



# 2023 ANNUAL REPORT

Municipality of North Cowichan, BC  
For the year ended December 31, 2023

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The Municipality of North Cowichan sits on the traditional territories of the Quw'utsun First Nation, which includes the Cowichan Tribes, the Halalt First Nation, the Lyackson First Nation, the Penelakut Tribe, and the Stz'uminus First Nation. The Municipality also sits on the traditional territory of the Snuneymuxw First Nation.

## MUNICIPALITY OF NORTH COWICHAN 2023 ANNUAL REPORT

For the year ended December 31, 2023  
The Annual Report is produced by the Financial Services Department and the Communications and Public Engagement Department in cooperation with all other departments.

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# A MESSAGE FROM THE MAYOR



2023 was a busy year for our municipality. We continued to deliver high-quality services to residents, businesses and visitors while also implementing Council's strategic priorities that focus on the long-term future of North Cowichan. Like so many other local governments across B.C., we continue to face many increasing challenges that are impacting our community — from escalating infrastructure costs and a lack of affordable housing to more frequent extreme weather events and the worsening opioid crisis.

Reflecting on the past year, we can be proud of our many accomplishments as a community that include:

- We completed or started the replacement of critical infrastructure to support core services, including water mains in Crofton, Chemainus and Maple Bay, floodgates and road settlement repair on Canada Avenue, and the roof at the Cowichan Aquatic Centre.
- We made substantial progress on the new RCMP building set to open in spring 2024 and started construction of the new Crofton Fire Hall.
- Our firefighters, police and bylaw enforcement staff continued to ensure the safety of our community, responding to thousands of calls for service, including fire and medical incidents, crimes against persons and property, and complaints related to street disorder.

- We continued to advance our strategic priorities that will positively impact residents of today while benefitting future generations, including implementation of the Official Community Plan, Climate Action & Energy Plan, and Parks & Trails Master Plan, and development of a Climate Adaptation Strategy, Master Transportation Plan, Biodiversity Protection Policy, Affordable Housing Policy, Accessibility Action Plan, and an updated Zoning Bylaw.
- We approved significant new housing developments, including completing and rezoning for projects that will result in an additional 900 housing units in our community, while working closely with the province on new affordable housing projects on Sherman Road and in Chemainus.
- We took steps to respond to the growing challenges related to homelessness, street disorder and the opioid crisis and are moving forward with several initiatives that focus on making our community safer while supporting our most vulnerable citizens.
- We secured an \$18 million grant from the provincial government for a new childcare facility that will replace the one currently operated by the Parkside Academy Society.
- We stepped up our advocacy to the senior levels of government and met with Premier David Eby as well as several federal and provincial cabinet ministers to request increased federal and provincial investments in our community.
- We increased our focus on accessibility by establishing the accessibility advisory committee, installed accessible doors at Fuller Lake Arena, and built an adaptive mountain bike loop on Maple Mountain.
- After 10 years, we launched a brand-new website that will better serve our residents, visitors, and businesses.
- We celebrated North Cowichan's 150th anniversary with a focus on looking forward to a future that includes meaningful reconciliation with Indigenous Peoples, including the Quw'utsun Nation.

I want to thank North Cowichan Council and staff for all their hard work on these projects and initiatives, and to recognize the contributions from all the local residents who volunteer on our various advisory committees and have participated in our public engagement initiatives at the municipality. Without these folks, none of the success we have seen over the past year would have been possible.

It's a privilege to serve as Mayor of North Cowichan, and I look forward to continuing to make progress on our strategic priorities while confronting the challenges ahead and building a stronger and more resilient community.

A handwritten signature in black ink, appearing to read "Rob Douglas".

Mayor Rob Douglas

# A MESSAGE FROM THE CAO



On behalf of North Cowichan staff, I am pleased to present the 2023 Annual Report. This report highlights the work completed in 2023 and outlines our goals and objectives for the coming year as we continue to strive for excellence in service delivery, value for dollars, and community well-being. Additionally, the report provides citizens with a snapshot of the municipality's finances as of December 31, 2023.

During the past year, our team remained committed to achieving the strategic goals set out by Council at the beginning of their term, which includes the following six Strategic Priorities:

- 1. Engagement:** We work collaboratively and productively with all our government and stakeholder partners.
- 2. Housing:** We provide housing choices for all.
- 3. Environment:** We protect and enhance the environment.
- 4. Economy:** We have a prosperous municipality.
- 5. Community:** We have safe, inclusive, and inspiring neighbourhoods.
- 6. Service:** We have an efficient and well-run municipality. Service is a foundational strategic priority, essential for the achievement of all other priorities.

One of the highlights of the year was the celebration of North Cowichan's 150th anniversary in June. We hosted a grand celebration that brought our community together, commemorating our rich history and looking forward to a bright future.

Supporting a culture of service excellence built on good governance, leadership, and sound financial decisions, we strive to continue to meet the demands and expectations of North Cowichan residents. Our community continues to grow and change; therefore, continuous learning and improvement remain key components of our culture in conjunction with providing outstanding community service.

We continue to sincerely learn about how to improve our diversity and inclusivity at North Cowichan and are grateful to be working in partnership with the Quw'utsun Nation on important joint projects. We remain committed to the learning required of us to genuinely understand reconciliation and continue to build our relationships.

As we look forward to the coming year, I am confident that with the continued hard work of our staff and support of our community, we will achieve even greater heights, making North Cowichan a wonderful place to live, work, and play.

Ted Swabey  
Chief Administrative Officer



# COMMUNITY PROFILE

North Cowichan is located on the east coast of Vancouver Island in the Cowichan Valley Regional District. It is centrally located between the cities of Victoria to the south, and Nanaimo to the north. Vancouver is located to the east, separated by the Salish Sea. Spanning 195 square kilometers, North Cowichan is the largest District Municipality by area on Vancouver Island. **A community of communities**, North Cowichan is made up of several unique communities that include **Chemainus**, **Crofton**, **Maple Bay**, and the **South End** which is comprised of smaller neighbourhoods that are centered around the greater-Duncan area.

North Cowichan's approximately 32,000 residents enjoy all the pleasures of a relaxed, active lifestyle in a mostly rural setting which also affords many of the amenities of city life. North Cowichan offers the best of both worlds, making it one of the most desirable places to call home. The incredible landscape and location can be attributed to North Cowichan quickly becoming known as a hub for recreation, sports, and eco-tourism.



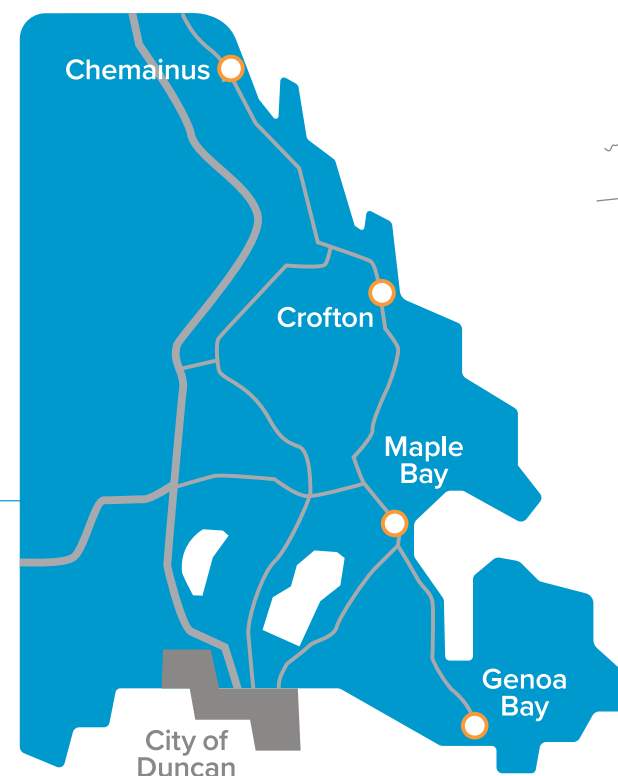
31,990  
Total population (2021)

0-14 13.9%  
15-64 57.4%  
65+ 28.7%

Average age  
47.3

\$78,500 Median family income (2020)

## The Municipality of North Cowichan



### Chemainus

Seaside artisan hub, renowned Chemainus Theatre, fishing and swimming at Fuller Lake, Old Town, Waterwheel Park, Chemainus Lake, Kinsmen Beach Park, and access to water front.



### Crofton

1.5km oceanfront seawalk, warm, swimmable waters at Osborne Bay Park, 20-minute ferry to Salt Spring Island, outdoor community pool (summer), easy access to Maple Mountain.



### Maple Bay and Genoa Bay

Seaside villages, marinas, beach walking, easy access to hiking and mountain biking at Mount Tzouhalem, Maple Mountain and Stoney Hill Park, and multiple kayak access points.

