

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
Consolidated Financial Statements

(Audited)

DECEMBER 31, 2023

DRAFT

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	2023 Actual	2022 Actual
Financial Assets		
Cash (Note 4)	\$ 3,029,488	\$ 4,919,023
Portfolio Investments (Note 4)	95,131,066	91,165,028
Accounts receivable (Note 5)	9,343,073	4,890,748
	<u>107,503,627</u>	<u>100,974,799</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	9,330,771	9,946,373
Employee future benefits and compensation payable (Note 7)	4,288,307	3,756,612
Unearned revenue (Note 8)	17,351,273	9,724,467
Asset retirement obligation (Note 11)	29,849,921	-
Restricted reserves (Note 14)	21,219,421	18,183,512
Debt (Note 16)	34,274,193	36,840,235
	<u>116,313,886</u>	<u>78,451,199</u>
Net Financial Assets (Debt)	<u>(8,810,259)</u>	<u>22,523,600</u>
Non-Financial Assets		
Tangible capital assets (Note 10)	361,413,490	314,093,229
Inventory of supplies	660,639	606,004
Prepaid items	459,513	540,982
Property acquired for taxes	2,341,177	2,341,177
	<u>364,874,819</u>	<u>317,581,392</u>
Accumulated Surplus (Note 18)	<u>\$ 356,064,560</u>	<u>\$ 340,104,992</u>

Commitments and Contingent Liabilities (Notes 17 and 20)

Approved by:

Teri Vetter
Director, Financial Services

See accompanying notes to the financial statements

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	2023 Budget (Note 19)	2023 Actual	2022 Actual
Revenues			
Taxation (Schedule I)	\$ 42,944,541	\$ 42,974,453	\$ 40,420,459
Sales of services	12,008,778	13,610,860	11,301,521
Other revenue from own sources	3,091,873	3,228,027	2,394,225
Return on investments	802,370	3,085,324	3,152,733
Grants and government transfers (Schedule II)	17,739,599	11,976,566	3,445,852
Collections from developers and others	3,342,292	7,063,829	3,574,846
Actuarial adjustments to debt	-	594,727	537,057
	<u>79,929,453</u>	<u>82,533,786</u>	<u>64,826,693</u>
Expenses (Schedule III)			
General government services	7,458,538	7,891,059	6,860,885
Protective services	13,691,897	13,206,802	12,411,129
Engineering and public works	12,076,641	13,102,715	12,660,741
Environmental health services	3,076,662	2,813,217	2,509,014
Forestry	1,027,364	708,551	568,976
Community development	1,842,145	1,596,649	1,424,693
Recreation and cultural services	12,339,010	13,689,445	12,753,804
Water	5,613,347	5,786,918	5,054,610
Sewer	5,287,005	5,974,431	3,825,056
	<u>62,412,609</u>	<u>64,769,787</u>	<u>58,068,908</u>
Annual Surplus	<u>\$ 17,516,844</u>	<u>17,763,999</u>	<u>6,757,785</u>
Surplus from Operations, beginning of year (Note 18)		<u>340,104,992</u>	<u>333,347,207</u>
Surplus from Operations, end of year (Note 18)		<u>\$ 357,868,991</u>	<u>\$ 340,104,992</u>

See accompanying notes to the financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
 FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Actual	2022 Actual
Unrealized gains (losses) attributable to:		
Adoption of new accounting standards	\$ (2,501,215)	\$ -
Unrealized losses on portfolio investments	(62,206)	-
Realized losses reclassified to Statement of Operations	758,961	-
Accumulated remeasurement gains (losses) at end of year	\$ (1,804,460)	\$ -

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THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	2023 Budget (Note 19)	2023 Actual	2022 Actual
Annual Surplus	<u>\$ 17,516,844</u>	<u>\$ 17,763,999</u>	<u>\$ 6,757,785</u>
Acquisition of tangible capital assets	(72,380,723)	(24,359,609)	(27,885,728)
Contributed tangible capital assets	-	(6,982,329)	(3,481,509)
Amortization of tangible capital assets	9,891,450	12,374,328	10,428,914
Accretion	-	1,151,850	-
Net loss on sale of tangible capital assets	-	49,799	12,426
Proceeds on sale of tangible capital assets	-	121,384	-
Asset retirement obligation (Note 2)	-	(29,849,921)	-
Write-downs of tangible capital assets	-	174,237	168,659
	<u>(62,489,273)</u>	<u>(47,320,261)</u>	<u>(20,757,238)</u>
Decrease (Increase) in prepaids	-	81,497	(228,237)
Increase in inventories	-	(54,634)	(61,099)
Decrease in property acquired for taxes	-	-	75,690
	<u>-</u>	<u>26,863</u>	<u>(213,646)</u>
Change in net financial assets	(44,972,429)	(29,529,399)	(14,213,099)
Net financial assets at beginning of year	-	22,523,600	36,736,699
Decrease in accumulated remeasurement gain	-	(1,804,460)	-
(Net Debt) net financial assets at end of year	<u>\$ (44,972,429)</u>	<u>\$ (8,810,259)</u>	<u>\$ 22,523,600</u>

