	\$3,090,445	\$2,955,511	\$1,512,404
Service fees and deposits	1,638,807	503,472	719,341	1,422,938
Aquatic Centre unearned revenue	141,090	456,021	416,489	180,622
General unearned revenues	127,961	3,146	43,376	87,731
Tax sale property subject to redemption	-	9,113	-	9,113
	<u>\$3,285,328</u>	<u>\$4,062,197</u>	<u>\$4,134,717</u>	<u>\$3,212,808</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:

	2014	2013
Cash deposits	\$372,765	\$362,266
Demand notes	876,824	876,824
	<u>\$1,249,589</u>	<u>\$1,239,090</u>

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:

	2014	2013
Assets		
Cash and short term investments	<u>\$329,255</u>	<u>\$310,979</u>
Equity		
Opening balances	\$310,979	\$299,738
Contributions	22,463	15,619
Transfer to general revenue fund	(4,187)	(4,378)
	<u>\$329,255</u>	<u>\$310,979</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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>	2014	2013
Opening balances	\$6,765,155	\$7,195,898
Contributions	193,639	439,906
Return on investment	89,607	106,951
Transfer to capital	(146,250)	(977,600)
	<u>\$6,902,151</u>	<u>\$6,765,155</u>

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>	2014	2013
Opening balance of unspent funds	\$0	\$0
Add: Amount received during the year	1,226,412	790,235
Less: Amount spent	(810,412)	(790,235)
Closing balance of unspent funds	<u>\$416,000</u>	<u>\$0</u>

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	2014 Net Unmatured	2013 Net Unmatured
General Capital Fund						
Maple Bay Fire Hall	95	4.17%	Apr 12, 2025	\$1,600,000	\$1,031,378	\$1,104,912
Maple Bay Fire Hall	103	4.65%	Apr 23, 2028	500,000	388,626	409,055
Cowichan Aquatic Ctr	104	5.15%	Nov 20, 2028	15,000,000	11,658,797	12,271,656
Cowichan Aquatic Ctr	106	4.13%	Oct 12, 2029	2,265,500	1,853,429	1,942,431
Duncan Curling Club	N/A	4.00%	Jan 15, 2032	551,500	494,469	514,245
Tier 2 Flood Protection	121	2.90%	Oct 4, 2032	745,475	694,405	720,440
Tier 2 Flood Protection	124	3.15%	Apr 8, 2033	1,000,000	966,418	1,000,000
Municipal Hall Expansion	126	3.85%	Sep 26, 2033	1,500,000	1,449,627	1,500,000
				<u>25,112,475</u>	<u>18,537,149</u>	<u>19,462,739</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

12. DEBENTURE DEBT (CONTINUED)

	M.F.A Issue Number	Interest Rate	Maturity Date	Originally Approved	2014 Net Unmatured	2013 Net Unmatured
Water Systems Capital Fund						
Chemainus	64	4.43%	Sep 25, 2016	300,000	44,761	65,556
Chemainus	110	4.50%	April 8, 2030	1,750,000	1,500,444	1,566,550
Crofton	106	4.13%	Oct 13, 2029	530,000	433,599	454,420
South End	63	4.00%	Dec 1, 2016	590,000	88,030	128,927
South End	63	4.00%	Dec 1, 2016	200,000	29,841	43,704
				<u>3,370,000</u>	<u>2,096,675</u>	<u>2,259,157</u>
Sewer Systems Capital Fund						
Chemainus	65	4.55%	Apr 24, 2017	1,207,000	263,754	343,435
Crofton	65	4.55%	Apr 24, 2017	728,700	159,236	207,342
				<u>2,935,700</u>	<u>422,990</u>	<u>550,777</u>
				<u>\$31,418,17</u>	<u>\$21,056,814</u>	<u>\$22,272,673</u>

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

	Year	General	Water	Sewer	Total
Principal repayments:					
	2015	\$779,896	\$109,531	\$58,541	\$947,968
	2016	780,734	109,531	58,541	948,806
	2017	781,607	76,566	58,540	916,713
	2018	782,515	76,566	-	859,081
	2019	783,460	76,566	-	860,026
	Thereafter	7,651,479	824,432	-	8,475,911
		<u>11,559,691</u>	<u>1,273,192</u>	<u>175,622</u>	<u>13,008,505</u>
Actuarial sinking fund earnings:					
	2015	182,732	60,207	75,635	318,574
	2016	220,414	67,789	82,343	370,546
	2017	259,603	21,215	89,390	370,208
	2018	300,360	25,127	-	325,487
	2019	342,746	29,194	-	371,940
	Thereafter	5,671,603	619,951	-	6,291,554
		<u>6,977,458</u>	<u>823,483</u>	<u>247,368</u>	<u>8,048,309</u>
		<u>\$18,537,149</u>	<u>\$2,096,675</u>	<u>\$422,990</u>	<u>\$21,056,814</u>

Interest paid during the year was \$1,376,857 (2013 - \$1,370,213).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

13. 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 contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 173 contributors from the Corporation.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015, with results available in 2016. 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 \$1,060,309 (2013 - \$975,324) for employer contributions while employees contributed \$910,975 (2013 - \$857,947) to the Plan in fiscal 2014.
- 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 three 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 2014 totaled \$8,214. As at December 31, 2014 the estimated balance outstanding was \$12,869.

14. ACCUMULATED SURPLUS

	2014	2013 (Restated)
Operating Funds		
Unappropriated:		
General	\$1,466,362	\$1,440,071
Water Systems	2,729,199	2,164,535
Sewer Systems	10,655,227	9,340,222
	14,850,788	12,944,828

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

14. ACCUMULATED SURPLUS (CONTINUED)

Appropriated:		
Reserves for property acquired for taxes:		
Property deeded to municipality	2,728,238	4,137,209
Reserves for future expenditures:		
General fund	3,847,924	4,080,397
Wharves	-	337,068
Ice arena	-	67,053
Reserve for uncollected taxes	1,295,091	1,295,091
Reserve for mural protection	-	26,684
Reserve for Joint Utilities Board	578,242	514,144
	8,449,495	10,457,646
	23,300,283	23,402,474
Capital Funds		
General Capital	190,171,431	185,137,968
Water Capital	26,972,064	27,656,072
Sewer Capital	23,110,202	24,091,788
Joint Utility Board Capital	1,244,609	1,279,373
	241,498,306	238,165,201
Reserve Funds		
Land Sales	385,917	820,481
Machinery and Equipment	1,820,232	1,968,575
Local Area Service	1,216,897	1,039,722
Forest	1,537,081	1,148,454
Park Development	192,995	190,499
Parkland Purchase	155,439	352,891
Chemainus Parking	147,604	145,695
Agriculture	50,225	10,000
Self-Insurance	114,790	113,306
Climate Action and Energy Plan	256,763	136,969
Maple Bay Sewer	159,358	157,297
Aquannis Centre	121,054	-
Cowichan Aquatic Centre	21,500	-
Evans Park	159,060	-
Fuller Lake Arena	67,338	-
Harbours General	25,398	-
Harbours Chemainus	321,502	-
Mural Protection	32,370	-
Gas Tax	416,000	-
Gravel Pits	410,902	384,897
	7,612,425	6,468,786
	\$272,411,014	\$268,036,461



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

15. BUDGET DATA

The budget data presented in these financial statements is based upon the 2014-2018 Financial Plan Bylaw adopted by council May 7, 2014. 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	1,085,081
Capital expenditures	16,121,840
Less:	
Amortization	(8,333,400)
Proceeds from borrowing	(2,158,340)
Budgeted transfers from reserve funds	(2,116,080)
Budgeted transfers from Development Cost Charges	(290,250)
Budgeted transfers from accumulated surplus	<u>(4,132,600)</u>
Adjusted Annual Surplus	<u><u>\$176,251</u></u>

16. JOINT UTILITIES BOARD

The Duncan – North Cowichan Joint Utilities Board 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 a forty-nine year operating lease with the lease expiring July 31, 2060. The Corporation’s proportionate share of the future minimum lease payments is \$160,618 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 2014 the Corporation recorded a write down of assets in the amount of \$8,515 (2013 - \$25,687)

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 2014 the Corporation’s proportion for consolidation purposes was 52.8% (2013 – 53.2%) Condensed financial information for the Joint Utilities Boards is as follows:

	<u>2014</u>	<u>2013</u>
Net financial assets	\$1,095,088	\$967,218
Non-financial assets	2,357,072	2,406,782
Accumulated Surplus	<u>\$3,452,160</u>	<u>\$3,374,000</u>
Revenues	\$986,629	\$870,500
Expenses	908,469	795,629
Annual Surplus	<u>\$78,160</u>	<u>\$74,871</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

17. 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, 2014

18. LISTING OF OPERATING EXPENDITURES BY OBJECT TYPE

The following provides a summary of operating expenses by object:

	<u>2014</u>	<u>2013</u> (Restated)
Salaries, wages and benefits	\$15,765,079	\$14,841,612
Contract services	12,134,545	11,448,716
Amortization	8,594,212	8,198,485
Materials and supplies	5,150,889	4,506,994
Interest	1,376,856	1,370,213
Total expense	<u>\$43,021,581</u>	<u>\$40,366,020</u>

19. PRIOR PERIOD ADJUSTMENT

During the year the Corporation identified a bridge divested by the Province in 2004 that had not been recognized in prior years which affected the historical costs accumulated amortization and net book values used in the prior year financial statements.

The Corporation applied the adjustments for the above error and change in accounting policy retroactively and prior periods have been restated as follows:

Opening Accumulated Surplus

Accumulated surplus, as previously reported	\$255,963,993
Change in net book value due to recognition of an unrecorded asset	970,633
Opening accumulated surplus, as restated	<u>\$256,934,626</u>

2013 Annual Surplus

Annual surplus, as previously reported	\$11,125,509
Change in 2013 amortization due recognition of an unrecorded asset	(23,674)
Annual surplus, as restated	<u>\$11,101,835</u>

2013 Tangible Capital Assets

Net book value of tangible capital assets as previously reported	\$259,490,915
Change in opening cost due to recognition of unrecorded asset	1,183,699
Change in opening accumulated amortization due recognition of an unrecorded asset	(213,066)
Change in 2013 amortization expense due to recognition of an unrecorded asset	(23,674)
Net book value of tangible capital assets, as restated	<u>\$260,437,874</u>

2013 Amortization expense

Amortization expense, as previously reported	\$8,174,811
Change in 2013 amortization expense due to recognition of an unrecorded asset	23,674
Amortization expense, as restated	<u>\$8,198,485</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

20. COMPARATIVE FIGURES

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

Property acquired for taxes has been reclassified as either financial or non-financial assets as explained in Note 2.

Interest expense has been reclassified in the related operating segments to which it pertains.



SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

	TAXATION		SCHEDULE I
	2014 Budget (Note 15)	2014	2013
Municipal Purposes:			
General taxation	\$ 24,705,577	\$ 24,663,175	\$ 23,737,196
Business Improvement Area	116,400	116,259	87,319
Utilities	950,200	950,383	893,872
Grants in lieu of taxes	258,630	256,764	253,987
Water systems	1,731,074	1,728,587	1,682,917
Sewer systems	2,162,360	2,162,404	2,137,391
Total Municipal Taxes	<u>29,924,241</u>	<u>29,877,572</u>	<u>28,792,682</u>
Collections For Other Governments:			
School	12,647,490	12,388,510	12,400,567
Cowichan Valley Regional Hospital District	2,800,000	2,664,297	2,388,779
Cowichan Valley Regional District	6,655,800	6,685,258	6,462,047
BC Assessment	392,000	378,365	385,024
Municipal Finance Authority	1,120	1,059	1,077
Total Collections for other governments	<u>22,496,410</u>	<u>22,117,489</u>	<u>21,637,494</u>
	<u>52,420,651</u>	<u>51,995,061</u>	<u>50,430,176</u>
Deduct: requisitions remitted to other taxing authorities	<u>(22,496,410)</u>	<u>(22,117,489)</u>	<u>(21,637,494)</u>
Total Taxes Levied	<u>\$ 29,924,241</u>	<u>\$ 29,877,572</u>	<u>\$ 28,792,682</u>

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

	SALES OF SERVICES		SCHEDULE II
	2014 Budget (Note 15)	2014	2013
General government service	\$ 53,850	\$ 71,638	\$ 38,929
Protective services	277,770	243,585	288,172
Fire protection	160,360	171,523	156,658
Transportation service	108,724	97,047	126,821
Residential garbage - municipal	1,186,578	1,232,252	1,121,491
Forestry	1,777,173	1,766,780	1,904,171
Cowichan aquatic centre	1,894,903	1,849,086	1,754,454
Fuller Lake arena	299,710	269,270	274,576
Other recreation	26,820	60,232	48,836
Wharves	210,160	197,715	194,446
Miscellaneous	120,940	97,517	229,225
Cemetery	116,450	173,239	133,224
Water	2,199,739	2,169,838	2,282,609
Sewer	1,530,627	1,588,994	1,598,511
	<u>\$ 9,963,804</u>	<u>\$ 9,988,716</u>	<u>\$ 10,152,123</u>



SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

OTHER REVENUE FROM OWN SOURCES

SCHEDULE III

	2014 Budget (Note 15)	2014	<u>2013</u>
Licences and Permits	\$ 695,750	\$ 640,194	\$ 585,902
Tax Penalties and Interest	320,000	341,160	364,376
Fines	1,880	3,100	2,200
Rentals	271,818	284,239	421,375
Water	9,572	21,983	19,836
	<u>\$ 1,299,020</u>	<u>\$ 1,290,676</u>	<u>\$ 1,393,689</u>

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

GRANTS AND GOVERNMENT TRANSFERS

SCHEDULE IV

	2014 Budget (Note 15)	2014	<u>2013</u>
Operating Grants			
Traffic Fines Revenue	\$ 196,000	\$ 195,915	\$ 195,173
Other Grants	293,440	249,896	87,150
	<u>489,440</u>	<u>445,811</u>	<u>282,323</u>
Capital Grants			
Fuel Tax	791,000	1,226,412	790,235
<i>Infrastructure Grants (Prov/Fed)</i>			
Chemainus River Bridge	-	203,333	3,860,086
York Flood Pump Station	713,844	843,047	-
Diking	-	62,856	3,114,175
	<u>713,844</u>	<u>1,109,236</u>	<u>6,974,261</u>
<i>ICBC Grants</i>		<u>58,500</u>	<u>60,000</u>
<i>Provincial and other Grants</i>			
Chemainus Festival Square	200,000	200,000	-
	<u>\$ 2,194,284</u>	<u>\$ 3,039,959</u>	<u>\$ 8,106,819</u>

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

GENERAL GOVERNMENT SERVICES

SCHEDULE V

	2014 <u>Budget</u> (Note 15)	2014	<u>2013</u>
Legislative	\$ 241,610	\$ 227,645	\$ 235,931
Administration	1,245,500	1,299,267	1,194,636
Financial services	1,519,250	1,517,110	1,495,858
Common services	462,250	436,319	551,435
Other government services	207,020	281,967	244,056
Administration recoveries	(538,241)	(524,085)	(532,919)
Interest	49,750	58,255	15,315
Amortization	191,000	204,974	109,728
	<u>\$ 3,378,139</u>	<u>\$ 3,501,452</u>	<u>\$ 3,314,040</u>

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

PROTECTIVE SERVICES

SCHEDULE VI

	2014 <u>Budget</u> (Note 15)	2014	<u>2013</u>
Police protection:			
R.C.M.P. contract	\$ 4,454,354	\$ 3,903,019	\$ 4,216,110
Municipal employees	1,236,162	1,226,965	1,192,435
Crime Prevention	7,000	7,000	7,000
Building maintenance	217,510	198,597	208,338
By-law enforcement	59,100	64,123	61,637
	<u>5,974,126</u>	<u>5,399,704</u>	<u>5,685,520</u>
Fire protection:			
General fire protection	97,612	137,352	91,747
Chemainus fire hall	295,970	291,809	277,341
Crofton fire hall	254,970	262,182	273,555
Maple Bay fire hall	264,510	255,070	237,385
South End fire hall	362,460	380,229	338,257
	<u>1,275,522</u>	<u>1,326,642</u>	<u>1,218,285</u>
Other protection:			
Building and plumbing inspections	508,830	540,540	513,987
Animal control	152,210	141,914	144,431
Weed control	7,184	10,383	8,138
Mosquito control	42,550	17,784	26,263
	<u>710,774</u>	<u>710,621</u>	<u>692,819</u>
Interest	89,970	89,970	115,981
Amortization	487,800	501,379	497,063
	<u>577,770</u>	<u>591,349</u>	<u>613,044</u>
	<u>\$ 8,538,192</u>	<u>\$ 8,028,316</u>	<u>\$ 8,209,668</u>



THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

ENGINEERING AND PUBLIC WORKS

SCHEDULE VII

	2014 <u>Budget</u> (Note 15)	2014	Restated <u>2013</u>
Administration	\$ 1,351,870	\$ 1,237,517	\$ 1,208,113
Small tools and equipment	48,950	57,031	64,708
Workshop and yard maintenance	143,820	160,478	134,152
Roads - construction	319,470	310,613	343,576
Roadway surfaces maintenance	1,802,222	1,831,442	1,517,247
Snow and ice removal	388,588	490,320	325,166
Bridge - maintenance	6,440	17,556	5,771
Street lighting	441,580	456,876	412,400
Signs and line painting	268,330	257,796	229,261
Drainage	534,517	518,896	537,342
Sidewalk maintenance	31,810	48,367	34,887
Other transportation	212,980	175,010	170,184
Engineering and public works recoveries	(283,000)	(335,967)	(519,802)
Interest	53,119	53,119	44,604
Amortization	4,588,500	4,633,628	4,455,633
	<u>\$ 9,909,196</u>	<u>\$ 9,912,682</u>	<u>\$ 8,963,242</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

ENVIRONMENTAL HEALTH SERVICES

SCHEDULE VIII

	2014 <u>Budget</u> (Note 15)	2014	<u>2013</u>
Garbage collection and recycling	\$ 1,057,360	\$ 1,022,935	\$ 1,074,130
Mountain View Cemetery	153,700	138,673	139,066
Energy Manager	76,360	60,454	80,132
Energy Upgrades Buildings	42,770	21,510	30,890
Amortization	109,000	118,049	121,564
	<u>\$ 1,439,190</u>	<u>\$ 1,361,621</u>	<u>\$ 1,445,782</u>



SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

RECREATION AND CULTURAL SERVICES

SCHEDULE IX

	2014 Budget (Note 15)	2014	2013
Administration	\$ 118,010	\$ 87,428	\$ 89,107
Crofton swimming pool	56,230	60,663	53,257
Cowichan aquatic centre	3,163,060	3,348,309	3,170,347
Fuller Lake arena	932,510	936,641	916,415
Parks common services	43,410	50,429	36,752
Community recreation program	86,620	81,458	81,962
Chemainus parks and playgrounds	437,950	380,102	387,075
Crofton parks and playgrounds	180,770	182,770	195,113
South end parks and playgrounds	1,104,390	967,105	1,059,093
Wharves	150,569	151,456	152,188
Library	1,264,800	1,264,824	1,177,916
Grants-in-aid	209,220	534,978	146,759
Interest	886,275	886,239	887,016
Amortization Expense	978,900	988,808	993,503
	<u>\$ 9,612,714</u>	<u>\$ 9,921,212</u>	<u>\$ 9,346,503</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

TANGIBLE CAPITAL ASSETS

SCHEDULE X

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Restated Balance December 31, 2013	2014 Additions	2014 Disposals	Restated Balance December 31, 2013	2014 Additions	2014 Disposals	Restated 2013	2014
Land	\$ 36,636,974	\$ 4,370,411	\$ 148,844.00	\$ -	\$ -	\$ -	\$ 36,636,974	\$ 40,858,541
Land Improvements	8,551,030	1,148,019	35,800	3,291,845	379,993	35,800	5,259,185	6,027,211
Buildings	46,439,670	36,544	-	13,858,979	1,203,328	-	32,580,691	31,413,907
Engineering Structures	265,169,970	3,192,952	620,014	96,909,298	5,385,214	571,666	168,260,672	166,011,547
Machinery & Equipment	32,229,304	2,627,367	541,830	15,588,086	1,625,677	186,818	16,641,218	17,287,896
Work In Progress	1,059,134	699,297	765,659	-	-	-	1,059,134	956,018
	\$ 390,086,082	\$ 12,074,590	\$ 2,112,147	\$ 129,648,208	\$ 8,594,212	\$ 794,284	\$ 260,437,874	\$ 262,555,120





THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

OPERATIONS BY SEGMENT

For the Year ended December 31, 2014

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	\$ 2,598,218	\$ 5,876,482	\$ 8,047,558	\$ 42,315	\$ -	\$ 957,574	\$ 5,919,413	\$ 1,728,587	\$ 2,162,404	\$ -	\$ 2,545,021	\$ 29,877,572
Sales of service	169,156	415,108	97,047	1,405,491	1,766,780	-	2,376,302	2,169,838	1,588,994	-	-	9,988,716
Other revenue from own source	372,525	744,878	18,902	-	-	128,488	3,900	21,983	-	-	-	1,290,676
Gain (loss) on sale	-	-	(31,548)	96,925	851,156	-	-	(2,911)	(6,608)	-	-	907,014
Return on investments	20,442	46,238	63,321	333	-	7,535	46,576	26,932	122,935	150,692	-	485,004
Provincial & other government grants	-	202,914	1,279,945	-	-	204,737	5,500	-	-	-	1,346,863	3,039,959
Collections from developers & others	-	-	-	-	-	-	-	-	-	10,000	1,528,496	1,538,496
Actuarial adjustment to debt	-	23,441	1,001	-	-	-	122,057	52,952	69,246	-	-	268,697
	3,160,341	7,309,061	9,476,226	1,545,064	2,617,936	1,298,334	8,473,748	3,997,381	3,936,971	160,692	5,420,380	47,396,134
Expenses												
Wages and salaries	2,915,523	2,435,835	2,901,641	462,315	313,271	849,866	3,926,684	1,185,604	774,340	-	-	15,765,079
Contracted services	408,864	4,315,049	1,679,814	533,267	935,251	455,202	2,289,643	548,473	968,982	-	-	12,134,545
Material & supplies	(86,164)	686,083	644,480	247,990	94,385	35,221	1,829,838	1,133,633	565,423	-	-	5,150,889
Amortization	204,974	501,379	4,633,628	118,049	2,131	-	988,808	1,050,541	1,094,702	-	-	8,594,212
Other	-	-	-	-	-	-	-	-	-	-	-	-
Interest	58,255	89,970	53,119	-	-	-	886,239	162,744	126,529	-	-	1,376,856
	3,501,452	8,028,316	9,912,682	1,361,621	1,345,038	1,340,289	9,921,212	4,080,995	3,529,976	-	-	43,021,581
Excess of revenues over expenses	\$ (341,111)	\$ (719,255)	\$ (436,456)	\$ 183,443	\$ 1,272,898	\$ (41,955)	\$ (1,447,464)	\$ (83,614)	\$ 406,995	\$ 160,692	\$ 5,420,380	\$ 4,374,553