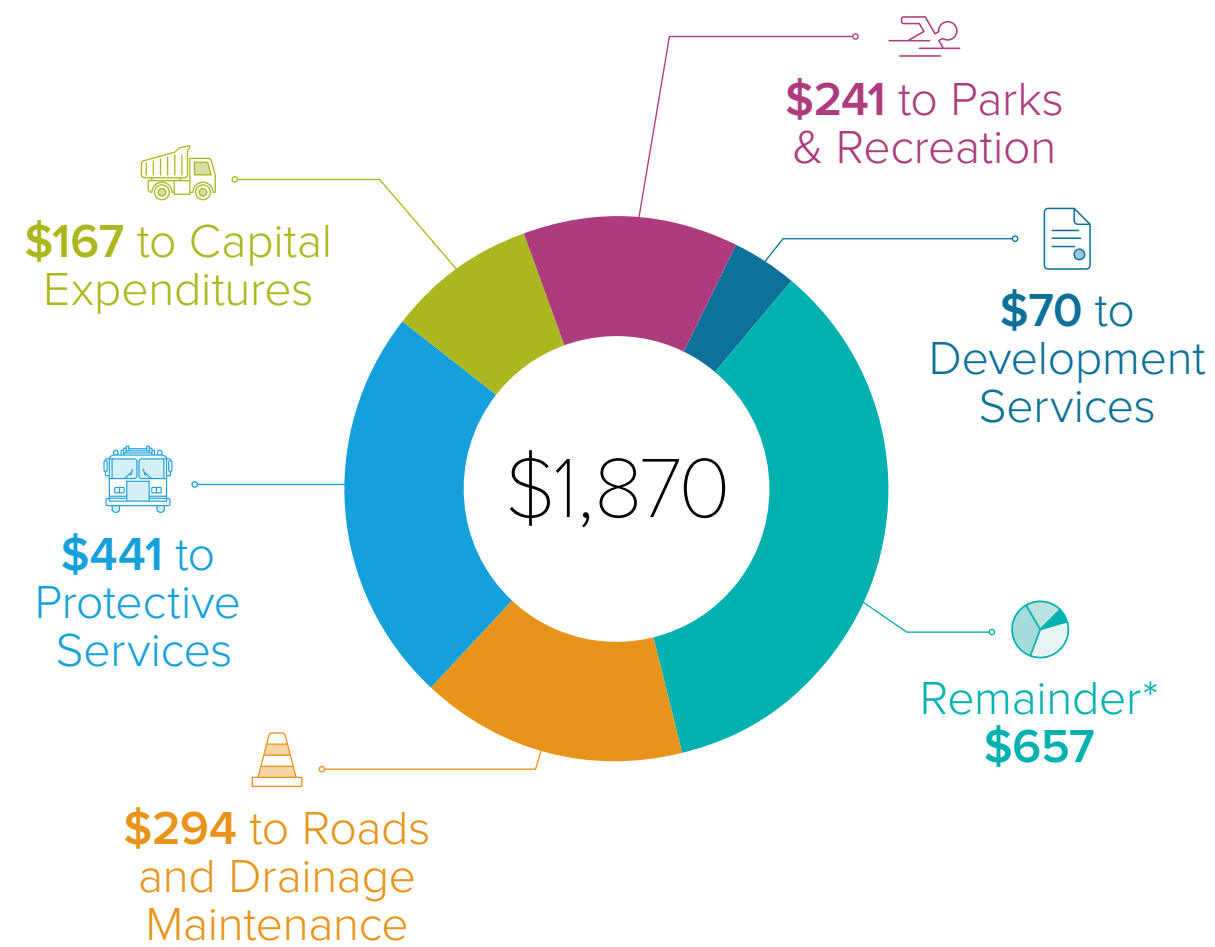


### South End

Urban meets rural with markets, local vineyards, brewpubs and distilleries, and the retail hub in downtown Duncan. Also home to Cowichan Campus of Vancouver Island University, Queen Margaret's School and Cowichan Secondary School. Recreation opportunities at sports fields, Sportsplex, Cowichan Aquatic Centre, and Cowichan Community Centre.



## Breakdown of Municipal Tax for 2023:



A homeowner in North Cowichan whose home had an average assessed value of \$787,650 paid **\$1,870** in *municipal* property taxes in 2023.

\*General government, Debt repayment, Library services, Reserve fund, and Energy and environment.







**Robert Douglas**  
Mayor



**Mike Cajouw**  
Councillor



**Bruce Findlay**  
Councillor



**Chris Istace**  
Councillor



**Christopher Justice**  
Councillor



**Tek Manhas**  
Councillor



**Debra Toporowski**  
Councillor

# MAYOR AND COUNCIL

The Municipality of North Cowichan is governed by an elected Mayor and six Councillors, each elected for a four-year term. The current Council was elected in the fall of 2022 for the 2022-2026 term. The responsibility of municipal governments is set out in the Community Charter, mandating Council set the direction and adopt the policies and budget to guide our community. Our Council meets regularly,

on the first and third Wednesday of every month. Residents have the option of attending all open Council and Committee of the Whole meetings either in-person at Municipal Hall or by video conference using the Cisco Webex platform. Council encourages public participation and feedback to foster two-way dialogue and open, participatory governance.



# COUNCIL'S STRATEGIC PLAN

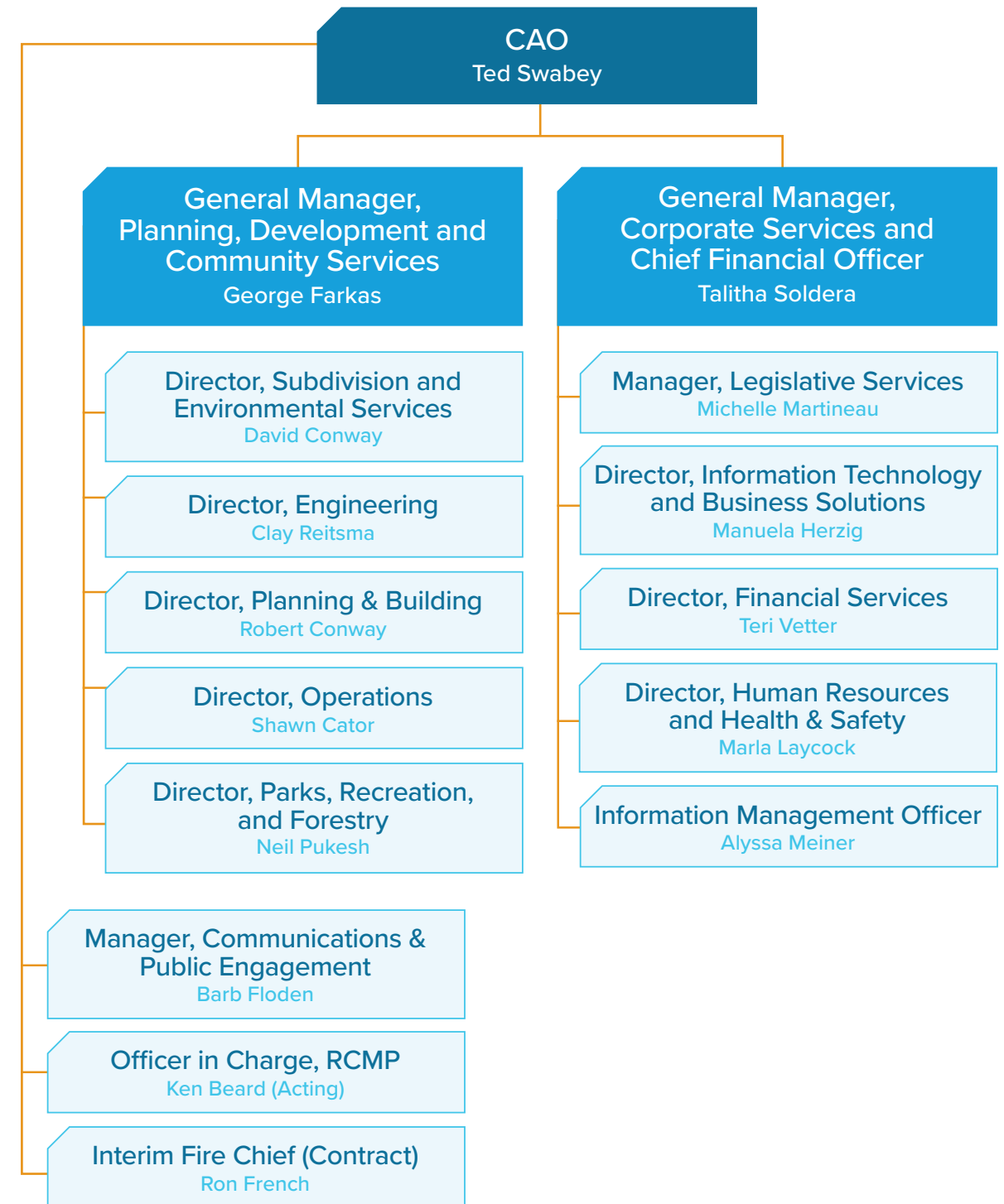
Council's Strategic Plan sets out several years' worth of projects and initiatives to realize Council's vision and objectives for their term, based on the following strategic priorities: **Engagement**, **Housing**, **Environment**, **Economy**, **Community**, **Service**, and **Inclusion**.

The Plan serves as a critical foundation for decision making, budgeting, annual work and project planning, workforce planning, and performance measurement. This aligns

with the Council Strategic Plan Administrative Policy that establishes a clear process to support Council's oversight role of monitoring staff progress towards implementing the Strategic Plan. Under the policy, staff provide quarterly updates to Council each year to outline progress towards meeting the Strategic Plan's objectives.

This Annual Report highlights, beginning on page 17, the progress made within each of Council's strategic priority areas, from January 1 through December 31, 2023.