See accompanying notes to the financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	2023 Actual	2022 Actual
Operating transactions		
Annual surplus	\$ 17,763,999	\$ 6,757,785
Non-cash items included in surplus:		
Amortization	12,374,328	10,428,914
Accretion	1,151,850	-
Actuarial adjustment to debt	(594,727)	(537,057)
Write-downs of tangible capital assets	174,237	168,659
Net loss on sale of tangible capital assets	49,799	12,426
Contributed tangible capital assets	(6,982,329)	(3,481,509)
	<u>23,937,157</u>	<u>13,349,218</u>
Changes in non-cash assets and liabilities:		
Accounts receivable	(4,452,325)	553,805
Inventory of supplies	(54,635)	(61,099)
Prepaid items	81,498	(228,237)
Property acquired for taxes	-	75,690
Accounts payable	(615,602)	2,047,566
Employee future benefits and compensation payable	531,695	(140,424)
Unearned revenue	7,626,806	1,071,560
Restricted reserves	3,035,909	3,204,434
	<u>30,090,503</u>	<u>18,764,903</u>
Capital transactions		
Proceeds on sale of tangible capital assets	121,384	-
Cash applied to acquire tangible capital assets	(24,359,609)	(27,885,728)
	<u>(24,238,225)</u>	<u>(27,885,728)</u>
Investing transactions		
Portfolio investments	(5,770,498)	(9,097,474)
	<u>(5,770,498)</u>	<u>(9,097,474)</u>
Financing transactions		
Proceeds from debenture debt	-	22,000,000
Repayment of temporary debt	-	(11,100,000)
Repayment of debenture debt	(1,971,315)	(1,194,782)
	<u>(1,971,315)</u>	<u>9,705,218</u>
Change in cash	(1,889,535)	(8,513,081)
Cash, beginning of year	4,919,023	13,432,104
Cash, end of year	<u>\$ 3,029,488</u>	<u>\$ 4,919,023</u>

See accompanying notes to the financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL

The Corporation of the District of North Cowichan (North Cowichan) 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 North Cowichan's policy to follow Canadian Public Sector Accounting Standards (PSAS) and to apply such principles consistently. The following is a summary of the North Cowichan'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

North Cowichan 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 North Cowichan's proportionate share of assets, liabilities and net revenues over expenditures of the administrative body at approximately the following percentage:

Duncan-North Cowichan Joint Utilities Board	53.69%
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Interfund transactions and balances have been eliminated.

b) BASIS OF ACCOUNTING

North Cowichan 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) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit in qualifying institutions as defined in the Community Charter.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

d) INVESTMENTS

Investments are recorded at cost which at December 31, 2023, 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.

e) ASSET RETIREMENT

A liability for an Asset Retirement Obligation (ARO) is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for North Cowichan to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an ARO incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an ARO are expected to occur over extended future periods.

When a liability for an ARO is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. ARO's which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, North Cowichan reviews the carrying amount of the liability. North Cowichan recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. North Cowichan continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

f) 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 North Cowichan.
- iii) Grant revenues are recognized when the funding becomes receivable.
- iv) Revenue unearned in the current period is recorded as unearned 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, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability. Transfers received for which expenses are not yet incurred or stipulations not met are included in deferred revenue.

g) PROPERTY ACQUIRED FOR TAXES - DEEDED TO MUNICIPALITY

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

h) EMPLOYEE FUTURE BENEFITS AND COMPENSATION PAYABLE

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

Sick leave and other retirement benefits are also available to North Cowichan's employees. The cost of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary increases. The obligation under these benefit plans is accrued based on project benefits as the employees render services necessary to earn the future benefits.

i) 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.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

j) 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. North Cowichan does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

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. Crown lands that have not been purchased by North Cowichan, 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 North Cowichan acquires ownership and are recorded as revenue.

Land and infrastructure assets contributed to North Cowichan in 2023 totaled \$6,982,329 (2022 - \$3,481,509) and were capitalized at their fair value at the time of receipt.

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

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

k) MATERIALS AND SUPPLIES

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

l) LIABILITY FOR CONTAMINATED SITES

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

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

m) 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.

n) LOAN GUARANTEE

Periodically North Cowichan provides loan guarantees on specific debt issued by related authorities and other entities not consolidated in North Cowichan's financial statements. Loan guarantees are accounted for as contingent liabilities and no amounts are accrued in the consolidated financial statements of North Cowichan until North Cowichan considers it likely that the borrower will default on the specific loan obligation. Should a default occur, North Cowichan's liability would be recorded in the consolidated financial statements.

o) 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 18.

- 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.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

o) APPROPRIATED SURPLUS - GENERAL REVENUE FUND CONTINUED

- iv) The reserve for the Joint Utilities Board is an amount set aside for future capital expenditures, established at the discretion of the Board.

p) USE OF ESTIMATES

The preparation of financial statements 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. Areas requiring the use of management estimates relate to the determination of accrued sick benefits and retirement liability, collectability of accounts receivable, amortization of tangible capital assets, deferred charges, ARO's and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

q) FINANCIAL INSTRUMENTS

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

Financial instruments are recorded at fair value on initial recognition. Derivative instruments, equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to carry MFA Pooled Investment Funds (PIF) at fair value.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method or effective interest rate method. All financial assets are assessed for impairment on an annual basis.

When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses. When the asset is sold, the unrealized gains and losses previously recognized on the Statement of Remeasurement Gains and Losses are reversed and recognized in the Statement of Operations.

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

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

3. CHANGE IN ACCOUNTING POLICY

On January 1, 2023, the District adopted Public Accounting Standard PS 3280 Asset Retirement Obligations. This new standard establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and replaces PS 3270 Solid Waste Landfill Closure and Post-closure Liability. This standard is effective for fiscal periods beginning on or after April 1, 2022. The District has chosen prospective application of this standard.

On January 1, 2023, Public Accounting Standards PS 3450 - Financial Instruments, and Public Accounting Standards PS 2601 - Foreign Currency Translation were adopted. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for all recognition, measurement, presentation, and disclosure of financial instruments and foreign currency transactions.