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

For the Year ended December 31, 2013

SCHEDULE XI - CONTINUED

OPERATIONS BY SEGMENT

	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	\$ 2,381,755	\$ 5,935,681	\$ 8,018,397	\$ 144,680	\$ -	\$ 852,614	\$ 5,206,458	\$ 1,682,917	\$ 2,137,391	\$ -	\$ 2,432,789	\$ 28,792,682
Sales of service	268,154	444,830	126,821	1,254,715	1,904,171	-	2,272,312	2,282,609	1,598,511	-	-	10,152,123
Other revenue from own source	399,918	873,949	48,572	-	-	47,598	3,816	19,836	-	-	-	1,393,689
Gain (loss) on sale	-	-	2,664	14,000	-	-	-	(5,775)	-	-	-	10,889
Return on investments	21,105	52,595	71,049	1,282	-	7,555	46,133	58,095	118,661	140,935	1,109	518,519
Provincial & other government grants	-	201,673	820,010	-	-	25,223	25,652	-	-	-	7,034,261	8,106,819
Collections from developers & others	-	-	-	-	-	-	-	-	-	2,000	1,711,654	1,713,654
Actuarial adjustment to debt	-	386,969	-	-	-	-	95,061	46,011	251,439	-	-	779,480
	3,070,932	7,895,697	9,087,513	1,414,677	1,904,171	932,990	7,649,432	4,083,693	4,106,002	142,955	11,179,813	51,467,855
Expenses												
Wages and salaries	2,716,599	2,322,726	2,735,892	492,959	304,983	802,279	3,825,704	984,693	655,777	-	-	14,841,612
Contracted services	545,758	4,620,651	1,292,135	535,576	1,074,542	194,846	2,097,740	351,302	736,166	-	-	11,448,716
Material & supplies	(73,360)	653,247	434,978	295,683	80,040	34,879	1,542,540	1,045,563	493,424	-	-	4,506,994
Amortization	109,728	497,063	4,455,633	121,564	-	-	993,503	929,922	1,091,072	-	-	8,198,485
Other	-	-	-	-	-	-	-	-	-	-	-	-
Interest	15,315	115,981	44,604	-	-	-	887,016	165,799	141,498	-	-	1,370,213
	3,314,040	8,209,668	8,963,242	1,445,782	1,459,565	1,032,004	9,346,503	3,477,279	3,117,937	-	-	40,366,020
Excess of revenues over expenses	\$ (243,108)	\$ (313,971)	\$ 124,271	\$ (31,105)	\$ 444,606	\$ (99,014)	\$ (1,697,071)	\$ 606,414	\$ 988,065	\$ 142,935	\$ 11,179,813	\$ 11,101,835



DUNCAN - NORTH COWICHAN
JOINT UTILITIES BOARD

CONSOLIDATED FINANCIAL
STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

[AUDITED]

DECEMBER 31, 2014

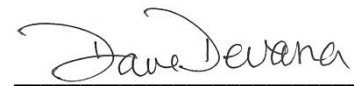
DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD
STATEMENT OF RESPONSIBILITY

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 Canadian Institute of 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.

Hayes Stewart Little & Company, 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.



Dave Devana
Chief Administrative Officer
May 4, 2015



INDEPENDENT AUDITOR'S REPORT

To the Duncan - North Cowichan Joint Utilities Board,

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, 2014, 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, 2014 and its operations for the year then ended in accordance with Canadian public sector accounting standards.



Duncan, BC
May 4, 2015

Chartered Accountants

DUNCAN
823 Canada Ave.
Duncan, BC V9L 1V2
Tel: 250.746.4406 | Fax: 250.746.1950

NANAIMO
30 Front St.
Nanaimo, BC V9R 5H7
Tel: 250.753.2544 | Fax: 250.754.1903

VICTORIA
1000-747 Fort St.
Victoria, BC V8W 3E9
Tel: 250.383.8994 | Fax: 250.383.8904

Duncan: 888.746.4406 | Nanaimo: 888.754.9551 | Victoria: 855.383.8994



STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014, WITH COMPARATIVE FIGURES FOR 2013

	<u>2014</u>	<u>2013</u>
Financial Assets		
Investments (Notes 3 & 6)	\$ <u>1,095,088</u>	\$ 967,218
Net Financial Assets	<u>1,095,088</u>	<u>967,218</u>
Non-financial assets		
Tangible capital assets (Schedule I)	<u>2,357,072</u>	2,406,782
Accumulated surplus	<u>\$ 3,452,160</u>	<u>\$ 3,374,000</u>



M. Frame,
Director of Finance

See accompanying notes to the financial statements.

STATEMENT OF OPERATIONS

AS AT DECEMBER 31, 2014, WITH COMPARATIVE FIGURES FOR 2013

	2014 <u>Budget</u>	<u>2014</u>	<u>2013</u>
Revenue			
Contributions from:			
The Corporation of the District of North Cowichan	\$ 745,233	\$ 498,420	\$ 442,339
The Corporation of the City of Duncan	450,898	305,968	268,331
Cowichan Valley Regional District	208,952	152,306	134,833
Cowichan Tribes	25,938	17,265	15,616
Interest received	<u>9,000</u>	<u>12,670</u>	<u>9,381</u>
	<u>1,440,021</u>	<u>986,629</u>	<u>870,500</u>
Expenses			
Administration	37,780	39,960	35,520
Amortization	-	49,710	49,710
Sewer lagoon operation and maintenance	<u>928,041</u>	<u>818,799</u>	<u>710,399</u>
	<u>965,821</u>	<u>908,469</u>	<u>795,629</u>
Annual Surplus	474,200	78,160	74,871
Accumulated surplus, beginning of year	<u>3,374,000</u>	<u>3,374,000</u>	<u>3,299,129</u>
Accumulated surplus, end of year	<u>\$ 3,848,200</u>	<u>\$ 3,452,160</u>	<u>\$ 3,374,000</u>

See accompanying notes to the financial statements.

1. SUMMARY OF OPERATIONS

The Duncan – North Cowichan Joint Utilities Board 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.

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, 2014, 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 a forty-nine year operating lease with the lease expiring July 31, 2060. Future minimum lease payments are \$304,201 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:

	2014	2013
Balances, beginning of year	\$967,218	\$842,637
Add: transfer from current operations	127,870	124,581
Balance, end of year	\$1,095,088	\$967,218



DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

7. LISTING OF OPERATING EXPENDITURES BY OBJECT TYPE

The following provides a summary of operating expenses by object:

	2014	2013
Salaries, wages and benefits	\$118,673	\$109,336
Contract services	101,267	73,651
Amortization	49,710	49,708
Materials and supplies	334,618	263,991
Land Rent	304,201	298,943
Total expense	<u>\$908,469</u>	<u>\$795,629</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 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

TANGIBLE CAPITAL ASSETS

SCHEDULE I

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Balance December 31, 2013	2014 Additions	Balance December 31, 2014	Balance December 31, 2013	2014 Additions	Balance December 31, 2014	2013	2014
Engineering Structures	\$ 2,485,490	-	\$ 2,485,490	\$ 78,708	\$ 49,710	\$ 128,418	\$ 2,406,782	\$ 2,357,072





The Corporation of the District of North Cowichan

STATISTICAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2014

[UNAUDITED]

Statistical Information

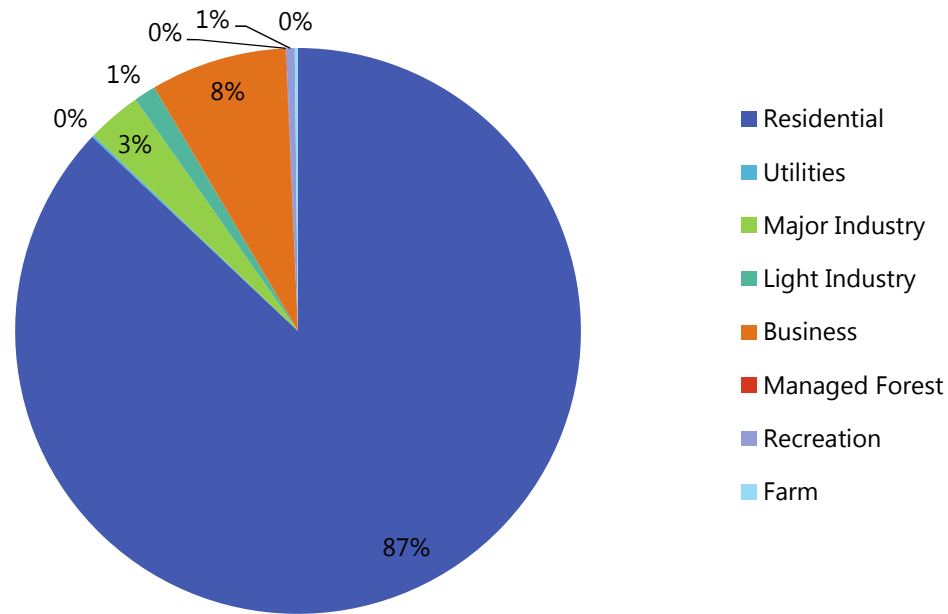
FIVE-YEAR STATISTICAL REVIEW 2010-2014

TAXABLE ASSESSMENTS OF LAND AND IMPROVEMENTS

(IN THOUSANDS)

Property Class	2010	2011	2012	2013	2014
Residential	\$ 3,754,510	\$ 3,952,085	\$ 3,940,355	\$ 3,855,900	\$ 3,764,441
Utilities	4,804	4,966	5,008	5,053	5,270
Major Industry	145,926	140,001	139,792	138,177	134,371
Light Industry	61,648	59,294	55,841	57,710	54,388
Business	258,689	285,121	304,847	330,410	336,491
Managed Forest	2,021	1,842	1,730	2,206	2,028
Recreation	13,775	13,071	12,410	12,872	20,423
Farm	8,028	8,119	8,324	8,414	8,215
	\$ 4,249,401	\$ 4,464,499	\$ 4,468,307	\$ 4,410,742	\$ 4,325,627