## ORGANIZATIONAL STRUCTURE as of December 31, 2023







# COUNCIL'S STRATEGIC PRIORITIES

Our 2023 Annual Report highlights successes of each council priority area, key performance indicators, and progress. Here's a look at what we did in 2023.

ENGAGEMENT

HOUSING

ENVIRONMENT

ECONOMY

COMMUNITY

SERVICE


INCLUSION





# ENGAGEMENT

Through collaborative relationships with other governments, Indigenous peoples, stakeholder partners and engaging the community at large, we achieve optimum outcomes for all.

  
**66.6%**  
 increase in reach on social media

North Cowichan continued working towards developing strong relationships with local First Nations. Engagement with First Nations has been a priority on numerous significant projects including the forestry review, the Maple Bay wharf replacement, FireSmart work, and the Biodiversity Protection Policy. A fire services agreement was signed between Cowichan Tribes and North Cowichan to ensure continued fire service provision while updating the language in the agreement. Council provided a grant to M'akola Housing Society to assist with the *Every Child Matters* March held in respect of the National Day of Truth and Reconciliation.

The final 'what we heard' report for the Municipal Forest Reserve Review was presented to Council in early 2023, and further work was completed on the financial assumptions related to both timber and



**205,301** new website visitors



**52%** of users access the site on mobile

carbon harvesting. Ongoing collaboration with the Quw'wutsun Nation in regard to the future management of the Forest Reserve also continued. Quw'utsun Nation Chiefs and Councillors and North Cowichan Mayor and Council met in November 2023 at the Halalt First Nation gym to share knowledge, history and to build relationships. Both parties have committed to working together to establish a co-management framework and plan.

North Cowichan offered financial support to Halalt First Nation, Lyackson First Nation, Penelakut Tribe, Stz'uminus First Nation, and Cowichan Tribes for their events and celebrations for National Indigenous Peoples Day on June 21. North Cowichan staff were also invited by Cowichan Tribes to volunteer at their event held at Si'em' Lelum soccer fields.

Public engagement processes helped provide input on North Cowichan's Accessibility Action Plan, on the priorities in the Affordable Housing Policy, the Climate Adaptation Strategy, and the Biodiversity Protection Policy.

Council continued to support community groups by approving \$225,400 in grant-in-aid funding to local non-profits. These are organizations located within the municipality or groups that provide direct services to residents of North Cowichan.

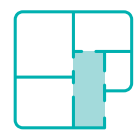
After working closely with the Crofton Community Association, more than 50 LED lights were installed on the Crofton Sea Walk providing a safe path for evening walks on this popular community amenity.





# HOUSING

We have sustainable housing opportunities that represent the interests of all our citizens.



**79** new lots created by Subdivisions

Addressing the housing crisis while meeting the needs of residents and following the growth guidelines and policy direction in the Official Community Plan remained a top priority in 2023. Work continued with the Community Land Trust to progress the development of an affordable housing project at 3191 Sherman Road.

We also continue to meet and work closely with BC Housing to review opportunities for collaboration on non-market housing projects on municipal properties.

Work began on an Affordable Housing Policy and Implementation Plan that aimed to set strategic direction for working on affordable housing issues, implementing housing policies from the Official Community Plan, setting targets for provision of affordable housing in new development,

and identifying future actions and projects intended to improve housing suitability and affordability in the community.

With the announcement of the new provincial housing legislation in November (Bill 44), we have actively been working to understand the implication and required changes to North Cowichan's Zoning Bylaw. While this changes some

processes and projects that were underway, North Cowichan remains committed to increasing the supply of both market-rate and affordable housing in order to support workers, families, seniors, and vulnerable populations. Work is ongoing to ensure alignment of Bill 44 with current planning policies and procedures, including North Cowichan's draft Affordable Housing Policy.



**87**  
single family building permits issued.

**12**  
subdivision applications approved



**229** new dwelling units authorized by building permit



**245** building permits issued





# ENVIRONMENT

We lead in environmental policies and practices to support the future health of our community.



**8,410**  
trees planted

North Cowichan continued to focus on environmental policies and practices that provide effective action against climate change, mitigation, and environmental impact.

Implementation of the Climate Action and Energy Plan continued with participation in the pilot year of the Vancouver Island Circular Economy Accelerator Program. Two local businesses took part and learned about finding operational efficiencies, reducing their emissions, and developing innovative practices while increasing revenue and cutting operational costs. An Electric Vehicle Community Strategy is underway, and the procurement of an electric garbage truck was completed, with delivery of the truck anticipated in late 2024 or early 2025.



**594** downloads of the MNC Curbside App

A provincial Building Code update increased the Energy Step Code requirements for North Cowichan buildings, and Council adopted the Zero Carbon Step Code, which went into effect on January 1, 2024. These changes impact primary space and water heating in new construction only and set a maximum annual amount of greenhouse gas emissions that each building is allowed to emit, based on the proposed occupancy and size of the buildings.

Work continues toward environmental improvements for Quamichan and Somenos Lakes. In collaboration with the Somenos Marsh Wildlife Society, 750 trees and shrubs were planted along the west bank of Somenos Creek, and a parrots feather cutting program took place to control this invasive and disruptive aquatic plant.

Research and work towards mitigating cyanobacteria (blue-green algae) blooms on Quamichan Lake continue, with staff and the mayor lobbying and meeting the provincial government to seek partnership and financial support to improve the water quality on this lake.

Working with Recycle BC, a campaign to reduce the amount of non-accepted recyclable materials took place throughout 2023 with much success. Audits show significant improvement and contamination levels at the lowest recorded in North Cowichan's recycling program history.





# ECONOMY

We attract and retain great talent and sustainable businesses and have opportunities for all.

A new Economic Development Committee was established, the first in over ten years, and the inaugural meeting was held in June. The committee's mandate is to facilitate socially and environmentally responsible community economic development within the municipality, while working closely with the regional Economic Development Cowichan. Guided by the Official Community Plan's policies for strengthening the local economy, there is an emphasis on taking a regenerative approach that results in sustainable economic development and protection of the environment for future generations.



## 231 new business licences in 2023

Supporting sport tourism in North Cowichan remains a focus, and the BC Bike Race returned to the municipality July 2-6. Based at the Crofton baseball fields, over 600 riders came out to test their skills on Mt. Tzouhalem and Maple Mountain over three days. The event generated \$1.27 million of visitor spending in the Cowichan and Comox Valleys and generated \$3.98 million in total economic activity in the province.

The Belgian Waffle Ride gravel cycling race also took place in North Cowichan from May 26-28. Over 700 riders participated including professionals and visitors from across Canada and the United States, bringing more spending and positive economic impact to our community, as well as showcasing the variety of riding terrain in the region.

North Cowichan continues to support Rowing Canada Aviron's relocation of their National Training Centre to North Cowichan's Quamichan Lake by remaining a close partner and providing letters of support for funding grants. On August 10 we were pleased to take part in a send-off event for athletes and coaches attending the World Rowing Championships. And Quamichan Lake was the host of the Rowing Canada National Championships September 29 – October 1.





# COMMUNITY

We are a mix of unique, inspiring, sustainable, and safe neighbourhoods enjoyed by residents, businesses, and visitors.



**77 (239ha)**  
actively maintained parks

North Cowichan celebrated a significant milestone in 2023 with our sesquicentennial, or 150th anniversary of being an incorporated municipality. We kicked-off with a party on June 18 in Chemainus' Waterwheel Park that included live music, entertainment, kids' activities, food truck, birthday cake, and more. The event initiated a year-long celebration of activities that focused on reflecting on the long and rich history that extends for millennia, far before 1873. North Cowichan is the fifth oldest municipality in B.C. and the second oldest on Vancouver Island.

Providing input into managing the opioid crisis and lobbying various levels of government for support remained a priority for Council and community leaders in 2023. From meetings at the federal level with the Minister of Mental Health and Addictions to discussing local strategies and commonalities with other Vancouver



**2,615** rental hours at Fuller Lake Arena

Island Mayors, we continue to advocate for solutions including increased investments in supportive housing, addictions treatment facilities, and mental health supports.

Council endorsed an Official Community Plan (OCP) implementation schedule that includes a number of initiatives arising from the plan ranging from minor bylaw amendments to larger scope projects, including new or updated policies and bylaws. The schedule will be further reviewed and refined during the 2024 business planning process.

Five new inductees were added to the Sports Wall of Fame: the 1959 Duncan All Stars Baseball team, 1983 Cowichan Thunderettes basketball team, Ernie Mansueti (builder), Helen Gosnell (athlete), and Jason Sandquist (athlete). Over 200 guests celebrated their achievements at an event on November 18.



**224,551** drop-in visits to the Cowichan Aquatic Centre

Operations at the Cowichan Aquatic Centre, the Cowichan region's flagship recreational aquatic facility, were back to (and surpassed) pre-pandemic numbers. Total visits for the year were 224,551 representing an increase of 33% over 2022. During the aquatic centre's annual maintenance closure in June, an additional retrofit project took place installing fall prevention anchors on the ceiling while the gym received new fitness equipment.

The Cowichan Aquatic Centre hosted the 2023 BC Summer Swim Association's Vancouver Island Championship where 11 teams and 250 swimmers from across Vancouver Island competed to qualify for the provincial championships.