4. CASH AND INVESTMENTS

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

	2023	2022
Cash	\$ 3,029,488	\$ 4,919,023
Portfolio Investments	95,131,066	91,165,028
	<u>\$ 98,160,554</u>	<u>\$ 96,084,051</u>

Temporary Investments consist of short-term investments in the Municipal Finance Authority of BC, Govt. Focused Ultra-short bond fund, CIBC high interest savings, Canaccord, and Raymond James and the market value is equal to the carrying value. Temporary Investments have yields ranging from 5.55% to 6.22%.

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.

	2023	2022
Restricted investments	<u>\$ 49,623,593</u>	<u>\$ 37,660,883</u>

5. ACCOUNTS RECEIVABLE

	2023	2022
Property taxes	\$ 2,252,692	\$ 2,377,304
Utility rates	2,834,727	390,389
Federal government	380,647	521,524
Provincial government	1,686,374	516,905
Local government	1,381,168	942,418
General	<u>807,465</u>	<u>142,208</u>
	<u>\$ 9,343,073</u>	<u>\$ 4,890,748</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
General	\$ 8,271,418	\$ 8,946,342
Wages and salaries	657,769	626,837
Accrued interest	401,584	373,194
	<u>\$ 9,330,771</u>	<u>\$ 9,946,373</u>

7. EMPLOYEE FUTURE BENEFITS AND COMPENSATION

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

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

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

	<u>2023</u>	<u>2022</u>
Lieu time payable	\$ 1,279,507	\$ 1,096,312
Sick leave cash-out and severance benefits	3,008,800	2,660,300
	<u>\$ 4,288,307</u>	<u>\$ 3,756,612</u>

Under the terms of the union contract, sick leave not taken in a year is carried forward to a maximum accumulation of 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.

North Cowichan 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, 2023.

	<u>2023</u>	<u>2022</u>
Accrued benefit obligation	\$ 3,121,600	\$ 2,822,600
Unamortized actuarial loss	(112,800)	(162,300)
Accrued benefit liability	<u>3,008,800</u>	<u>2,660,300</u>
Benefit expense:		
Current service cost	400,100	432,100

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

7. EMPLOYEE FUTURE BENEFITS AND COMPENSATION CONTINUED

	2023	2022
Interest cost	131,500	79,300
Amortization of net actuarial (gain)/loss	18,700	40,400
	\$ 550,300	\$ 551,800

Significant actuarial assumptions as at December 31 include:

	2023	2022
Valuation interest rate	4.10%	4.50%
Rate of compensation increase	3.00%	3.00%
Expected coverage remaining service life (in years)	8.9	10

8. UNEARNED REVENUE

	2022	Contributions and interest	Revenue earned or refunded	2023
Prepaid taxes and licenses	\$ 3,197,075	\$ 6,475,118	\$ 6,653,525	\$ 3,018,669
Service fees and deposits	4,459,339	2,403,118	2,239,332	4,623,125
Aquatic Centre unearned revenue	167,911	398,459	339,587	226,783
General unearned revenues	1,900,142	8,698,289	1,115,735	9,482,696
	\$ 9,724,467	\$ 17,974,984	\$ 10,348,179	\$ 17,351,273

9. MUNICIPAL FINANCE AUTHORITY - RESERVE DEPOSITS

North Cowichan 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. North Cowichan also executes demand notes in connection with each debenture.

The deposits are included in North Cowichan's financial statements as MFA cash deposits. If the debt is repaid without default, the deposits are refunded to North Cowichan. The notes, which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default and are not recorded in the financial statements. Upon the maturity of a debt issue, the demand notes are released and deposits refunded to North Cowichan. As at December 31, 2023, there were contingent demand notes of \$1,456,895 (2022 - \$1,456,895) which are not included in the financial statements of North Cowichan.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

10. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

Tangible Capital Assets	December 31, 2022	Additions (Note 11)	Disposals and Writedowns	December 31, 2023
Cost				
Land	56,084,224	2,782,543	-	58,866,767
Land improvements	16,104,728	758,246	49,468	16,813,506
Buildings - Cost	52,893,039	4,538,106	862,069	56,569,076
Eng. Struct. - Cost	312,843,710	37,385,151	78,658	350,150,203
Machinery - Cost	50,362,764	2,022,929	427,852	51,957,841
WIP - Cost	35,635,649	16,376,459	3,997,660	48,014,448
Total cost	523,924,114	63,863,434	5,415,707	582,371,841
	December 31, 2022	Additions	Disposals and Writedown	December 31, 2023
Accumulated amortization				
Land Imp. - Accum Amort	8,367,688	714,761	49,468	9,032,981
Buildings - Accum Amort	24,154,087	2,217,689	723,149	25,648,627
Eng. Struct. - Accum Amort	147,948,524	7,202,250	54,539	155,096,235
Machinery - Accum Amort	29,360,585	2,239,629	419,706	31,180,508
Total accumulated amortization	209,830,884	12,374,329	1,246,862	220,958,351
Net book value				
Land	56,084,224			58,866,767
Land improvements	7,737,040			7,780,525
Buildings	28,738,952			30,920,449
Engineered structures	164,895,186			195,053,968
Machinery	21,002,179			20,777,333
Work in progress	35,635,649			48,014,448
Total net book value	314,093,229			361,413,490

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

11. ASSET RETIREMENT OBLIGATION

North Cowichan owns and operates buildings that are known to contain asbestos and lead paint, which represent an environmental hazard upon demolition or renovation of the asset and there is a legal obligation related to the removal and disposal of the hazardous materials. Following the adoption of PS 3280 - Asset Retirement Obligations, North Cowichan recognized an obligation relating to the removal of asbestos and lead paint in these buildings as estimated at January 1, 2023. The buildings had an estimated useful life of 20 to 50 years when purchased or constructed.