Assessment by Property Class



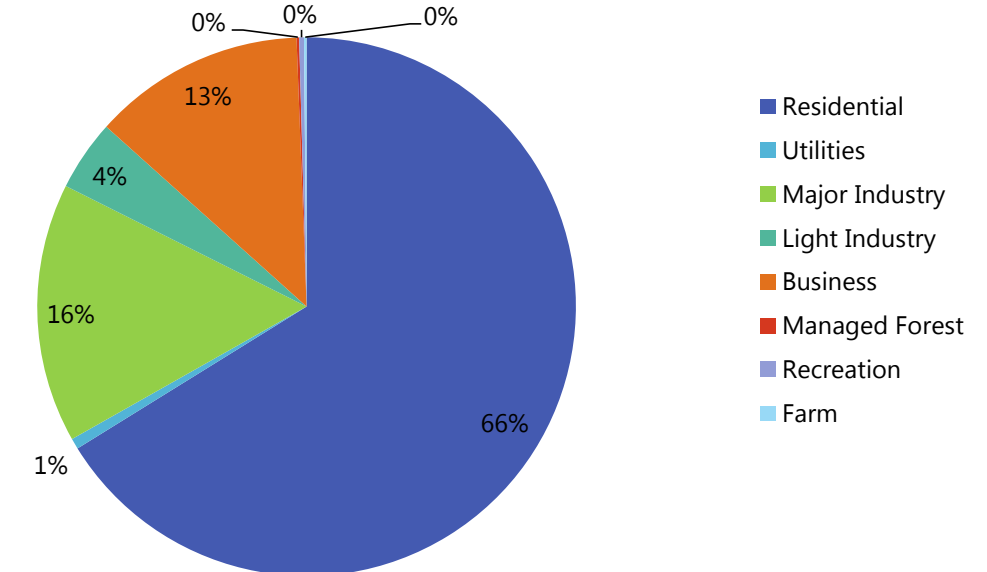
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2010-2014

TAX REVENUE BY PROPERTY CLASS

Property Class	2010	2011	2012	2013	2014
Residential	\$ 9,441,649	\$ 11,278,037	\$ 15,048,039	\$ 15,773,792	\$ 16,320,213
Utilities	133,040	145,100	153,043	158,711	157,310
Major Industry	6,089,982	6,329,325	3,604,805	3,743,516	3,841,964
Light Industry	952,633	1,051,981	959,972	1,037,669	1,050,450
Business	2,105,616	2,390,129	2,628,819	2,902,512	3,144,707
Managed Forest	56,185	47,319	29,734	40,770	40,991
Recreation	32,146	37,305	36,879	47,310	71,723
Farm	74,347	58,042	31,801	32,916	35,817
	\$ 18,885,598	\$ 21,337,238	\$ 22,493,092	\$ 23,737,196	\$ 24,663,175

2014 Tax Revenue by Property Class



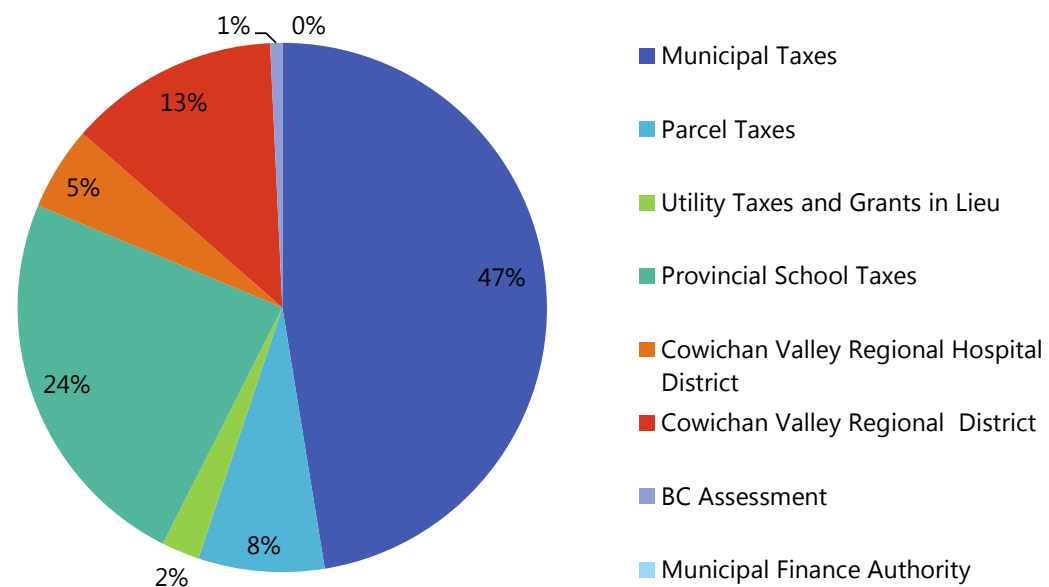
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2010-2014

PROPERTY TAX LEVIED AND COLLECTED

	2010	2011	2012	2013	2014
Municipal Taxes	18,885,598	21,337,238	22,493,092	23,737,196	24,663,175
Parcel Taxes	3,773,591	3,651,488	4,003,340	3,907,627	4,007,250
Utility Taxes and Grants in Lieu	943,139	972,800	1,073,324	1,147,859	1,207,147
Provincial School Taxes	11,990,562	12,057,995	12,155,133	12,400,567	12,388,510
Cowichan Valley Regional Hospital District	1,218,527	1,575,368	1,900,740	2,388,779	2,664,297
Cowichan Valley Regional District	4,982,589	5,550,043	6,036,143	6,462,047	6,685,258
BC Assessment	392,807	389,030	381,558	385,024	378,365
Municipal Finance Authority	1,028	1,076	1,082	1,077	1,059
	<u>42,187,841</u>	<u>45,535,038</u>	<u>48,044,412</u>	<u>50,430,176</u>	<u>51,995,061</u>
Total Current Taxes Levied	42,187,841	45,535,038	48,044,412	50,430,176	51,995,061
Total Current Taxes Collected	<u>36,707,016</u>	<u>43,962,985</u>	<u>46,579,824</u>	<u>48,875,118</u>	<u>50,573,959</u>
Outstanding	<u>5,480,825</u>	<u>1,572,053</u>	<u>1,464,588</u>	<u>1,555,058</u>	<u>1,421,102</u>
Percentage Collected	87.0%	96.5%	97.0%	96.9%	97.3%

Property Tax by Type



Statistical Information

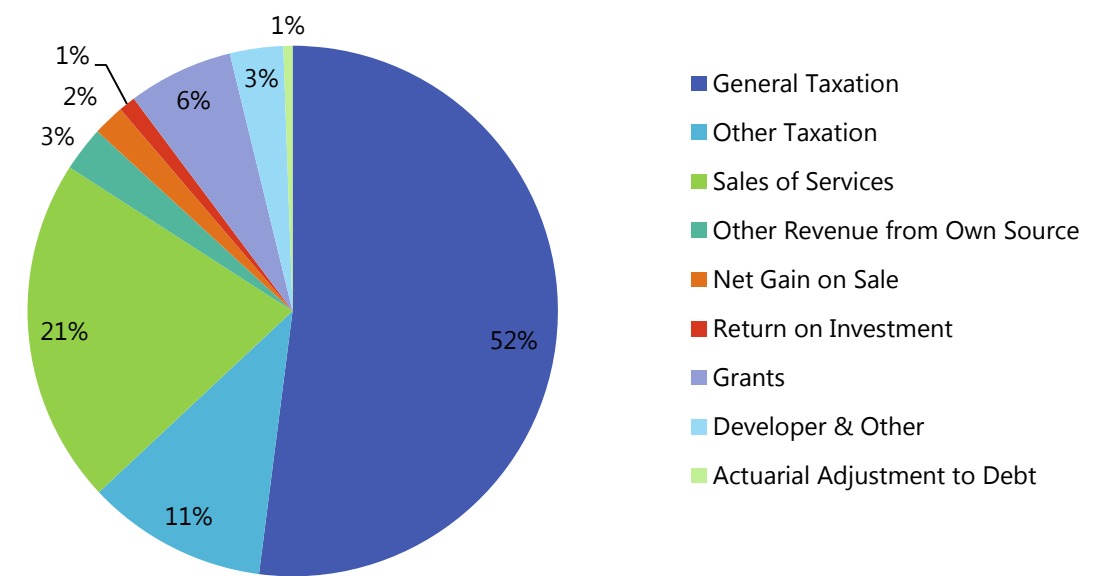
FIVE-YEAR STATISTICAL REVIEW 2010-2014

SOURCES OF REVENUE :

	2010	2011	2012	2013	2014
General Taxation	\$ 18,885,707	\$ 21,337,238	\$ 22,493,092	\$ 23,737,196	\$ 24,663,175
Other Taxation	4,716,621	5,126,499	5,403,951	5,055,486	5,214,397
Sales of Services	7,853,743	8,659,886	8,900,641	10,152,123	9,988,716
Other Revenue from Own Source	1,217,893	1,068,696	1,041,398	1,393,689	1,290,676
Net Gain on Sale	581,944	2,510	15,726	10,889	907,014
Return on Investment	1,209,059	515,044	497,351	518,519	485,004
Grants	3,583,390	4,274,832	2,589,619	8,106,819	3,039,959
Developer & Other	3,485,061	8,208,308	2,173,267	1,713,654	1,538,496
Actuarial Adjustment to Debt	241,775	617,175	287,724	779,480	268,697
	<u>\$ 41,775,193</u>	<u>\$ 49,810,188</u>	<u>\$ 43,402,769</u>	<u>\$ 51,467,855</u>	<u>\$ 47,396,134</u>