# SERVICE

We provide responsive, efficient, transparent, and engaged service that contributes value to the community.

There was a strong focus on accessibility as we moved through 2023. A comprehensive accessibility audit of 16 parks sites was took place evaluating the overall accessibility of these environments for people with disabilities. The audit was done in collaboration with the Spinal Cord Injury Association of BC. Recommendations will be presented to the newly formed Accessibility Advisory Committee with a plan to move forward on actioning these recommendations in 2024.

A brand-new municipal website, [northcowichan.ca](http://northcowichan.ca), launched in December. The site is built on a user-centric model, allowing residents to better navigate information and self-serve many municipal services. The site also meets or exceeds Web Content Accessibility Guidelines (WCAG) providing an equitable experience for all users.



**2,329** calls for service received by our Operations Department

The final 'what we heard' report for the Municipal Forest Reserve Review was presented to Council in early 2023, and further work was completed on the financial assumptions related to both timber and carbon harvesting. Ongoing collaboration with the Quw'wutsun Nation in regard to the future management of the Forest Reserve also continued.

The first-ever awards ceremony for the entire North Cowichan Fire Department was held in late 2023, celebrating and recognizing the achievements and dedication of firefighters from our Crofton, Maple Bay, Chemainus, and South End fire halls.

A portion of Canada Avenue underwent a major overhaul, receiving upgrades to underground services, construction of an extended flood wall, raising of the road, and improvements to active transportation elements, including bikes lanes, new sidewalk, and the adjacent trail. Improvements on Canada Avenue will continue in 2024 as the Canada Avenue Complete Streets project commences.

In October, Jon Lefebure and David Haywood received North Cowichan's *Freedom of the Municipality* honour, the highest symbol of respect and esteem from a local government to an individual. Both recipients previously served on North Cowichan council. Jon Lefebure served for 16 years, 13 of which as mayor (1999-2008; 2011-2018). David Haywood served as councillor from 2000 to 2011 and school board trustee from 1969 to 1978.





## Water

- 3 water systems
- 280 km of water mains
- 2 major watersheds
- 8 domestic water booster pump stations
- 5 dams
- 14 reservoirs

## Road and Sidewalk Maintenance

- 305 kms of roads
- 240 kms of sidewalks
- 166 kms of storm pipes
- 1,100 culverts to maintain

# INCLUSION

Council will act to maintain and strengthen North Cowichan as an economically thriving and sustainable community of unique and inclusive towns and neighbourhoods.

Earlier in the year, the Council Advisory Body Policy was adopted. The policy ensures that there is fair and equitable representation on advisory bodies that is reflective of North Cowichan's diversity and gives precedence to Indigenous people, people from equity-seeking groups or visible minorities.

Management and senior leadership staff attended a full day training session on diversity, inclusion, equity, and belonging in the public sector.





# FINANCIAL REPORT





# REPORT FROM THE DIRECTOR OF FINANCIAL SERVICES

May 13, 2024  
Mayor and Council  
District of North Cowichan

Your Worship and Members of Council,

I am pleased to present the District of North Cowichan's (North Cowichan) 2023 Annual Financial Report for the fiscal year ended December 31, 2023, as required by section 98 of the *Community Charter*.

This report includes the auditor's report, the 2023 financial statements, and supplementary information for North Cowichan.

The Consolidated Financial Statements are the responsibility of the management 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.

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

The audit firm KPMG was appointed by Council and is responsible for expressing an opinion as to whether the consolidated financial statements fairly present the financial position of North Cowichan and the results of its 2023 operations.

The 2023 audited financial statements were presented to and approved by Council on May 1, 2024.

As of December 31, 2023, North Cowichan had accumulated surplus from operations of \$358 million, an increase of \$17 million for the year. This is largely composed of net investments in tangible capital assets (\$361 million), which includes land, roads, buildings, utility assets and park infrastructure. Debenture debt decreased by \$2.6 million which is attributed to principal repayments of \$1.97 million and the actuarial adjustment to debt was \$595 thousand.

Consolidated revenues increased \$17.7 million from \$64.8 million to \$82.5 million. The increase is mainly attributed to an increase in government grants and an increase in developer contributions. Expenses increased by \$6.8 million from \$58 million to \$64.8 million, and were over budget by \$2.4 million which is attributed to the accretion expense and amortization of the Asset Retirement Obligation (ARO).

The District of North Cowichan adopted PS 3280 Asset Retirement Obligations ("ARO") for the fiscal year ended December 31, 2023, which addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. Management implemented the new standard on a prospective basis, using the best estimate of the liability including all costs directly attributable to asset retirement activities, based on information available at year-end. As a result, Management recognized a liability of \$1.1 million for asbestos and lead removal in North Cowichan's buildings, a liability of \$27.6 million relating to the proportionate share of the Joint Utilities Board (JUB) lease obligation, and \$1.2 million relating to a proportionate share of the JUB accretion expense.

In 2023, North Cowichan entered into a Net Debt position of \$8.8 million due to the \$29.8 million ARO compared to a net financial asset position of \$22.5 million in 2022. North Cowichan is not overly concerned about its net debt position because there are no plans for relocation of the lagoons which would trigger the ARO.

Capital expenditures for the year were \$24.4 million (2022 - \$28 million). Overall capital expenditures were under budget primarily due to the timing of construction expenses on the new civic building for the RCMP which is estimated to be complete May 2024.

In 2023, North Cowichan's budget for tax-supported capital was \$3.4 million (\$3 million in 2022). This amounted to 9.9% of 2023 property taxes allocated to general capital compared to 8.7% in 2022. Council postponed capital contributions in 2023 to alleviate the tax burden on struggling taxpayers, directly addressing the ongoing impact of the COVID 19 pandemic. Council's Revenue, Tax and Budget Policy adopted in 2010 requires adequate capital funding of 10-15% of property tax revenues. Council is now gradually increasing the contribution over the next few years to be back on target with this policy.

Respectfully,

Teri Vetter, CPA, CGA  
Director, Financial Services



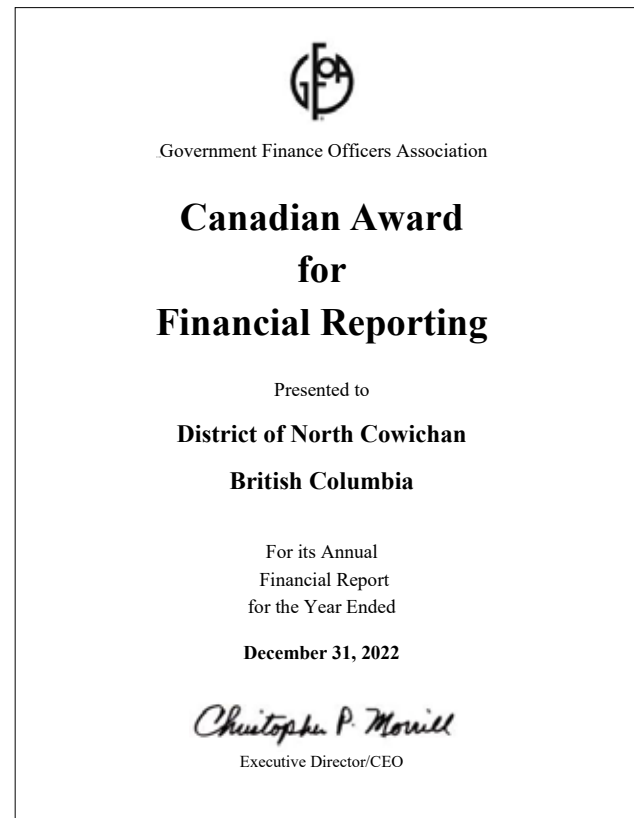
# FINANCIAL REPORTING AWARD

## Canadian Award For Financial Reporting

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Municipality of North Cowichan for its Annual Report of the fiscal year ended December 31, 2022. 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 to determine its eligibility for another award.



## The Municipality of North Cowichan

# CONSOLIDATED FINANCIAL STATEMENTS

(Audited) December 31, 2023





# STATEMENT OF RESPONSIBILITY

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

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

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

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

Teri Vetter  
Director, Financial Services  
May 1, 2024





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Victoria BC V8W 3Y7  
Canada  
Telephone 250 480 3500  
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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councilors of the Corporation of the District of North Cowichan

### **Opinion**

We have audited the consolidated financial statements of the Corporation of the District of North Cowichan (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of change in net financial assets (debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and its consolidated results of operations, its consolidated changes in net financial assets (debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants

Victoria, Canada  
May 3, 2024

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023, with comparative information for 2022

	2023 ACTUAL	2022 ACTUAL
<b>Financial Assets</b>		
Cash (Note 4)	\$ 3,029,488	\$ 4,919,023
Temporary investments (Note 4)	95,131,066	91,165,028
Accounts receivable (Note 5)	9,343,073	4,890,748
	<b>107,503,627</b>	<b>100,974,799</b>
<b>Financial Liabilities</b>		
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
	<b>116,313,886</b>	<b>78,451,199</b>
	<b>(8,810,259)</b>	<b>22,523,600</b>
<b>Net Financial Assets (Debt)</b>		
<b>Non-Financial Assets</b>		
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
	<b>364,874,819</b>	<b>317,581,392</b>
	<b>\$ 356,064,560</b>	<b>\$ 340,104,992</b>
Commitments and Contingent Liabilities (Notes 17 and 20)		