North Cowichan has adopted this standard prospectively. Under the prospective method, the discount rate and assumptions used on initial recognition are those at the date of adoption of the standard. Estimated costs have been discounted using the present value calculation with a discount rate of 4.17%.

	2023
Liabilities incurred for asbestos and lead removal	\$ 1,075,773
Sewer Lagoon Lease obligation	27,622,298
Sewer Lagoon accretion expense	1,151,850
Estimated total liability	<u>\$ 29,849,921</u>

12. GROWING COMMUNITY FUND (UNAUDITED)

The province of British Columbia distributed conditional Growing Community Fund (GCF) grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia. North Cowichan received \$7,686,000 of GCF funding and will spend the grant in accordance with the guidelines provided by the province.

	2023
Amount received during the year	\$ 7,686,000
Investment Income	261,567
Eligible costs	
Fire Hall Replacement	1,186,712
	<u>\$ 6,760,855</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

13. 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. Trust funds are not included in North Cowichan's Consolidated Financial Statements. A summary of trust fund activities by North Cowichan is as follows:

	<u>2023</u>	<u>2022</u>
Assets		
Cash and short term investments	<u>\$ 494,775</u>	<u>\$ 457,567</u>
Equity		
Opening balances	457,567	439,979
Contributions	<u>37,208</u>	<u>17,588</u>
	<u>\$ 494,775</u>	<u>\$ 457,567</u>

14. 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>	<u>2023</u>	<u>2022</u>
Opening	\$ 18,183,512	\$ 14,979,078
Contributions	2,109,723	3,215,807
Investment income (loss)	<u>926,186</u>	<u>(11,373)</u>
	<u>\$ 21,219,421</u>	<u>\$ 18,183,512</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

15. CANADA COMMUNITY-BUILDING FUND (UNAUDITED)

Canada Community-Building funding (CCBF) is provided by the Government of Canada. The use of the funding is established by a funding agreement between North Cowichan and the Union of British Columbia Municipalities. CCBF may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

	<u>2023</u>	<u>2022</u>
Opening balance of unspent funds	\$ 2,842,317	\$ 2,977,771
Amount received during the year	1,422,951	1,363,979
Investment Income	130,454	(5,260)
Eligible Costs	<u>(942,199)</u>	<u>(1,494,173)</u>
	<u>\$ 3,453,523</u>	<u>\$ 2,842,317</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

16. DEBT

North Cowichan holds debt through the Municipal Finance Authority, 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.

	<u>M.F.A. Issue Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Originally Approved</u>	<u>2023 Net Unmatured</u>	<u>2022 Net Unmatured</u>
General Capital Fund						
Maple Bay Fire Hall	95	0.91%	Apr 12, 2025	\$ 1,600,000	\$ 216,601	\$ 320,193
Maple Bay Fire Hall	103	4.65%	Apr 23, 2028	500,000	163,786	192,863
Cowichan Aquatic Ctr	104	5.15%	Nov 20, 2028	15,000,000	4,913,593	5,785,884
Cowichan Aquatic Ctr	106	4.13%	Oct 12, 2029	2,265,500	873,861	1,000,539
Duncan Curling Club	N/A	2.11%	Jan 15, 2032	551,500	276,015	304,338
Tier 2 Flood Protection	121	3.39%	Oct 4, 2032	745,475	406,985	444,910
Tier 2 Flood Protection	124	3.15%	Apr 8, 2033	1,000,000	596,814	644,611
Municipal Hall Expansion	126	3.85%	Sep 26, 2033	1,500,000	895,221	966,917
Stoney Hill Road	131	2.20%	Apr 8, 2040	2,000,000	1,535,213	1,600,542
Tier 4 Flood Protection	137	2.60%	Apr 19, 2036	1,700,000	1,232,350	1,306,245
Tier 4 Flood Protection	141	2.80%	Apr 7, 2037	200,000	151,855	160,483
RCMP Building	158	4.09%	Sep 23, 2042	22,000,000	21,222,053	22,000,000
Fire Equipment loan	N/A	2.80%	Dec 31, 2024	516,700	191,204	351,508
				<u>49,579,175</u>	<u>32,675,551</u>	<u>35,079,033</u>
Water Capital Fund						
Crofton	106	4.13%	Oct 13, 2029	530,000	204,435	234,070
Chemainus	110	1.28%	Apr 08, 2030	1,750,000	767,883	863,252
Chemainus	137	2.60%	Apr 19, 2036	864,000	626,324	663,880
				<u>3,144,000</u>	<u>1,598,642</u>	<u>1,761,202</u>
				<u>\$ 52,723,175</u>	<u>\$ 34,274,193</u>	<u>\$ 36,840,235</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

16. DEBT CONTINUED

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

	General	Water	Total
	<u> </u>	<u> </u>	<u> </u>
Principal repayments:			
2024	\$ 1,890,687	\$ 112,683	\$ 2,003,370
2025	1,700,683	112,683	1,813,366
2026	1,636,736	112,683	1,749,419
2027	1,638,037	112,683	1,750,720
2028	1,639,390	112,683	1,752,073
Thereafter	12,776,861	390,882	13,167,743
	<u>21,282,394</u>	<u>954,297</u>	<u>22,236,691</u>
Actuarial adjustments (estimated):			
2024	627,546	55,715	683,261
2025	713,349	61,763	775,112
2026	754,377	68,029	822,406
2027	843,355	74,521	917,876
2028	935,705	81,247	1,016,952
Thereafter	7,518,825	303,070	7,821,895
	<u>11,393,157</u>	<u>644,345</u>	<u>12,037,502</u>
	<u>\$ 32,675,551</u>	<u>\$ 1,598,642</u>	<u>\$ 34,274,193</u>

Interest paid during the year was \$1,754,963 (2022 - \$1,225,773).