Source: North Cowichan Finance Department

2014 Sources of Revenue



Statistical Information

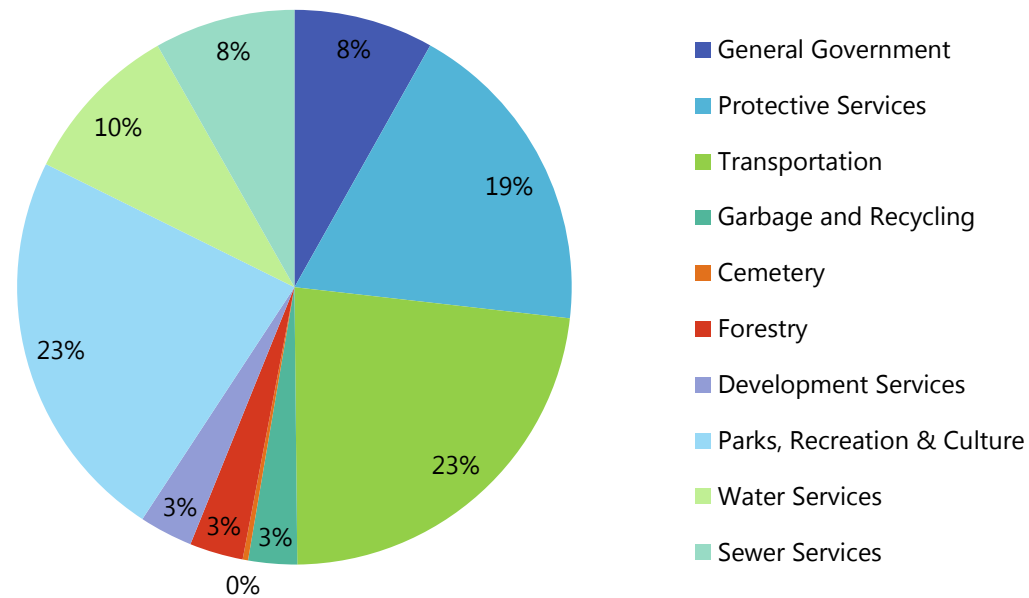
FIVE-YEAR STATISTICAL REVIEW 2010-2014

EXPENSES BY FUNCTION

	2010	2011	2012	2013	2014
General Government	\$ 3,058,750	\$ 2,939,517	\$ 3,033,567	\$ 3,314,040	\$ 3,501,452
Protective Services	7,171,748	7,604,723	7,454,153	8,209,668	8,028,316
Transportation	8,901,986	9,174,558	9,256,695	8,963,242	9,912,682
Garbage and Recycling	1,191,522	1,122,537	1,491,797	1,306,716	1,222,948
Cemetery	160,619	173,891	127,699	139,066	138,673
Forestry	1,191,351	1,323,529	1,214,269	1,459,565	1,345,038
Development Services	742,159	863,639	928,357	1,032,004	1,340,289
Parks, Recreation & Culture	8,156,023	8,825,029	8,731,752	9,346,503	9,921,212
Water Services	2,941,810	3,041,508	3,346,724	3,477,279	4,080,995
Sewer Services	2,916,594	2,844,983	3,254,810	3,117,937	3,529,976
	\$ 36,432,562	\$ 37,913,914	\$ 38,839,823	\$ 40,366,020	\$ 43,021,581

Source: North Cowichan Finance Department

2014 Expenses



Statistical Information

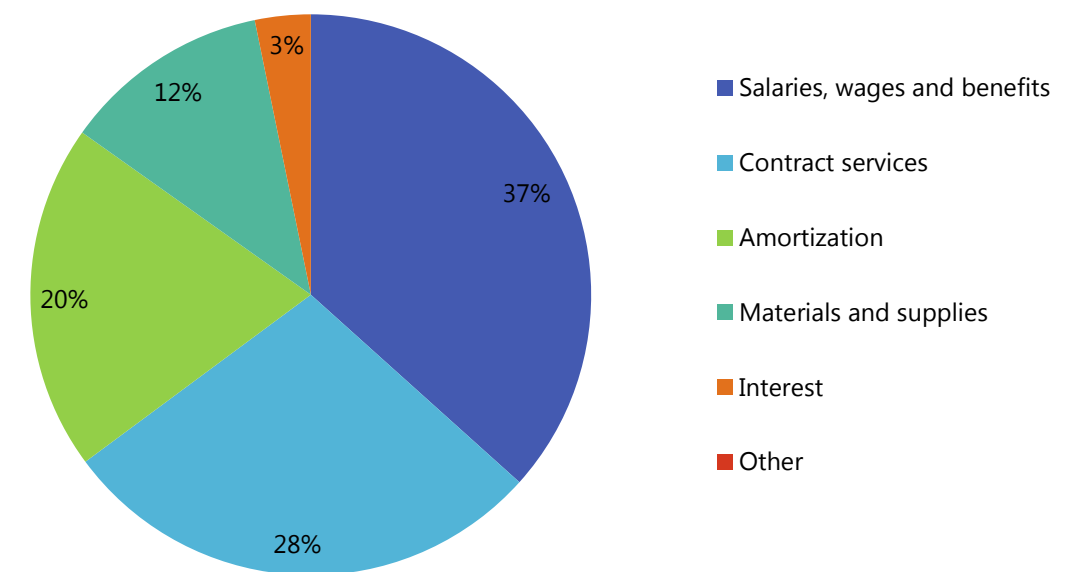
FIVE-YEAR STATISTICAL REVIEW 2010-2014

EXPENSES BY OBJECT

	2010	2011	2012	2013	2014
Salaries, wages and benefits	\$ 12,316,155	\$ 13,415,581	\$ 14,410,936	\$ 14,841,611	\$ 15,765,079
Contract services	10,899,271	11,434,673	10,488,458	11,448,715	12,134,545
Amortization	7,120,674	7,487,622	7,825,301	8,198,485	8,594,212
Materials and supplies	5,359,211	5,674,503	4,764,748	4,506,996	5,150,889
Interest	1,426,913	1,470,697	1,126,246	1,370,213	1,376,856
Other	-689,662	-1,569,162	224,134		
	\$ 36,432,562	\$ 37,913,914	\$ 38,839,823	\$ 40,366,020	\$ 43,021,581

Source: North Cowichan Finance Department

2014 Expenses by Object



Statistical Information

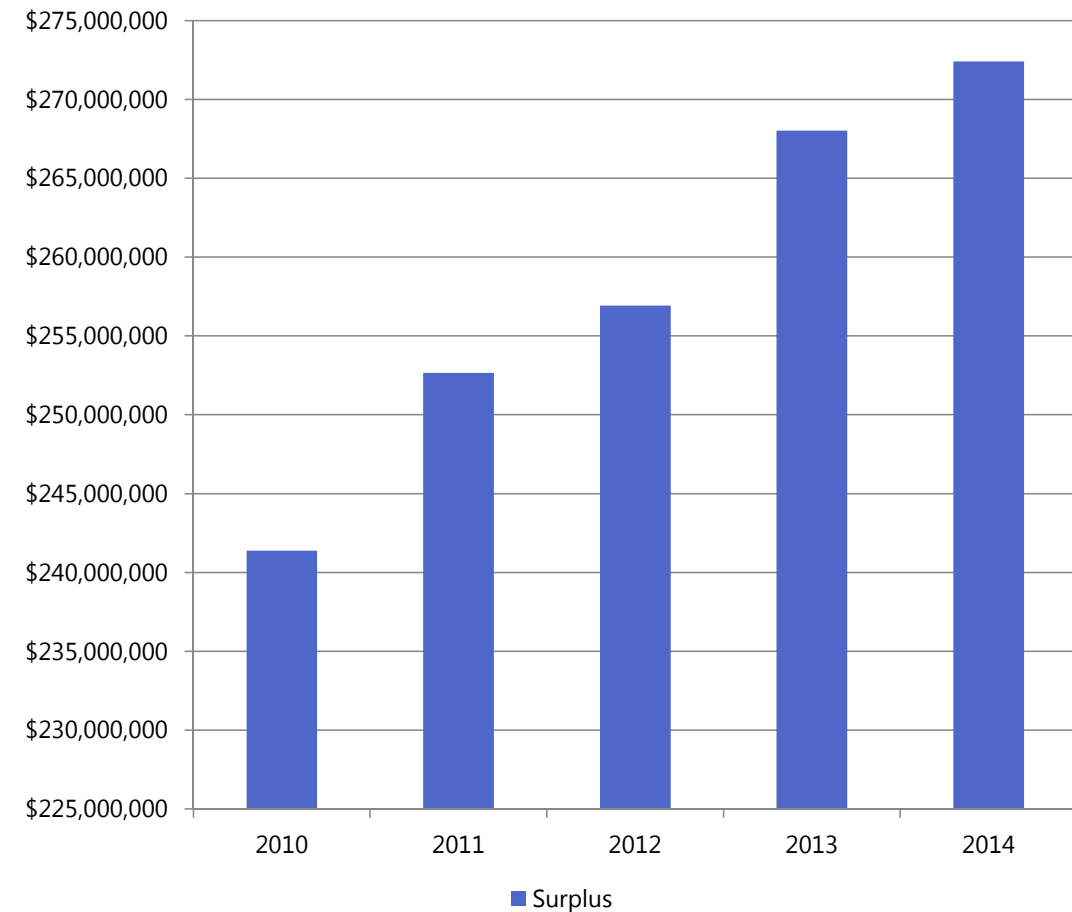
FIVE-YEAR STATISTICAL REVIEW 2010-2014

ACCUMULATED SURPLUS

	2010	2011	2012	2013	2014
Accumulated Surplus	\$ 241,380,305	\$ 252,659,404	\$ 256,934,626	\$ 268,036,461	\$ 272,411,014
Annual Surplus	\$ 5,100,856	\$ 11,279,099	\$ 4,275,222	\$ 11,101,835	\$ 4,374,553

Source: North Cowichan Finance Department

Accumulated Surplus



Statistical Information

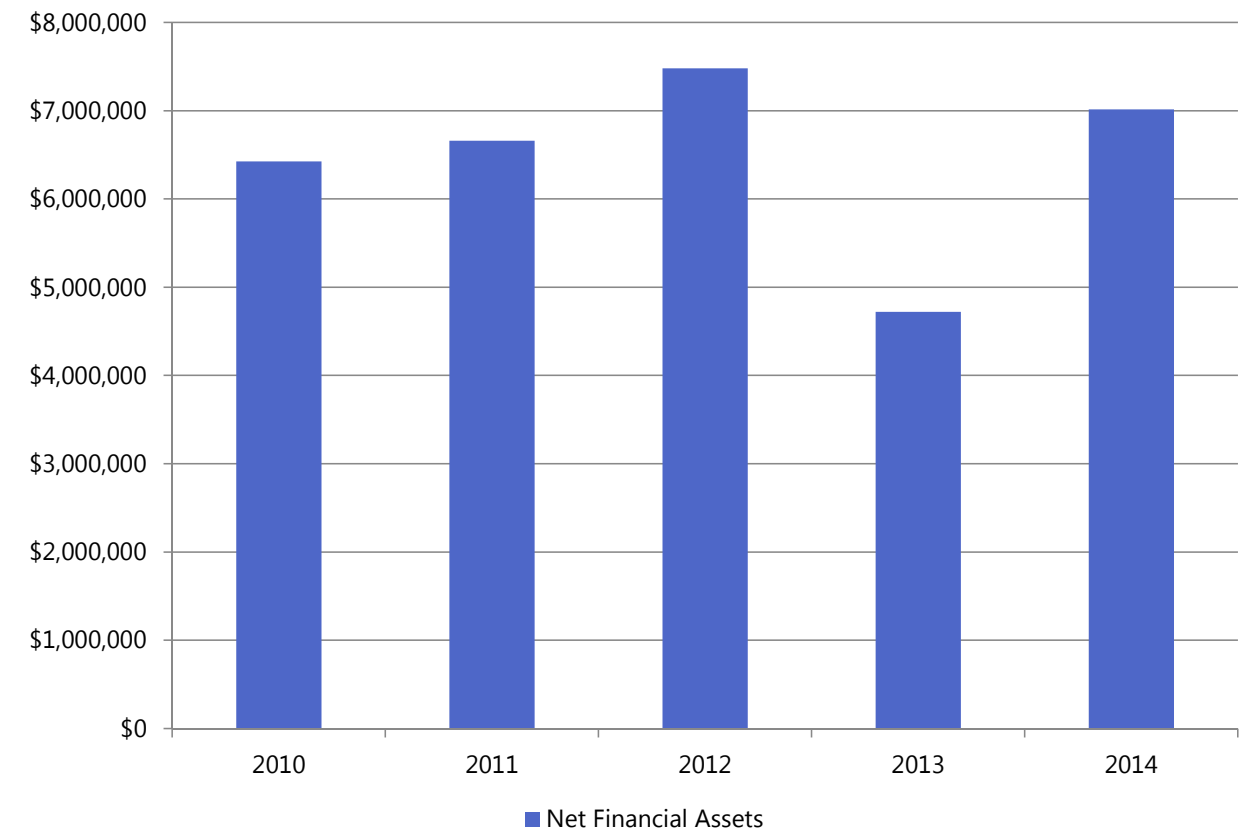
FIVE-YEAR STATISTICAL REVIEW 2010-2014

NET FINANCIAL ASSETS

	2010	2011	2012	2013	2014
Net Financial Assets	\$ 6,426,947	\$ 6,660,325	\$ 7,481,296	\$ 4,723,509	\$ 7,014,708