Approved by:



Teri Vetter  
Director, Financial Services

See accompanying notes to the financial statements



# CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2023, with comparative information for 2022

	2023 BUDGET (Note 19)	2023 ACTUAL	2022 ACTUAL
<b>Revenues</b>			
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>
<b>Expenses (Schedule III)</b>			
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>
<b>Annual Surplus</b>	<u>\$ 17,516,844</u>	<u>17,763,999</u>	<u>6,757,785</u>
<b>Surplus from Operations, beginning of year (Note 18)</b>		<u>340,104,992</u>	<u>333,347,207</u>
<b>Surplus from Operations, end of year (Note 18)</b>		<u>\$ 357,868,991</u>	<u>\$ 340,104,992</u>

See accompanying notes to the financial statements

# CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the year ended December 31, 2023

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





# 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
<b>Annual Surplus</b>	<b>\$ 17,516,844</b>	<b>\$ 17,763,999</b>	<b>\$ 6,757,785</b>
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
	(62,489,273)	(47,320,261)	(20,757,238)
Decrease (Increase) in prepaids	-	81,497	(228,237)
Increase in inventories	-	(54,634)	(61,099)
Decrease in property acquired for taxes	-	-	75,690
	-	26,863	(213,646)
<b>Change in net financial assets</b>	<b>(44,972,429)</b>	<b>(29,529,399)</b>	<b>(14,213,099)</b>
<b>Net financial assets at beginning of year</b>	<b>-</b>	<b>22,523,600</b>	<b>36,736,699</b>
<b>Decrease in accumulated remeasurement gain (Net Debt) net financial assets at end of year</b>	<b>\$ (44,972,429)</b>	<b>\$ (8,810,259)</b>	<b>\$ 22,523,600</b>

See accompanying notes to the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023, with comparative information for 2022

	2023 ACTUAL	2022 ACTUAL
<b>Operating transactions</b>		
Annual surplus	\$ 17,763,999	\$ 6,757,785
<b>Non-cash items included in surplus</b>		
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)
	23,937,157	13,349,218
<b>Changes in non-cash assets and liabilities</b>		
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
Cash provided by operating transactions	30,090,503	18,764,903
<b>Capital transactions</b>		
Proceeds on sale of tangible capital assets	121,384	-
Cash applied to acquire tangible capital assets	(24,359,609)	(27,885,728)
Cash applied to capital transactions	(24,238,225)	(27,885,728)
<b>Investing transactions</b>		
Temporary investments	(5,770,498)	(9,097,474)
Cash applied to investing transactions	(5,770,498)	(9,097,474)
<b>Financing transactions</b>		
Proceeds from debenture debt	-	22,000,000
Repayment of temporary debt	-	(11,100,000)
Repayment of debenture debt	(1,971,315)	(1,194,782)
Cash provided by financing transactions	(1,971,315)	9,705,218
<b>Change in cash</b>	<b>(1,889,535)</b>	<b>(8,513,081)</b>
<b>Cash, beginning of year</b>	<b>4,919,023</b>	<b>13,432,104</b>
<b>Cash, end of year</b>	<b>\$ 3,029,488</b>	<b>\$ 4,919,023</b>

See accompanying notes to the financial statements.



# 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%**

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 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.

### 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.



**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**g) PROPERTY ACQUIRED FOR TAXES - DEEDED TO MUNICIPALITY**

Property acquired for taxes is presented at estimated historical values as either financial assets or nonfinancial 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.

**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.

**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.



**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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.
- 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.



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

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
<b>Restricted investments</b>	<b>\$ 49,623,593</b>	\$ 37,660,883

**5. ACCOUNTS RECEIVABLE**

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

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

**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:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

**7. EMPLOYEE FUTURE BENEFITS AND COMPENSATION (continued)**

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.

	2023	2022
Accrued benefit obligation	\$ 3,121,600	\$ 2,822,600
Unamortized actuarial gain/(loss)	(112,800)	(162,300)
Accrued benefit liability	<b>\$ 3,008,800</b>	<b>\$ 2,660,300</b>
<b>Benefit expense:</b>		
Current service cost	\$ 400,100	\$ 432,100
Interest cost	131,500	79,300
Amortization of net actuarial (gain)/loss	18,700	40,400
	<b>\$ 550,300</b>	<b>\$ 551,800</b>

Significant actuarial assumptions as at December 31st 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	<b>\$ 3,018,669</b>
Service fees and deposits	4,459,338	2,403,118	2,239,332	<b>4,623,125</b>
Aquatic Centre unearned revenue	167,912	398,459	339,587	<b>226,783</b>
General unearned revenues	1,900,142	8,698,289	1,115,735	<b>9,482,696</b>
	<b>\$ 9,724,467</b>	<b>\$ 17,974,984</b>	<b>\$ 10,348,179</b>	<b>\$ 17,351,273</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

**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.

**10. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	2022	Additions (Note 11)	Disposals and Writedowns	2023
<b>Cost</b>				
Land	\$ 56,084,224	\$ 2,782,543	\$ -	<b>\$ 58,866,767</b>
Land improvements	16,104,728	758,246	49,468	<b>16,813,506</b>
Buildings - Cost	52,893,039	4,538,106	862,069	<b>56,569,076</b>
Eng. Struct. - Cost	312,843,710	37,385,151	78,658	<b>350,150,203</b>
Machinery - Cost	50,362,764	2,022,929	427,852	<b>51,957,841</b>
WIP - Cost	35,635,649	16,376,459	3,997,660	<b>48,014,448</b>
<b>Total cost</b>	<b>\$ 523,924,114</b>	<b>\$ 63,863,434</b>	<b>\$ 5,415,707</b>	<b>\$ 582,371,841</b>

**Accumulated amortization**

Land Imp. - Accum Amort	\$ 8,367,688	\$ 714,761	\$ 49,468	<b>\$ 9,032,981</b>
Buildings - Accum Amort	24,154,088	2,217,689	723,149	<b>25,648,627</b>
Eng. Struct. - Accum Amort	147,948,524	7,202,250	54,539	<b>155,096,235</b>
Machinery - Accum Amort	29,360,585	2,239,629	419,706	<b>31,180,508</b>
<b>Total accumulated amortization</b>	<b>\$ 209,830,885</b>	<b>\$ 12,374,329</b>	<b>\$ 1,246,862</b>	<b>\$ 220,958,351</b>

**Net book value**

Land	\$ 56,084,224	<b>\$ 58,866,767</b>
Land improvements	7,737,040	<b>7,780,525</b>
Buildings	28,738,951	<b>30,920,449</b>
Engineered structures	164,895,186	<b>195,053,968</b>
Machinery	21,002,179	<b>20,777,333</b>
Work in progress	35,635,649	<b>48,014,448</b>
<b>Total net book value</b>	<b>\$ 314,093,229</b>	<b>\$ 361,413,490</b>



**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%.

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

**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.

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

**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.

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

**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.

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

**16. DEBT (continued)**

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

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

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





**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 trusteed 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.

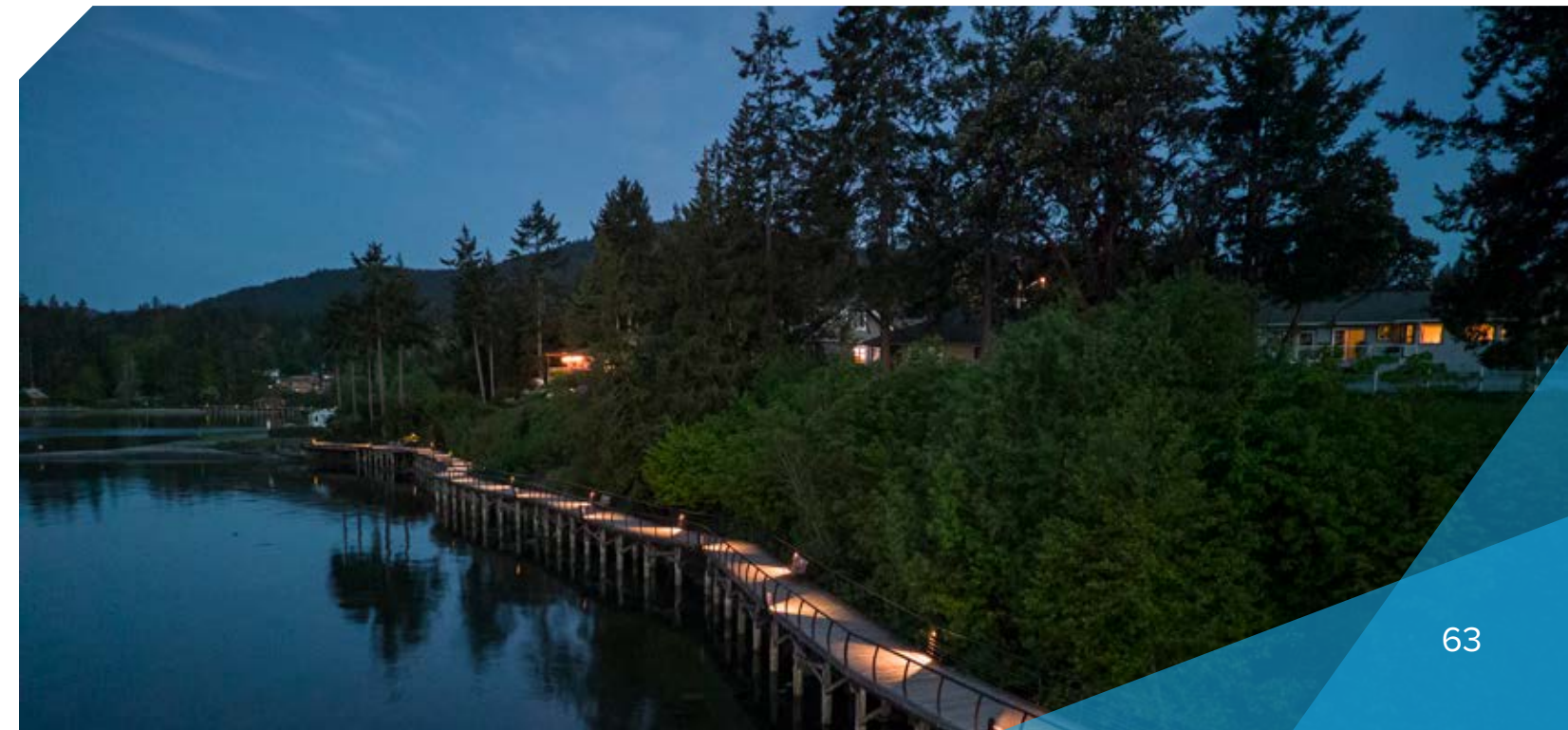
Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent 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 \$25,000.