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

17. 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 North Cowichan 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 North Cowichan.
- c) North Cowichan has guaranteed a commercial loan to a maximum of \$400,000 to the Duncan-Cowichan Chamber of Commerce. The loan matures January 1, 2025 at an annual interest rate of 3.75%.
- d) North Cowichan and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2022 the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2024.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

North Cowichan paid \$1,452,265 (2022 - \$1,368,225) for employer contributions while employees contributed \$1,340,379 (2022 - \$1,262,723) to the Plan in fiscal 2023.

- e) At the end of the year North Cowichan was involved in a number of legal actions the outcomes of which are indeterminate at this time. North Cowichan carries liability insurance with a current deductible of \$25,00, and believes it is adequately insured to mitigate any material financial impact.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

18. ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u>
Operating Funds		
Unappropriated:		
General	\$ 5,112,381	\$ 6,083,492
Water Systems	7,202,638	7,000,858
Sewer Systems	<u>22,180,289</u>	<u>19,748,386</u>
	<u>34,495,308</u>	<u>32,832,736</u>
Appropriated:		
Reserves for property acquired for taxes	2,341,177	2,341,177
Reserves for future expenditures	(7,870,498)	4,958,864
Reserve for uncollected taxes	1,295,091	1,295,091
Reserve for Joint Utilities Board	<u>(27,454,792)</u>	<u>1,193,211</u>
	<u>(31,689,022)</u>	<u>9,788,343</u>
	<u>2,806,286</u>	<u>42,621,079</u>
Capital Funds		
General Capital	242,766,396	222,359,451
Water Capital	33,610,893	32,302,018
Sewer Capital	20,637,259	20,728,072
Joint Utilities Board Capital	<u>29,644,101</u>	<u>2,617,001</u>
	<u>326,658,649</u>	<u>278,006,542</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

18. ACCUMULATED SURPLUS CONTINUED

	2023	2022
Reserve Funds		
Land Sales	4,317,566	4,136,630
Machinery and Equipment	4,528,884	3,969,641
Local Area Service	1,500,071	1,347,999
Forest	792,775	957,750
Park Development	229,401	219,031
Parkland Purchase	866,761	749,763
Chemainus Parking	186,654	178,215
Agriculture	345,449	329,833
Self-Insurance	236,453	225,764
Climate Action and Energy Plan	803,831	693,855
Maple Bay Sewer	97,949	93,521
Cowichan Aquatic Centre	130,000	203,310
Evans Park	142,776	174,513
Fuller Lake Arena	77,378	73,880
Harbours Crofton	93,696	88,468
Harbours Chemainus	451,852	423,787
Mural Protection	2,825	42,703
Canada Community-Building Fund (Note 15)	3,453,524	2,842,317
Quamichan Lake	683,200	556,836
IT Asset Management	618,278	418,465
Growing Community Fund (Note 12)	6,760,855	-
Infrastructure Replacement	1,380,516	1,079,411
Gravel Pits	584,063	557,660
Affordable Housing	119,418	114,019
	<u>28,404,175</u>	<u>19,477,371</u>
	<u>357,869,110</u>	<u>340,104,992</u>
Accumulated remeasurement losses	<u>(1,804,460)</u>	<u>-</u>
Accumulated Surplus	<u>\$ 356,064,560</u>	<u>\$ 340,104,992</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

19. BUDGET DATA

The budget data presented in these financial statements is based upon the 2023-2027 Financial Plan Bylaw adopted by council March 1, 2023. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	2023
Financial Plan Bylaw surplus for the year	\$ -
Add back:	
Principal debt repayment	2,050,345
Capital expenditures	72,380,723
Less:	
Amortization	(9,891,450)
Proceeds from borrowing	(24,930,150)
Budgeted transfers to reserve funds	(4,331,572)
Budgeted transfers from accumulated surplus	(17,761,052)
Adjusted Annual Surplus	<u>\$ 17,516,844</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

20. JOINT UTILITIES BOARD

Financial results for the Joint Utilities Board are consolidated into North Cowichan's financial statements proportionately based on the units owned by each partner. In 2023, North Cowichan's proportion for consolidation purposes was 53.69% (2022 – 53.69%). Condensed financial information for the Joint Utilities Boards is as follows:

	<u>2023</u>	<u>2022</u>
Net Financial Assets (Debt)	\$ (51,137,618)	\$ 2,222,681
Non-Financial Assets	55,215,650	4,874,475
Accumulated Surplus	<u>4,078,032</u>	<u>7,097,156</u>
Revenues	\$ 1,904,858	\$ 2,255,245
Expenses	<u>4,923,982</u>	<u>1,294,056</u>
Annual Surplus (Deficit)	<u>(3,019,124)</u>	<u>961,189</u>
North Cowichan Proportionate Share:		
Net Financial Assets	\$ (27,454,693)	\$ 1,193,211
Non-Financial Assets (Debt)	<u>29,644,101</u>	<u>2,617,001</u>
Accumulated Surplus	<u>2,189,408</u>	<u>3,810,212</u>
Revenues	\$ 1,022,678	\$ 1,210,793
Expenses	<u>2,643,581</u>	<u>694,750</u>
Annual Surplus (Deficit)	<u>\$ (1,620,903)</u>	<u>\$ 516,043</u>

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

The Joint Utilities Board leases the sewage lagoon lands under an operating lease which expires July 31, 2060. North Cowichan's proportionate share of the lease payments for 2024 is \$222,277 and has an annual increase of 2.2%. The proportionate share of the the total lease payments over the remaining term are estimated at \$12.8 million.

Because the percentage of units owned by the partners may change from year-to-year which produces different cost shares for each partner, there may be a write down or write up of asset balances. In 2023 North Cowichan recorded a write up of assets in the amount of \$0 (2022 - \$0).