Source: North Cowichan Finance Department

Net Financial Assets



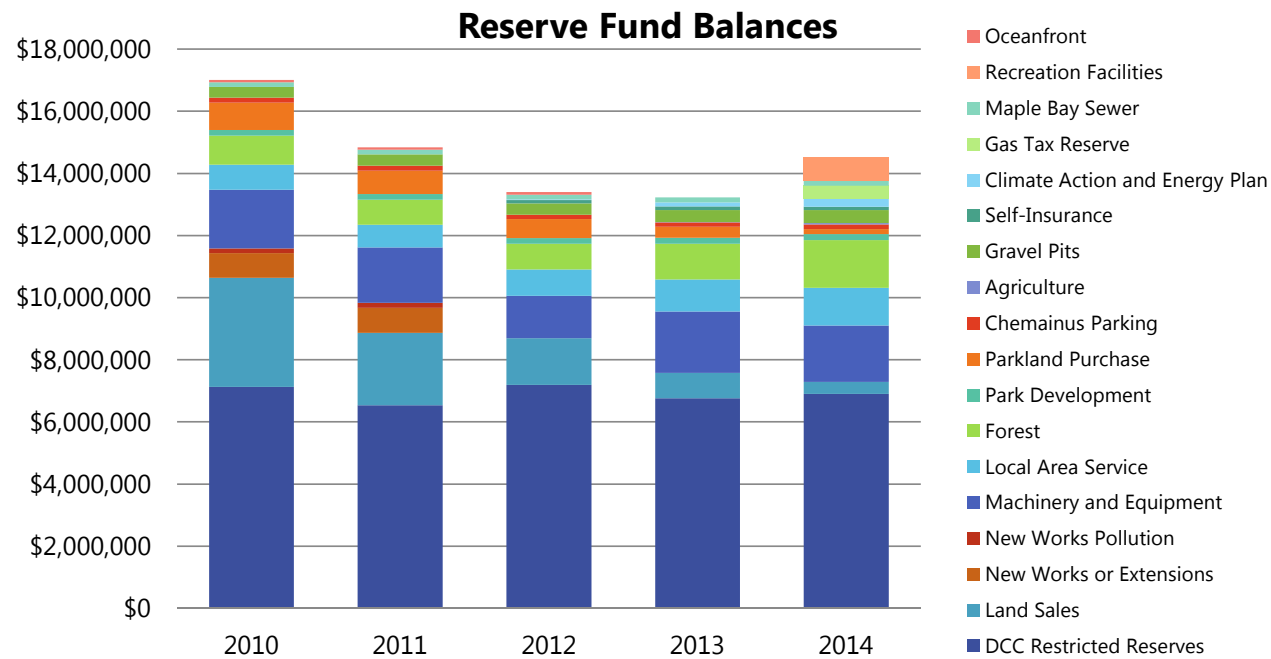
Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2010-2014

RESERVE FUND BALANCES

	2010	2011	2012	2013	2014
DCC Restricted Reserves	\$ 7,128,016	\$ 6,543,479	\$ 7,195,898	\$ 6,765,155	\$ 6,902,151
Land Sales	3,515,852	2,331,708	1,499,182	820,481	385,917
New Works or Extensions	796,968	806,528	0	0	0
New Works Pollution	152,926	155,520	0	0	0
Machinery and Equipment	1,882,624	1,779,890	1,371,486	1,968,575	1,820,232
Local Area Service	803,482	729,242	846,899	1,039,722	1,216,897
Forest	943,249	807,139	825,324	1,148,454	1,537,081
Park Development	182,202	185,292	187,797	190,499	192,995
Parkland Purchase	877,758	756,651	603,298	352,891	155,439
Chemainus Parking	158,759	160,402	142,102	145,695	147,604
Agriculture	0	0	0	10,000	50,225
Gravel Pits	344,437	357,043	366,010	384,897	410,902
Self-Insurance	0	0	111,698	113,306	114,790
Climate Action and Energy Plan	0	0	18,700	136,969	256,763
Gas Tax Reserve					416,000
Maple Bay Sewer	150,445	152,998	155,066	157,297	159,358
Recreation Facilities					748,222
Oceanfront	80,755	82,125	83,235	0	0
	\$ 17,017,473	\$ 14,848,017	\$ 13,406,695	\$ 13,233,941	\$ 14,514,576

Source: North Cowichan Finance Department



Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2010-2014

DEBENTURE DEBT

	2010	2011	2012	2013	2014
Debenture Debt	\$ 22,990,272	\$ 21,971,921	\$ 21,503,802	\$ 22,272,673	\$ 21,056,814
Debt per Capita	789	747	733	758	708

Source: North Cowichan Finance Department

LIABILITY SERVICING

	2010	2011	2012	2013	2014
Liability Servicing Limit	\$ 8,359,564	\$ 9,027,106	\$ 9,398,637	\$ 10,270,490	\$ 10,467,636
Total Liability Servicing Cost	2,320,821	2,760,466	2,609,840	2,856,862	2,719,018
Liability Servicing Capacity Available	\$ 6,038,743	\$ 6,266,640	\$ 6,788,797	\$ 7,413,628	\$ 7,748,618

Source: North Cowichan Finance Department

TAXES COLLECTED FOR OTHER AGENCIES

	2010	2011	2012	2013	2014
School	\$ 11,990,562	\$ 12,057,995	\$ 12,155,133	\$ 12,400,567	\$ 12,388,510
CVRHD	1,218,527	1,575,368	1,900,740	2,388,779	2,664,297
CVRD	4,982,589	5,550,043	6,036,143	6,462,047	6,685,258
BC Assessment	392,807	389,030	381,558	385,024	378,365
MFA	1,028	1,076	1,082	1,077	1,059
	\$ 18,585,513	\$ 19,573,512	\$ 20,474,656	\$ 21,637,494	\$ 22,117,489

Source: North Cowichan Finance Department

Statistical Information

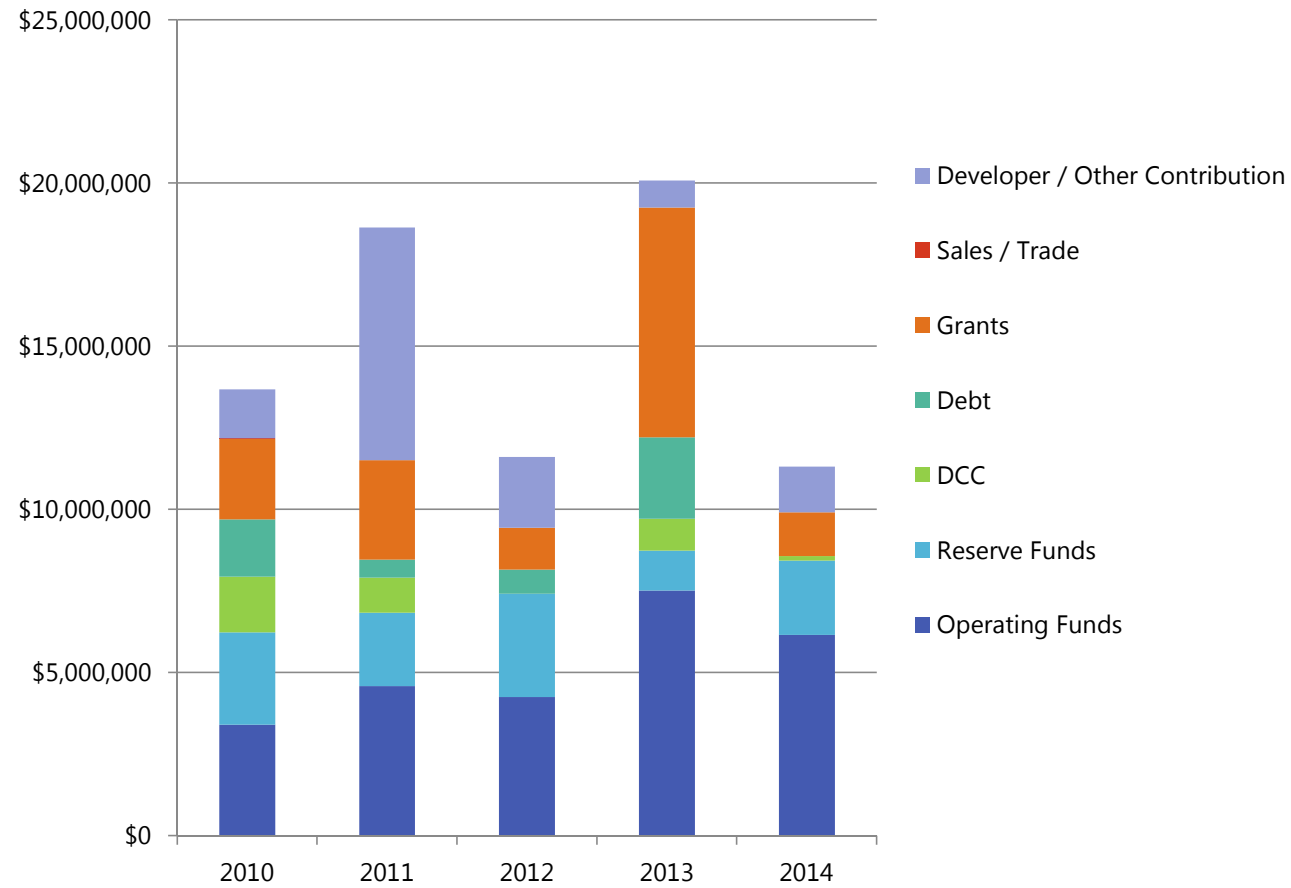
FIVE-YEAR STATISTICAL REVIEW 2010-2014

CAPITAL EXPENDITURES BY SOURCE OF FINANCING

	2010	2011	2012	2013	2014
Operating Funds	\$ 3,405,084	\$ 4,582,019	\$ 4,256,479	\$ 7,511,079	\$ 6,158,480
Reserve Funds	2,829,997	2,253,520	3,156,986	1,224,538	2,275,092
DCC	1,709,481	1,074,972	-	977,600	133,200
Debt	1,750,000	551,500	745,475	2,500,000	-
Grants	2,487,159	3,049,194	1,275,731	7,034,261	1,346,863
Sales / Trade	2,765	-	-	-	-
Developer / Other Contribution	1,491,450	7,133,337	2,173,267	835,729	1,395,296
	\$ 13,675,936	\$ 18,644,542	\$ 11,607,938	\$ 20,083,207	\$ 11,308,931