**18. ACCUMULATED SURPLUS**

	2023	2022
<b>Operating Funds</b>		
<b>Unappropriated:</b>		
General	\$ 5,112,381	\$ 6,083,492
Water Systems	7,202,638	7,000,858
Sewer Systems	22,180,289	19,748,386
	<u>34,495,308</u>	<u>32,832,736</u>
<b>Appropriated:</b>		
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	(27,454,792)	1,193,211
	<u>(31,689,022)</u>	<u>9,788,343</u>
	<u>2,806,286</u>	<u>42,621,079</u>
<b>Capital Funds</b>		
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	29,644,101	2,617,001
	<u>\$ 326,658,649</u>	<u>\$ 278,006,542</u>



**18. ACCUMULATED SURPLUS** (continued)

	2023	2022
<b>Reserve Funds</b>		
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	119,328	114,019
	<b>28,404,085</b>	<b>19,477,371</b>
<b>Accumulated remeasurement losses</b>	<b>357,869,020</b>	<b>340,104,992</b>
<b>Accumulated Surplus</b>	<b>(1,804,460)</b>	<b>-</b>
	<b>\$ 356,064,560</b>	<b>\$ 340,104,992</b>

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

**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:

	2023	2022
Net Financial Assets (Debt)	<b>\$ (51,137,618)</b>	\$ 2,222,681
Non-Financial Assets	<b>55,215,650</b>	4,874,475
<b>Accumulated Surplus</b>	<b>4,078,032</b>	<b>7,097,156</b>
Revenues	<b>\$ 1,904,858</b>	\$ 2,255,245
Expenses	<b>4,923,982</b>	1,294,055
<b>Annual Surplus (Deficit)</b>	<b>(3,019,124)</b>	<b>961,190</b>
<b>North Cowichan Proportionate Share:</b>		
Net Financial Assets	<b>\$ (27,454,693)</b>	\$ 1,193,211
Non-Financial Assets (Debt)	<b>29,644,101</b>	2,617,001
<b>Accumulated Surplus</b>	<b>2,189,408</b>	<b>3,810,212</b>
Revenues	<b>\$ 1,022,678</b>	\$ 1,210,793
Expenses	<b>2,643,581</b>	694,750
<b>Annual Surplus (Deficit)</b>	<b>\$ (1,620,903)</b>	<b>\$ 516,043</b>



**20. JOINT UTILITIES BOARD** (continued)

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).

**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.

**21. SEGMENT REPORTING** (continued)

**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.

**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.

# TAXATION

For the year ended December 31, 2023

## SCHEDULE I

	2023 BUDGET	2023	2022
<b>Municipal Purposes:</b>			
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
<b>Total Municipal Taxes</b>	<b>42,944,541</b>	<b>42,974,453</b>	<b>40,420,459</b>
<b>Collections for Other Governments:</b>			
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
<b>Total Collections for Other Governments</b>	<b>31,654,567</b>	<b>32,843,771</b>	<b>29,786,771</b>
	74,599,108	75,818,224	70,207,230
Deduct: requisitions remitted to other taxing authorities	(31,654,567)	(32,843,771)	(29,786,771)
<b>Total Taxes Levied</b>	<b>\$ 42,944,541</b>	<b>\$ 42,974,453</b>	<b>\$ 40,420,459</b>

# GRANTS AND GOVERNMENT TRANSFERS

For the year ended December 31, 2023

## SCHEDULE II

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





# OPERATIONS BY SEGMENT

For the year ended December 31, 2023

## SCHEDULE III

	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
<b>Revenues</b>												
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
	7,916,829	15,151,699	6,803,471	2,225,522	267,016	1,653,467	21,066,300	6,499,735	6,185,492	2,886,517	11,877,738	82,533,786
<b>Expenses</b>												
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	7,891,059	13,206,802	12,880,679	2,813,217	708,551	1,596,649	13,689,445	5,786,918	5,972,430	-	-	64,545,750
Loss on sale, write downs and transfer of TCA	-	-	222,036	-	-	-	-	-	2,001	-	-	224,037
	7,891,059	13,206,802	13,102,715	2,813,217	708,551	1,596,649	13,689,445	5,786,918	5,974,431	-	-	64,769,787
<b>Excess of revenues over expenses</b>	<b>\$ 25,770</b>	<b>\$ 1,944,897</b>	<b>\$ (6,299,244)</b>	<b>\$ (587,695)</b>	<b>\$ (441,535)</b>	<b>\$ 56,818</b>	<b>\$ 7,376,855</b>	<b>\$ 712,817</b>	<b>\$ 211,061</b>	<b>\$ 2,886,517</b>	<b>\$ 11,877,738</b>	<b>\$ 17,763,999</b>

# OPERATIONS BY SEGMENT

For the year ended December 31, 2022

## SCHEDULE III

	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
<b>Revenues</b>												
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
	10,429,522	12,424,814	6,789,967	2,844,858	247,121	1,579,456	12,137,472	5,765,849	4,935,878	2,140,438	5,531,318	64,826,693
<b>Expenses</b>												
Salaries, wages and benefits	5,029,770	4,395,151	3,950,916	1,025,806	229,959	1,203,762	5,108,571	1,483,194	907,743	-	-	23,334,872
Contract services	1,517,072	6,021,191	1,707,642	1,006,250	234,234	155,476	2,756,444	725,808	913,492	-	-	15,037,609
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	6,860,885	12,411,129	12,480,800	2,509,014	568,976	1,424,693	12,753,804	5,054,610	3,823,912	-	-	57,887,823
Loss on sale, write downs and transfer of TCA	-	-	179,941	-	-	-	-	-	1,144	-	-	181,085
	6,860,885	12,411,129	12,660,741	2,509,014	568,976	1,424,693	12,753,804	5,054,610	3,825,056	-	-	58,068,908
<b>Excess of revenues over expenses</b>	<b>\$ 3,568,637</b>	<b>\$ 13,685</b>	<b>\$ (5,870,774)</b>	<b>\$ 335,844</b>	<b>\$ (321,855)</b>	<b>\$ 154,763</b>	<b>\$ (616,332)</b>	<b>\$ 711,239</b>	<b>\$ 1,110,822</b>	<b>\$ 2,140,438</b>	<b>\$ 5,531,318</b>	<b>\$ 6,757,785</b>



# SUPPLEMENTARY SCHEDULES

(Unaudited)

## SALES OF SERVICES

For the year ended December 31, 2023

### 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
	<b>\$ 12,008,778</b>	<b>\$ 13,610,860</b>	<b>\$ 11,301,521</b>

## OTHER REVENUE FROM OWN SOURCES

For the year ended December 31, 2023

### 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	-
	<b>\$ 3,091,873</b>	<b>\$ 3,228,027</b>	<b>\$ 2,394,225</b>

## GENERAL GOVERNMENT SERVICES

For the year ended December 31, 2023

### 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
	<b>\$ 7,458,538</b>	<b>\$ 7,891,059</b>	<b>\$ 6,860,885</b>

# PROTECTIVE SERVICES

For the year ended December 31, 2023 (unaudited)

## SCHEDULE VII

	2023 BUDGET	2023	2022
<b>Police protection:</b>			
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
	<b>8,901,818</b>	<b>8,182,542</b>	<b>8,144,495</b>
<b>Fire protection:</b>			
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
	<b>2,200,075</b>	<b>2,318,466</b>	<b>2,233,647</b>
<b>Other protection:</b>			
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
	<b>950,522</b>	<b>983,247</b>	<b>946,760</b>
Interest	1,132,752	944,006	447,435
Amortization	506,730	778,541	638,792
	<b>1,639,482</b>	<b>1,722,547</b>	<b>1,086,227</b>
	<b>\$ 13,691,897</b>	<b>\$ 13,206,802</b>	<b>\$ 12,411,129</b>