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

21. SEGMENT REPORTING

North Cowichan'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 I, 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 North Cowichan's infrastructure, including drainage and transportation systems.

ENVIRONMENTAL HEALTH SERVICES

This segment is comprised of garbage and recycling collection, energy management 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 North Cowichan.

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

21. SEGMENT REPORTING CONTINUED

SEWER

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

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. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

22. COMPARATIVE FIGURES

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

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
TAXATION
 FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE I

	2023 Budget	2023	2022
Municipal Purposes:			
General taxation	\$ 36,066,033	\$ 35,936,040	\$ 34,012,777
Business Improvement Area	136,735	143,419	133,906
Local Area Service	95,350	95,348	95,348
Utilities	1,089,824	1,083,443	795,663
Grants-in-lieu of taxes	224,799	330,139	223,640
Water systems	2,410,865	2,464,103	2,353,784
Sewer systems	2,920,935	2,921,961	2,805,341
Total Municipal Taxes	<u>42,944,541</u>	<u>42,974,453</u>	<u>40,420,459</u>
Collections for Other Governments:			
School	15,500,000	16,188,739	14,973,302
Cowichan Valley Regional Hospital District	4,284,000	4,385,764	4,220,903
Cowichan Valley Regional District	11,397,731	11,764,010	10,129,087
BC Assessment	470,550	502,693	461,238
Municipal Finance Authority	2,286	2,565	2,241
Total Collections for Other Governments	<u>31,654,567</u>	<u>32,843,771</u>	<u>29,786,771</u>
	<u>74,599,108</u>	<u>75,818,224</u>	<u>70,207,229</u>
Deduct: requisitions remitted to other taxing authorities	<u>(31,654,567)</u>	<u>(32,843,771)</u>	<u>(29,786,770)</u>
Total Taxes Levied	<u><u>\$ 42,944,541</u></u>	<u><u>\$ 42,974,453</u></u>	<u><u>\$ 40,420,459</u></u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
GRANTS AND GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE II

	2023 Budget	2023	2022
Operating Grants			
Traffic fines revenue	\$ 260,000	\$ 234,000	\$ 256,489
Other grants	1,594,066	10,125,904	1,391,311
	<u>1,854,066</u>	<u>10,359,904</u>	<u>1,647,800</u>
Capital Grants			
Canada Community-Building Fund	2,256,300	1,422,951	1,363,979
<i>Infrastructure Grants (Prov/Fed)</i>			
Water	4,100,000	-	-
Sewer	1,293,815	-	-
Other	8,235,418	165,011	422,673
	<u>13,629,233</u>	<u>165,011</u>	<u>422,673</u>
<i>Provincial and Other Grants</i>			
ICBC grants	-	28,700	11,400
	<u>-</u>	<u>28,700</u>	<u>11,400</u>
	<u>\$ 17,739,599</u>	<u>\$ 11,976,566</u>	<u>\$ 3,445,852</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
OPERATIONS BY SEGMENT
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE III

For the Year Ended December 31, 2023	General government services	Protective services	Engineering and public works	Environmental health services	Forestry services	Community development	Recreation and cultural services	Water	Sewer	Reserve Funds	Capital	Consolidated
Revenues												
Taxation	\$ 6,911,554	\$ 10,727,760	\$ 5,648,844	\$ (148,827)	\$ -	\$ 1,478,297	\$ 7,687,731	\$ 2,464,103	\$ 2,921,961	\$ 2,004,283	\$ 3,278,747	\$ 42,974,453
Sales of services	163,823	597,690	706,261	2,201,070	167,016	-	3,711,806	3,692,675	2,370,519	-	-	13,610,860
Other revenue from own sources	586,129	2,321,047	136,476	-	-	107,597	14,531	39,402	22,845	-	-	3,228,027
Return on investments	-	490,364	258,207	(6,803)	-	67,573	351,405	253,677	870,167	800,734	-	3,085,324
Grants and government transfers	234,000	964,158	-	180,082	100,000	-	8,881,664	-	-	-	1,616,662	11,976,566
Collections from developers and others	-	-	-	-	-	-	-	-	-	81,500	6,982,329	7,063,829
Actuarial adjustments to debt	21,323	50,680	53,683	-	-	-	419,163	49,878	-	-	-	594,727
	<u>7,916,829</u>	<u>15,151,699</u>	<u>6,803,471</u>	<u>2,225,522</u>	<u>267,016</u>	<u>1,653,467</u>	<u>21,066,300</u>	<u>6,499,735</u>	<u>6,185,492</u>	<u>2,886,517</u>	<u>11,877,738</u>	<u>82,533,786</u>
Expenses												
Salaries, wages and benefits	5,388,871	4,501,119	4,086,380	1,105,625	301,112	1,306,937	5,696,081	1,609,958	934,809	-	-	24,930,892
Contract services	1,806,223	5,993,430	1,952,728	1,063,189	300,413	230,435	3,159,133	1,192,711	1,124,350	-	-	16,822,612
Materials and supplies	77,889	989,706	792,735	579,898	95,812	59,277	2,444,942	1,560,225	910,621	-	-	7,511,105
Amortization	557,683	778,541	5,888,262	64,505	11,214	-	1,868,118	1,365,757	1,840,249	-	-	12,374,329
Accretion	-	-	-	-	-	-	-	-	1,151,850	-	-	1,151,850
Interest	60,393	944,006	160,574	-	-	-	521,171	58,267	10,551	-	-	1,754,962
Expenditures before losses, write downs and transfers	<u>7,891,059</u>	<u>13,206,802</u>	<u>12,880,679</u>	<u>2,813,217</u>	<u>708,551</u>	<u>1,596,649</u>	<u>13,689,445</u>	<u>5,786,918</u>	<u>5,972,430</u>	<u>-</u>	<u>-</u>	<u>64,545,750</u>
Loss on sale, write downs and transfer of TCA	-	-	222,036	-	-	-	-	-	2,001	-	-	224,037
	<u>7,891,059</u>	<u>13,206,802</u>	<u>13,102,715</u>	<u>2,813,217</u>	<u>708,551</u>	<u>1,596,649</u>	<u>13,689,445</u>	<u>5,786,918</u>	<u>5,974,431</u>	<u>-</u>	<u>-</u>	<u>64,769,787</u>
Excess of revenues over expenses	<u>\$ 25,770</u>	<u>\$ 1,944,897</u>	<u>\$ (6,299,244)</u>	<u>\$ (587,695)</u>	<u>\$ (441,535)</u>	<u>\$ 56,818</u>	<u>\$ 7,376,855</u>	<u>\$ 712,817</u>	<u>\$ 211,061</u>	<u>\$ 2,886,517</u>	<u>\$ 11,877,738</u>	<u>\$ 17,763,999</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
OPERATIONS BY SEGMENT
 FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE III