Source: North Cowichan Finance Department

Capital Expenditures by Source of Funding



Statistical Information

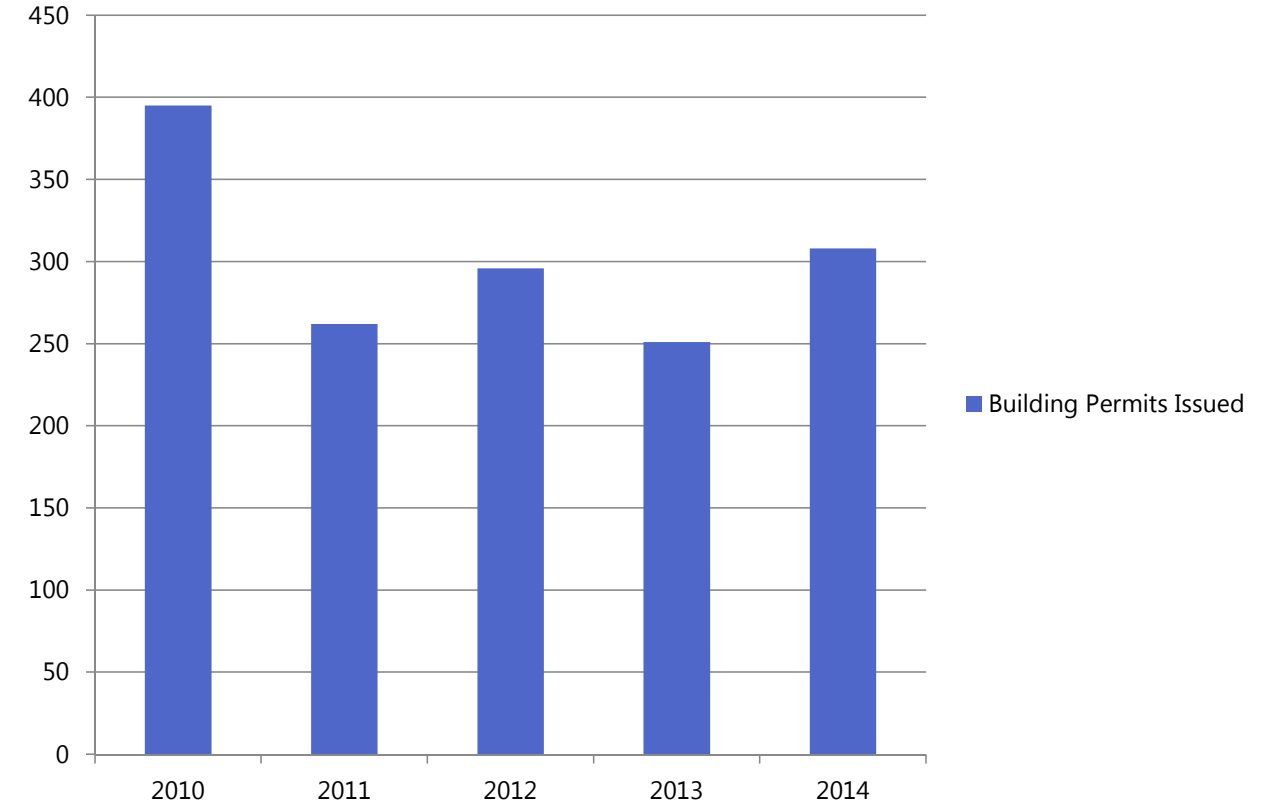
FIVE-YEAR STATISTICAL REVIEW 2010-2014

NEW CONSTRUCTION

	2010	2011	2012	2013	2014
Building Permits Issued	395	262	296	251	308
Construction Value	\$ 57,975,216	\$ 41,480,281	\$ 44,012,722	\$ 41,849,005	\$ 36,958,060

Source: North Cowichan Finance Department

Building Permits Issued



Statistical Information

FIVE-YEAR STATISTICAL REVIEW 2010-2014

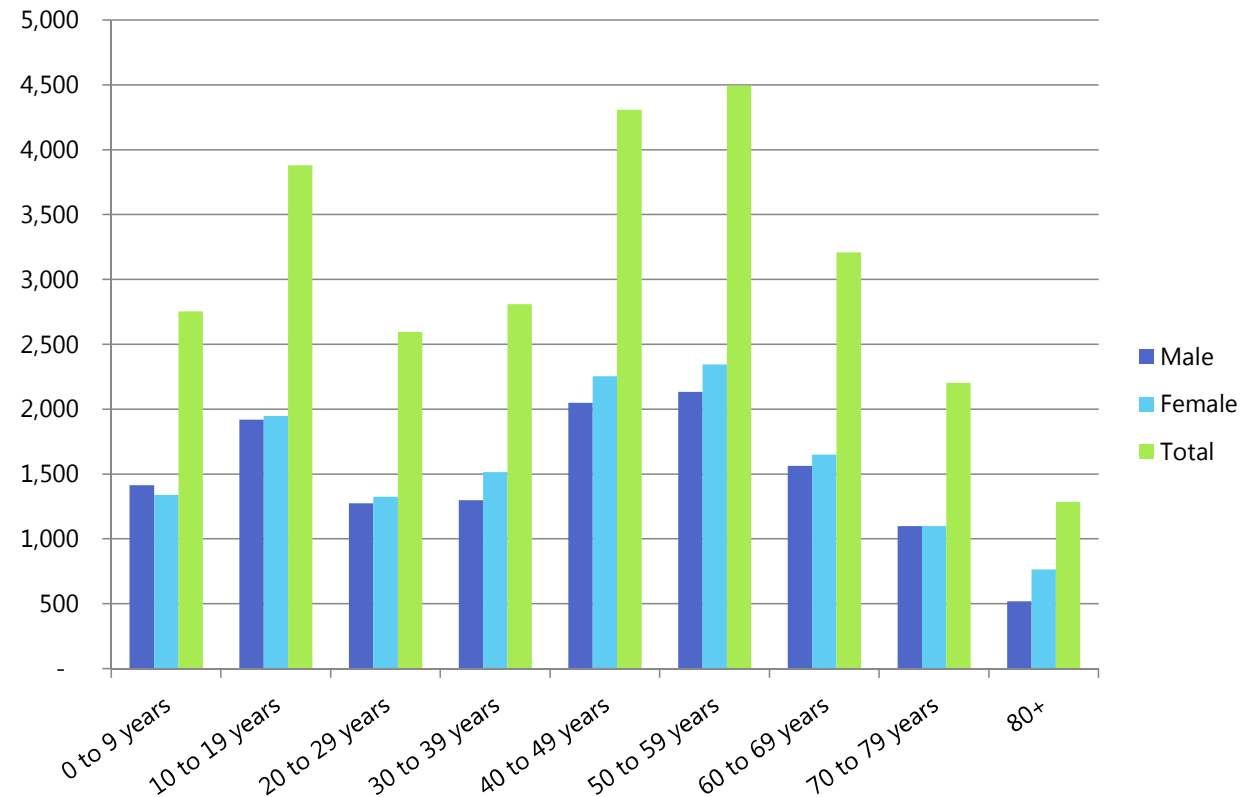
TOTAL POPULATION

	2010	2011	2012	2013	2014
Total population estimates	29,141	29,401	29,318	29,392	29,760
% Change from prior year	1.20%	0.89%	-0.28%	0.25%	1.25%

Source: BC Stats

2011 POPULATION BY AGE GROUP

Population by Age Group



Median age of population 47.1 years

Source: Statistics Canada Census

Statistical Information

TOP 10 PRINCIPAL CORPORATE TAXPAYERS

Taxpayer	Industry	Tax Contribution
Catalyst Paper Corporation	Industry	\$3,489,616
Western Forest Products Inc.	Industry	598,399
Calloway Reit (Cowichan) Inc.	Retail	577,628
Riocan Holdings Inc.	Retail	462,149
Cowichan Town Centre Market Inc.	Retail	212,037
Island Timberlands GP Ltd.	Industry	118,268
Chemainus Village Square Ltd.	Retail	107,847
Baljet Car Co. Ltd.	Retail	84,212
Shell Canada Limited	Business	83,268
Alpine-Pacific Leasing Ltd	Retail	78,374

Total Tax Contribution from Top 10 Taxpayers \$5,811,798

Total Municipal Tax \$24,663,175

Proportion of municipal tax paid by top ten 23.6%

Source: North Cowichan Finance Department





The Corporation of the District of North Cowichan

OTHER INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2014

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	\$ 892
00403-000	5905 Indian Rd	Abbeyfield Houses Society of Duncan	2,644
15117-000	Victoria Rd	Anglican Synod Diocese of BC (St. Michael's and All Angels' Anglican Church)	1,272
16124-000	2852/2858 Mill St	Anglican Synod Diocese of BC (St. Michael's and All Angels' Anglican Church)	1,211
00362-000	5795 Church Rd	Anglican Synod Diocese of BC (St. Peter's Anglican Church)	9,931
00001-000	5800 Church Rd	Anglican Synod Diocese of BC (St. Peter's Anglican Church)	732
01881-000	3441 Gibbins Rd	BC Corporation of Seventh-Day Adventist Church (Duncan)	1,350
05105-060	7550 Bell McKinnon Rd	BC S.P.C.A.	2,501
05469-001	2892 Drinkwater Rd.	BC Forest Discovery Centre	3,084
05977-000	Drinkwater Rd	BC Forest Discovery Centre	949
1608-000	2085 Maple Bay Rd	Bishop of Victoria (Queen of Angels School)	12,635
16108-100	9727 and 9745 Elm St	Bishop of Victoria (St. Joseph's Elementary School)	4,777
08630-001	Water Licence 106188	Camp Qwanoes	3
08630-002	Water Licence 108939	Camp Qwanoes	3
08633-000	1148 Smith Rd	Camp Qwanoes	4,611
08633-001	1 - 1148 Smith Rd	Camp Qwanoes	167
08076-000	PID 009-625-399	Camp Qwanoes	2,668
08630-000	1148 Barnes Rd	Camp Qwanoes	7,732
08630-050	1148 Barnes Rd	Camp Qwanoes	742
09542-000	1186 Barnes Rd	Camp Qwanoes	1,515
16487-000	3318 River Rd	Canadian Baptists of Western Canada (Calvary Baptist Church)	4,854
15642-005	9796 Willow St	Chemainus Chamber of Commerce	749
15642-000	9796 Willow St	Chemainus Festival of Murals Society	1,725
15152-100	9867 Maple St	Chemainus Health Care Auxiliary	6,049
15148-010	9906 Esplanade St	Chemainus Health Care Foundation	2,516
15148-005	9910 Esplanade St	Chemainus Health Care Housing Society	9,633
15004-005	Rifle Range	Chemainus Rod & Gun Club	269
15798-101	9758 Chemainus Rd	Chemainus Rotary Club	459
16159-000	2903 Cypress St	Chemainus Senior Citizens Housing	438
15656-000	9824 Willow St	Chemainus Seniors Drop-In Centre Society	6,596
15105-100	9737 Chemainus Rd	Chemainus Theatre Festival Society	26,052
15086-200	9574 Bare Point Rd	Chemainus Theatre Festival Society	17,375
15103-001	9745 Chemainus Rd	Chemainus Theatre Festival Foundation	923
15054-115	9799 Waterwheel Cres	Chemainus Valley Historical Society	385
01038-001	Beverly St	Chesterfield Sports Society	1,055
01038-002	5847 Chesterfield Ave	Chesterfield Sports Society	2,448
06503-000	6118 Lane Rd	Christian Science Society, Duncan	495
01587-000	5856 Clements St	Cowichan Valley Association for Community Living	12,362