# ENGINEERING AND PUBLIC WORKS

For the year ended December 31, 2022 (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	277,70	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
	<b>\$ 12,076,641</b>	<b>\$ 13,102,715</b>	<b>\$ 12,660,741</b>





# 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
	<b>\$ 3,076,662</b>	<b>\$ 2,813,217</b>	<b>\$ 2,509,014</b>

# 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
	<b>\$ 12,339,010</b>	<b>\$ 13,689,445</b>	<b>\$ 12,753,804</b>





Duncan - North Cowichan  
Joint Utilities Board

# FINANCIAL STATEMENTS

(Audited) December 31, 2023





# STATEMENT OF RESPONSIBILITY

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

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

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

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

Teri Vetter  
Director, Financial Services  
May 1, 2024



**KPMG LLP**

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Victoria BC V8W 3Y7  
Canada  
Telephone 250 480 3500  
Fax 250 480 3539

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Duncan – North Cowichan Joint Utilities Board

### **Opinion**

We have audited the financial statements of Duncan – North Cowichan Joint Utilities Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants

Victoria, Canada  
May 3, 2024

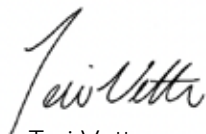


# STATEMENT OF FINANCIAL POSITION

As at December 31, 2023, with comparative information for 2022

	2023 ACTUAL	2022 ACTUAL
<b>Financial Assets</b>		
Investments (Notes 4 and 6)	\$ 4,412,575	\$ 4,230,295
<b>Liabilities</b>		
Asset retirement obligation (Note 7)	53,595,259	-
Unearned revenue	1,954,934	2,007,614
<b>Net Financial Assets (Liabilities)</b>	55,550,193	2,007,614
	(51,137,618)	2,222,681
<b>Non-Financial Assets</b>		
Tangible capital assets (Schedule I)	55,215,650	4,874,475
<b>Accumulated Surplus (Note 8)</b>	\$ 4,078,032	\$ 7,097,156

Approved by:



Teri Vetter

Director, Financial Services

See accompanying notes to the financial statements

# STATEMENT OF OPERATIONS

For the year ended December 31, 2023, with comparative information for 2022

	2023 BUDGET (Note 10)	2023 ACTUAL	2022 ACTUAL
<b>Revenues</b>			
Contributions from:			
The Corporation of the Municipality of North Cowichan	\$ 1,067,473	\$ 786,520	\$ 917,720
The Corporation of the City of Duncan	594,569	425,353	510,849
Cowichan Valley Regional District	291,544	219,271	255,218
Cowichan Tribes	47,302	37,430	41,486
Return on investments	-	119,760	48,646
Grants and government transfers	1,037,160	316,524	481,326
	3,038,048	1,904,858	2,255,245
<b>Expenses (Note 9)</b>			
Administration	61,180	62,844	57,343
Amortization	89,850	1,458,801	89,849
Accretion	-	2,145,457	-
Sewer lagoon operations and maintenance	1,313,668	1,256,880	1,146,863
	1,464,698	4,923,982	1,294,055
<b>Annual Surplus (Deficit)</b>	\$ 1,573,350	(3,019,124)	961,190
<b>Accumulated surplus, beginning of year</b>	7,097,156	7,097,156	6,135,966
<b>Accumulated surplus, end of year</b>	\$ 8,670,506	\$ 4,078,032	\$ 7,097,156

See accompanying notes to the financial statements



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

## 1. 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 Board'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, 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 unearned revenue.

### c) CASH AND CASH EQUIVALENTS

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

### d) 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.

### e) 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:

Buildings	15 to 50 years
Engineering Structures	10 to 60 years
Machinery & Equipment	5 to 40 years

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### e) TANGIBLE CAPITAL ASSETS (continued)

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.

Tangible capital assets are written down when conditions indicate they no longer contribute to the Board'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.

### f) ASSET RETIREMENT

A liability for an asset retirement obligation 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 the Board 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 asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation 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. Asset retirement obligations 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, the board reviews the carrying amount of the liability. The Board 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. The Board 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.

**f) 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. An 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.

**2. CHANGE IN ACCOUNTING POLICY**

On January 1, 2023, the Board 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 Board has chosen prospective application of this standard.

On January 1, 2023, Public Accounting Standard PS 3450 - Financial Instruments, and Public Accounting Standard 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. The new standards had no impact to the financial statements on adoption.

**3. SUMMARY OF OPERATIONS**

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

**4. INVESTMENTS**

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

**5. OPERATING LEASE**

The Board leases the sewage lagoon lands under an operating lease which expires July 31, 2060. Lease payments for 2023 are \$432,902 and have an annual increase of 2.2%. The total lease payments over the remaining term are estimated at \$23.8 million.

**6. 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.

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 unless management has elected to carry the instruments 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 in 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 the Board is not exposed to significant interest or credit risks arising from these financial instruments.



NOTES TO THE FINANCIAL STATEMENTS (continued)

**7. ASSET RETIREMENT OBLIGATION**

**Lease Obligation**

The Board is has a lease obligation that requires the full remediation of the land it leases to operate and maintain joint sewer lagoons to be returned to its original state at the end of the lease. Following the adoption of PS 3280 - *Asset retirement obligations*, the Board recognized an obligation relating to full remediation of the leased lands as estimated at January 1, 2023. The lease term was for 49 years and expires on July 31, 2060. The transition and recognition of asset retirement obligations involved an accompanying increase to the sewer lagoon assets. The increase in these capital assets is amortized on a straight-line basis over the remaining term of the lease.

The Board 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%

At January 1, 2023, the Board recorded an asset retirement obligation and an increase to tangible capital assets of \$51,449,802.

	<b>2023</b>
<b>Total Asset Retirement Obligation</b>	
Retirement obligation	<b>\$ 51,449,802</b>
Accretion expense	<b>2,145,457</b>
<b>Estimated total liability</b>	<b>\$ 53,595,259</b>

**8. CAPITAL RESERVE FUNDS**

Included in the accumulated surplus are 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:

	<b>2023</b>	<b>2022</b>
Balances, beginning of year	<b>\$ 2,222,681</b>	\$ 2,058,836
Add: transfers from current operations	<b>234,960</b>	163,845
<b>Balance, end of year</b>	<b>\$ 2,457,641</b>	\$ 2,222,681

**9. LISTING OF OPERATING EXPENSES BY OBJECT TYPE**

The following provides a summary of operating expenses by object:

	<b>2023</b>	<b>2022</b>
Salaries, wages and benefits	<b>\$ 264,214</b>	\$ 195,116
Contract services	<b>34,923</b>	28,931
Amortization	<b>1,458,801</b>	89,849
Accretion	<b>2,145,457</b>	-
Materials and supplies	<b>582,561</b>	575,098
Land rent	<b>438,026</b>	405,061
<b>Total expenses</b>	<b>\$ 4,923,982</b>	<b>\$ 1,294,055</b>

**10. BUDGET DATA**

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

	<b>2023</b>
	<b>\$ -</b>
Financial Plan Bylaw surplus for the year	
Add back:	<b>1,548,000</b>
Capital expenditures	
Less:	<b>(89,850)</b>
Amortization	<b>115,200</b>
Budgeted transfers to reserve funds	<b>\$ 1,573,350</b>
<b>Adjusted Annual Surplus</b>	

**11. FINANCIAL STATEMENT PRESENTATION**

The statements of changes in net financial assets, remeasurement gains and losses, and cash flows have not been prepared as they are not considered to provide any additional useful information.

# TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2023

## SCHEDULE I

	COST				BALANCE December 31, 2023	ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	BALANCE December 31, 2022	2023 Additions	2023 Disposals	2023 Write-downs		BALANCE December 31, 2022	2023 Additions	2023 Disposals	BALANCE December 31, 2023	2022	2023
Buildings	\$ 192,388	\$ -	\$ -	\$ -	\$ 192,388	\$ 19,640	\$ 4,810	\$ -	\$ 29,259	\$ 167,938	\$ 163,129
Engineering Structures	2,485,489	51,449,802	-	-	53,935,291	476,385	49,709	-	1,944,757	1,959,395	51,990,534
Machinery & Equipment	706,581	-	-	-	706,581	144,260	35,329	-	214,918	526,992	491,663
Work In Progress	2,220,150	350,174	-	-	2,570,324	-	-	-	-	2,220,150	2,570,324
	<b>\$ 5,604,608</b>	<b>\$ 51,799,976</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,404,584</b>	<b>\$ 640,285</b>	<b>\$ 89,849</b>	<b>\$ -</b>	<b>\$ 2,188,934</b>	<b>\$ 4,874,475</b>	<b>\$ 55,215,650</b>





# STATISTICAL INFORMATION

Five-Year Statistical Review 2019-2023

# TAXABLE ASSESSMENTS OF LAND AND IMPROVEMENTS

(in thousands)