For the Year Ended December 31, 2022	General government services	Protective services	Engineering and public works	Environmental health services	Forestry services	Community development	Recreation and cultural services	Water	Sewer	Reserve Funds	Capital	Consolidated
Revenues												
Taxation	\$ 6,726,313	\$ 9,951,608	\$ 5,823,938	\$ 617,788	\$ -	\$ 1,458,407	\$ 8,352,751	\$ 2,353,784	\$ 2,805,341	\$ 2,078,772	\$ 251,757	\$ 40,420,459
Sales of services	221,400	618,409	667,734	1,899,268	150,060	-	2,217,116	3,364,475	2,163,059	-	-	11,301,521
Other revenue from own sources	557,415	1,579,117	123,079	-	-	88,932	32,854	12,828	-	-	-	2,394,225
Return on investments	2,649,339	219,151	128,253	13,605	-	32,117	183,942	(9,481)	(32,522)	(31,671)	-	3,152,733
Grants and government transfers	256,489	9,985	-	314,197	97,061	-	970,068	-	-	-	1,798,052	3,445,852
Collections from developers and others	-	-	-	-	-	-	-	-	-	93,337	3,481,509	3,574,846
Actuarial adjustments to debt	18,566	46,544	46,963	-	-	-	380,741	44,243	-	-	-	537,057
	<u>10,429,522</u>	<u>12,424,814</u>	<u>6,789,967</u>	<u>2,844,858</u>	<u>247,121</u>	<u>1,579,456</u>	<u>12,137,472</u>	<u>5,765,849</u>	<u>4,935,878</u>	<u>2,140,438</u>	<u>5,531,318</u>	<u>64,826,693</u>
Expenses												
Salaries, wages and benefits	5,029,771	4,395,151	3,950,916	1,025,806	229,959	1,203,762	5,108,571	1,483,194	907,743	-	-	23,334,873
Contract services	1,517,071	6,021,191	1,707,642	1,006,250	234,234	155,476	2,756,444	725,808	913,492	-	-	15,037,608
Materials and supplies	(76,529)	908,560	1,009,854	401,988	93,569	65,455	3,016,873	1,524,290	916,597	-	-	7,860,657
Amortization	332,822	638,792	5,664,589	74,970	11,214	-	1,373,224	1,261,343	1,071,959	-	-	10,428,913
Interest	57,750	447,435	147,799	-	-	-	498,692	59,975	14,121	-	-	1,225,772
Expenditures before losses, write downs and transfers	<u>6,860,885</u>	<u>12,411,129</u>	<u>12,480,800</u>	<u>2,509,014</u>	<u>568,976</u>	<u>1,424,693</u>	<u>12,753,804</u>	<u>5,054,610</u>	<u>3,823,912</u>	<u>-</u>	<u>-</u>	<u>57,887,823</u>
Loss on sale, write downs and transfer of TCA	-	-	179,941	-	-	-	-	-	1,144	-	-	181,085
	<u>6,860,885</u>	<u>12,411,129</u>	<u>12,660,741</u>	<u>2,509,014</u>	<u>568,976</u>	<u>1,424,693</u>	<u>12,753,804</u>	<u>5,054,610</u>	<u>3,825,056</u>	<u>-</u>	<u>-</u>	<u>58,068,908</u>
Excess of revenues over expenses	<u>\$ 3,568,637</u>	<u>\$ 13,685</u>	<u>\$ (5,870,774)</u>	<u>\$ 335,844</u>	<u>\$ (321,855)</u>	<u>\$ 154,763</u>	<u>\$ (616,332)</u>	<u>\$ 711,239</u>	<u>\$ 1,110,822</u>	<u>\$ 2,140,438</u>	<u>\$ 5,531,318</u>	<u>\$ 6,757,785</u>

Supplementary Schedules
(Unaudited)

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
SALES OF SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

SCHEDULE IV

	2023 Budget	2023	2022
General government service	\$ 42,490	\$ 34,308	\$ 113,005
Protective services	346,644	383,717	401,677
Fire protection	225,650	213,973	216,732
Engineering and public works	337,049	706,261	667,734
Residential garbage - municipal	2,312,700	2,000,767	1,741,608
Forestry	108,200	167,016	150,060
Cowichan Aquatic Centre	2,401,995	2,887,204	1,731,828
Fuller Lake Arena	549,110	560,353	238,519
Other recreation	65,890	70,031	54,627
Wharves	212,680	194,219	192,142
Miscellaneous	108,161	129,514	108,394
Cemetery	149,700	200,303	157,661
Water	2,992,927	3,692,675	3,364,475
Sewer	2,155,582	2,370,519	2,163,059
	<u>\$ 12,008,778</u>	<u>\$ 13,610,860</u>	<u>\$ 11,301,521</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
OTHER REVENUE FROM OWN SOURCES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