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
05359-005	6124 Ryall Rd	Clements Centre Society	1,632
05359-006	6124 Ryall Rd	Clements Centre Society	3,560
01791-020	5855 Clements St	Cowichan Agricultural Society & Farmers Institute	2,670
05099-000	7380 Trans Canada Hwy	Cowichan Exhibition	40,481
15642-001	9796 Willow St	Cowichan Valley Neighbourhood House Association	3,326
08548-000	1860 Herd Rd	Cowichan Rugby Club	3,633
01082-000	5810 Garden St	Cowichan Valley Basket Society	1,163
02310-000	3036 Sherman Rd	Cowichan Valley Church of the Nazarene	1,221
01920-000	5860 Banks Rd	Cowichan Valley Hospice Society	1,007
15040-002	2876 Fuller Lake Rd	Cowichan Valley Minor Hockey Club	77
05999-000	3253 Sherman Rd	Cowichan Valley Soccer Assn.	3,095
05567-000	6137 Somenos Rd	Cowichan Valley Soccer Assn.	1,133
02197-001	3045 Gibbins Rd	Cowichan Valley Division of Family Practice	570
05033-000	Mt. Prevost	Cowichan War Memorial Trustees	82
08338-000	8104 Musgrave St	Crofton Community Centre Society	3,778
08333-020	Morgan St	Crofton Community Centre Society	2,139
12395-000	1675 Robert St	Crofton Community Centre Society	1,329
08333-100	8003 York Ave	Crofton Community Centre Society	2,887
12316-010	1507 Joan Ave	Crofton Old School Museum	1,059
12316-011	1507 Joan Ave	Crofton Seniors Society	4,358
00205-100	495 Beech Ave	Duncan Christian School	3,241
01918-000	5781 Chesterfield St	Duncan Christian School	2,431
947-000	2246 and 2244 Moose Rd	Duncan Community Lodge Society (Loyal Order of the Moose)	4,315
5469-005	2986 Drinkwater Rd	Duncan-Cowichan Chamber of Commerce	419
6474-000	2359 Calais Rd	Franciscan Poor Clare Nuns (St. Clare's Monastery)	4,335
6355-000	Wicks Rd	Franciscan Poor Clare Nuns (St. Clare's Monastery)	4,108
6038-000	2382 Calais Rd	Franciscans of Western Canada	3,178
02246-005	2731 Boys Rd	Freshwater Fisheries Society of B.C.	645
8314-000	6722 Beaumont Ave	Friends of Cowichan Cadets Society	1,107
16273-000	9877 Esplanade St	Harbour View Housing Society	8,465
15791-000	2828 Pine St	Harbour View Housing Society	4,806
172-001	Rail Corridor	Island Corridor Foundation	768
180-001	Rail Corridor	Island Corridor Foundation	340
180-002	Rail Corridor	Island Corridor Foundation	790
184-001	Rail Corridor	Island Corridor Foundation	491
184-002	Rail Corridor	Island Corridor Foundation	373
186-001	Rail Corridor	Island Corridor Foundation	174
899-001	Rail Corridor	Island Corridor Foundation	428
900-001	Rail Corridor	Island Corridor Foundation	320



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
1180-025	Rail Corridor	Island Corridor Foundation	301
1180-050	Rail Corridor	Island Corridor Foundation	323
1232-003	Rail Corridor	Island Corridor Foundation	486
1232-004	Rail Corridor	Island Corridor Foundation	395
1232-005	Rail Corridor	Island Corridor Foundation	66
1232-006	Rail Corridor	Island Corridor Foundation	99
1232-007	Rail Corridor	Island Corridor Foundation	827
1232-008	Rail Corridor	Island Corridor Foundation	40
1232-009	Rail Corridor	Island Corridor Foundation	3
1232-010	Rail Corridor	Island Corridor Foundation	784
1232-011	Rail Corridor	Island Corridor Foundation	1,077
2222-001	Rail Corridor	Island Corridor Foundation	651
3995-000	Rail Corridor	Island Corridor Foundation	7,903
3995-001	Rail Corridor	Island Corridor Foundation	128
3995-002	Rail Corridor	Island Corridor Foundation	1,736
3995-003	Rail Corridor	Island Corridor Foundation	2,234
3995-004	Rail Corridor	Island Corridor Foundation	1,077
3995-007	Rail Corridor	Island Corridor Foundation	2,108
3995-008	Rail Corridor	Island Corridor Foundation	2,166
3995-009	Rail Corridor	Island Corridor Foundation	1,611
3995-010	Rail Corridor	Island Corridor Foundation	1,071
3995-011	Rail Corridor	Island Corridor Foundation	1,623
3995-012	Rail Corridor	Island Corridor Foundation	1,986
3995-013	Rail Corridor	Island Corridor Foundation	2,478
3995-014	Rail Corridor	Island Corridor Foundation	378
3995-015	Rail Corridor	Island Corridor Foundation	1,785
3995-016	Rail Corridor	Island Corridor Foundation	1,748
3995-017	Rail Corridor	Island Corridor Foundation	1,339
3995-018	Rail Corridor	Island Corridor Foundation	940
3995-019	Rail Corridor	Island Corridor Foundation	2,383
3995-020	Rail Corridor	Island Corridor Foundation	3
3995-021	Rail Corridor	Island Corridor Foundation	802
3995-022	Rail Corridor	Island Corridor Foundation	381
3996-000	Rail Corridor	Island Corridor Foundation	8,391
18008-001	Rail Corridor	Island Corridor Foundation	11
18008-002	Rail Corridor	Island Corridor Foundation	16
1640-005	5990 Indian Rd	Maple Bay Rowing Club	1,837
8328-000	6735 Beaumont Ave	Maple Bay Rowing Club	1,593
8595-001	1241 Maple Bay Rd	Nature Conservancy of Canada	2,044

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
8597-000	Aitken Rd	Nature Conservancy of Canada	2,203
0022-200	1501 Khenipson Rd	Nature Conservancy of Canada	4,402
8595-000	Maple Bay Rd	Nature Conservancy of Canada	7,481
200-000	6045 Trans Canada Hwy	Nature Trust of B.C. & Ducks Unlimited	1,116
3931-010	Cowichan Bay	Nature Trust of B.C.	57
5084-000	Trans Canada Hwy	Nature Trust of B.C.	1,856
197-100	Trans Canada Hwy	Nature Trust of B.C.	1,880
197-101	Trans Canada Hwy	Nature Trust of B.C.	4,645
476-000	1839 Tzouhalem Rd	New Life Community Baptist Church	4,979
12266-200	Tsussie Rd	Penelukut Development Society	129
2217-000	Arbutus Ave	Queen Margaret's School	3,317
999-000	660 Brownsey Ave	Queen Margaret's School	9,790
880-000	660 Brownsey Ave	Queen Margaret's School	7,594
955-000	1031 Government St	Queen Margaret's School	4,287
5373-000	3248 Cowichan Valley Hwy	Somenos Community Association	2,823
433-000	2004 and 2030 Crescent Rd	St. Peter's Crescent Society	1,715
977-000	5814 Banks Rd	Steiner Educational Society (Island Oak High School)	2,082
477-000	1815 Tzouhalem Rd	The Church of Jesus Christ of Latter-day Saints	3,179
06000-000	3191 Sherman Rd	Duncan Curling Club	6,313
15592-000	9471 Chemainus Rd	Pentecostal Assemblies (Chemainus Tabernacle)	323
15646-000	9814 Willow St	Trustees of the Chemainus/Crofton Pastoral Charge	500
15736-000	9775 Chemainus Rd	Royal Canadian Legion (Chemainus Legion)	2,966
1572-001	2704 James St	Trinity Evangelical Lutheran Church	1,192
00016-000	1843 Tzouhalem Rd	Vancouver Island Providence Community Assoc	5,994
830-000	3210 Sherman Rd	Vancouver Island Sikh Cultural Soc	2,521
2227-000	3968 Gibbins Rd	Vimy Community Club	1,389
24017-000	2558 Mt Sicker Rd	Westholme School Society	1,760
Total			\$ 415,056



THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Chemainus Off-Street Parking

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

January 1, 2014	\$ 145,695
Interest	1,008
Current Year Contributions	
Current Year Expenditures	0
December 31, 2014	<u>\$ 146,703</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, 2014	Interest	Current Year Contributions	Current Year Expenditures	Dec. 31, 2014
ROADS	\$ 472,712	\$ 5,881	\$ 54,997	(146,250)	\$ 387,340
PARKS	30,591	437	6,298		37,326
CHEMAINUS					
WATER	285,269	3,748	2,615		291,632
SEWER	91,013	1,202	1,868		94,083
	<u>376,283</u>	<u>4,950</u>	<u>4,483</u>	-	<u>385,716</u>
CROFTON					
WATER	104,451	1,381	1,320		107,152
SEWER	47,657	636	1,246		49,539
	<u>152,108</u>	<u>2,017</u>	<u>2,566</u>	-	<u>156,691</u>
SOUTH END					
DRAINAGE	33,139	478	5,743		39,361
WATER	1,238,687	16,701	48,427		1,303,815
SEWER	4,461,634	59,143	71,124		4,591,901
	<u>5,733,460</u>	<u>76,322</u>	<u>125,295</u>	-	<u>5,935,077</u>
TOTAL	<u>\$ 6,765,155</u>	<u>\$ 89,607</u>	<u>\$ 193,639</u>	<u>(146,250)</u>	<u>\$ 6,902,151</u>



THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Declaration of 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, 2015

This page has been intentionally left blank.





7030 Trans-Canada Highway | Box 278
Duncan, British Columbia, Canada
Phone 250.746.3100
Fax 250.746.3133
Email info@northcowichan.ca



Visit us online
www.northcowichan.ca
Scan to visit our homepage