SCHEDULE V

	2023 Budget	2023	2022
Licences and permits	\$ 1,378,864	\$ 2,148,473	\$ 1,520,562
Tax penalties and interest	357,275	545,586	505,963
Fines	11,730	5,249	28,067
Rentals	1,329,546	466,472	326,805
Water	14,458	39,402	12,828
Sewer	-	22,845	-
	<u>\$ 3,091,873</u>	<u>\$ 3,228,027</u>	<u>\$ 2,394,225</u>

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THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
GENERAL GOVERNMENT SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

SCHEDULE VI

	2023 Budget	2023	2022
Legislative	\$ 434,305	\$ 424,004	\$ 373,108
Administrative	5,264,778	5,097,010	4,681,037
Financial services	1,178,537	1,252,306	1,137,363
Common services	1,037,388	1,225,244	881,434
Miscellaneous	201,490	187,169	292,591
Administration recoveries	(915,840)	(912,750)	(895,220)
Interest	57,750	60,393	57,750
Amortization	200,130	557,683	332,822
	<u>\$ 7,458,538</u>	<u>\$ 7,891,059</u>	<u>\$ 6,860,885</u>

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THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
PROTECTIVE SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

SCHEDULE VII

	2023 Budget	2023	2022
Police protection:			
R.C.M.P. contract	\$ 5,981,013	\$ 5,259,809	\$ 5,151,644
Municipal employees	1,768,176	1,969,167	1,894,834
Crime prevention	7,200	7,100	7,100
Building maintenance	282,206	277,415	289,970
Bylaw enforcement	863,223	669,051	800,947
	<u>8,901,818</u>	<u>8,182,542</u>	<u>8,144,495</u>
Fire protection:			
General fire protection	368,030	387,890	362,127
Chemainus fire hall	421,189	408,038	444,682
Crofton fire hall	401,993	438,330	354,472
Maple Bay fire hall	437,836	490,918	414,407
South End fire hall	571,027	593,290	657,959
	<u>2,200,075</u>	<u>2,318,466</u>	<u>2,233,647</u>
Other protection:			
Building and plumbing inspections	730,622	770,651	734,067
Animal control	184,900	187,374	190,993
Weed control	15,000	5,055	3,032
Mosquito control	20,000	20,167	18,668
	<u>950,522</u>	<u>983,247</u>	<u>946,760</u>
Interest	1,132,752	944,006	447,435
Amortization	506,730	778,541	638,792
	<u>1,639,482</u>	<u>1,722,547</u>	<u>1,086,227</u>
	<u>\$ 13,691,897</u>	<u>\$ 13,206,802</u>	<u>\$ 12,411,129</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
ENGINEERING AND PUBLIC WORKS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

SCHEDULE VIII

	2023 Budget	2023	2022
Administration	\$ 2,711,757	\$ 2,526,578	\$ 2,325,255
Small tools and equipment	60,150	54,301	63,312
Workshop and yard maintenance	204,732	257,398	231,223
Roads - construction	53,541	49,227	55,202
Roadway and surfaces maintenance	1,533,199	1,653,129	1,301,643
Snow and ice removal	402,243	494,245	757,001
Bridge - maintenance	26,240	2,636	59,827
Street lighting	522,750	481,462	431,527
Signs and line painting	395,900	395,936	358,075
Drainage	925,709	1,041,492	987,105
Sidewalk maintenance	25,520	24,858	45,006
Other transportation	277,700	429,271	430,759
Administration recoveries	(777,430)	(578,690)	(377,523)
Loss on sale, write downs and transfer of TCA	-	222,036	179,941
Interest	150,600	160,574	147,799
Amortization	5,564,030	5,888,262	5,664,589
	<u>\$ 12,076,641</u>	<u>\$ 13,102,715</u>	<u>\$ 12,660,741</u>

THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
ENVIRONMENTAL HEALTH SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

SCHEDULE IX

	2023 Budget	2023	2022
Garbage collection and recycling	\$ 1,640,819	\$ 1,648,394	\$ 1,535,475
Cemetery	177,746	238,146	271,979
Environmental	1,179,107	862,172	626,590
Amortization	78,990	64,505	74,970
	<u>\$ 3,076,662</u>	<u>\$ 2,813,217</u>	<u>\$ 2,509,014</u>

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THE CORPORATION OF THE DISTRICT OF NORTH COWICHAN
RECREATION AND CULTURAL SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

SCHEDULE X

	2023 Budget	2023	2022
Administration	\$ 335,551	\$ 296,352	\$ 294,174
Crofton swimming pool	72,900	79,738	65,997
Cowichan Aquatic Centre	3,994,975	4,611,670	4,015,143
Fuller Lake Arena	1,080,620	1,312,529	1,145,731
Parks common services	80,129	164,973	128,580
Community recreation program	182,360	174,356	137,947
Chemainus parks and playgrounds	511,711	590,914	493,119
Crofton parks and playgrounds	223,569	241,796	241,273
South End parks and playgrounds	1,276,591	1,465,330	1,383,084
Wharves	180,813	186,775	158,715
Library	1,793,335	1,793,335	1,658,657
Grants-in-aid	846,026	382,388	1,159,468
Interest	500,840	521,171	498,692
Amortization	1,259,590	1,868,118	1,373,224
	<u>\$ 12,339,010</u>	<u>\$ 13,689,445</u>	<u>\$ 12,753,804</u>