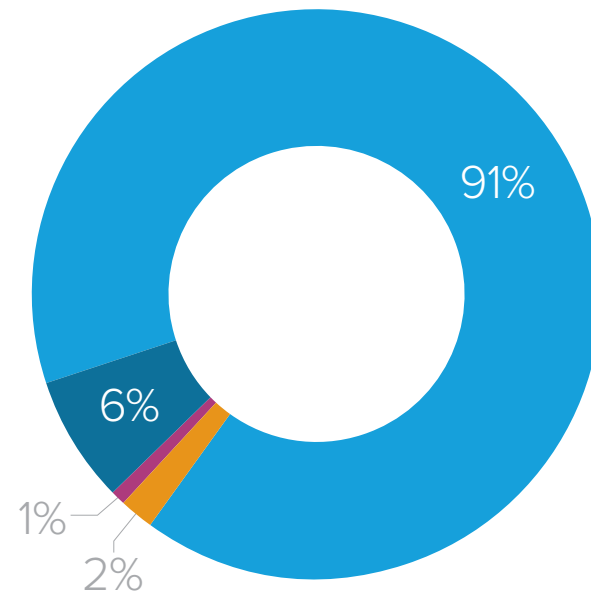
Property Class	2019	2020	2021	2022	2023
Residential	\$ 5,550,950	\$ 5,999,969	\$ 6,509,352	\$ 8,916,434	\$ 10,246,957
Utilities	6,711	7,160	7,345	8,118	9,003
Major Industry	144,613	149,278	152,940	160,298	172,253
Light Industry	62,067	77,075	84,007	104,474	132,346
Business	415,602	454,800	463,139	546,013	613,122
Managed Forest	3,299	3,344	3,278	3,119	3,251
Recreation	17,328	20,682	20,663	20,823	21,566
Farm	8,795	8,777	8,776	8,830	8,573
	<b>\$ 6,209,365</b>	<b>\$ 6,721,085</b>	<b>\$ 7,249,500</b>	<b>\$ 9,768,109</b>	<b>\$ 11,207,071</b>

# TAX REVENUE BY PROPERTY CLASS

Property Class	2019	2020	2021	2022	2023
Residential	\$ 20,237,836	\$ 20,968,476	\$ 21,849,015	\$ 22,977,758	\$ 24,204,481
Utilities	200,314	203,131	208,252	324,640	360,120
Major Industry	4,473,299	4,522,661	4,636,703	5,019,030	5,431,855
Light Industry	983,708	1,026,503	1,041,584	1,118,286	1,191,828
Business	3,974,130	4,088,352	4,246,377	4,446,116	4,640,479
Managed Forest	47,333	47,831	49,037	57,468	62,184
Recreation	63,183	72,274	72,815	53,660	54,928
Farm	32,187	30,777	29,587	22,756	22,962
	<b>\$ 30,011,990</b>	<b>\$ 30,960,005</b>	<b>\$ 32,133,370</b>	<b>\$ 34,019,714</b>	<b>\$ 35,968,837</b>

## 2023 Assessment by Property Class

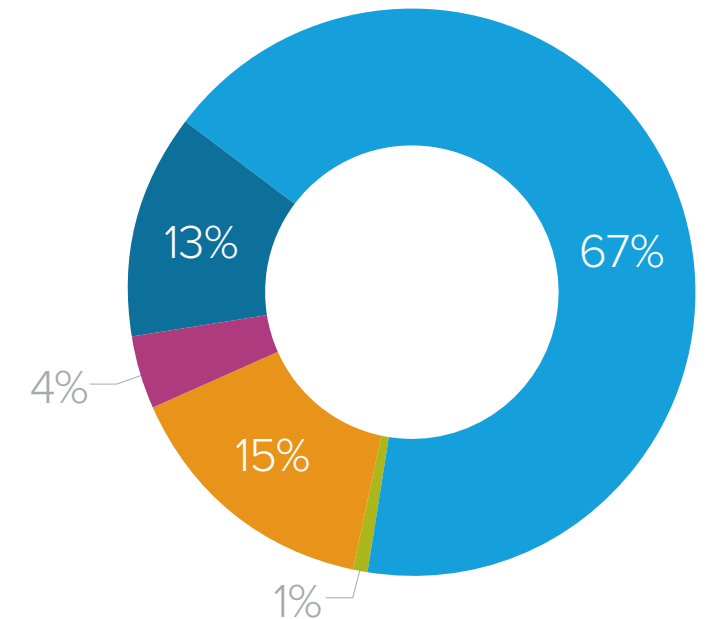
- Residential
- Utilities 0%
- Major Industry
- Light Industry
- Business
- Managed Forest 0%
- Recreation 0%
- Farm 0%



Source: North Cowichan Financial Services

## 2023 Tax Revenue by Property Class

- Residential
- Utilities
- Major Industry
- Light Industry
- Business
- Managed Forest 0%
- Recreation 0%
- Farm 0%



Source: North Cowichan Financial Services

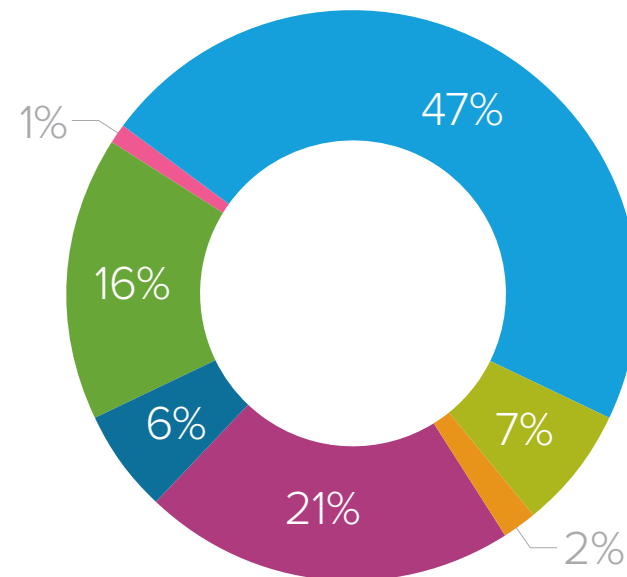


# PROPERTY TAX LEVIED AND COLLECTED

	2019	2020	2021	2022	2023
Municipal Taxes	\$ 30,011,990	\$ 30,960,005	\$ 32,133,370	\$ 34,012,776	\$ 35,936,040
Parcel Taxes	4,784,116	4,988,698	5,186,852	5,388,380	5,624,831
Utility Taxes and Grants in Lieu	1,306,970	1,292,031	1,199,453	1,019,303	1,413,582
Provincial School Taxes	12,286,609	11,828,581	13,910,383	14,973,302	16,188,739
Cowichan Valley Regional Hospital District	3,703,379	4,107,571	4,103,334	4,220,903	4,385,764
Cowichan Valley Regional District	8,750,061	9,335,402	9,621,701	10,129,087	11,764,010
BC Assessment	345,836	394,024	410,462	461,238	502,693
Municipal Finance Authority	1,469	1,592	1,703	2,241	502,693
	<b>\$ 61,190,430</b>	<b>\$ 62,907,904</b>	<b>\$ 66,567,258</b>	<b>\$ 70,207,230</b>	<b>\$ 75,818,224</b>
Total Current Taxes Levied	\$ 61,190,430	\$ 62,907,904	\$ 66,567,258	\$ 70,207,230	\$ 75,818,224
Total Current Taxes Collected	59,868,904	61,571,743	65,119,490	67,829,926	74,279,656
Outstanding	\$ 1,321,526	\$ 1,336,161	\$ 1,447,768	\$ 2,377,304	\$ 1,538,568
Percentage Collected	97.8%	97.9%	97.8%	96.6%	98.0%

## 2023 Property Tax by Type

- Municipal Taxes
- Parcel Taxes
- Utility Taxes and Grants in Lieu
- Provincial School Taxes
- Cowichan Valley Regional Hospital District
- Cowichan Valley Regional District
- BC Assessment
- Municipal Finance Authority 0%



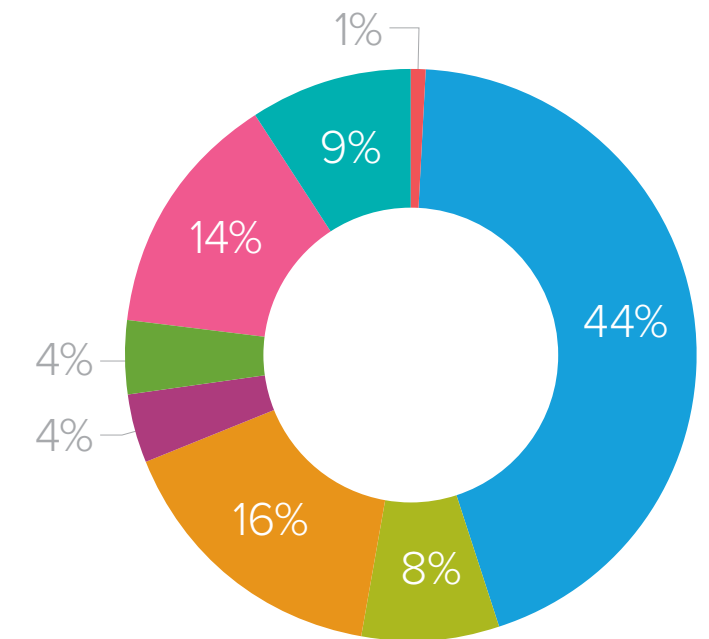
Source: North Cowichan Financial Services

# SOURCES OF REVENUE

	2019	2020	2021	2022	2023
General Taxation	\$ 30,011,990	\$ 30,960,005	\$ 32,133,370	\$ 34,012,776	\$ 35,936,040
Other Taxation	6,091,086	6,280,731	6,386,305	6,407,683	7,038,413
Sales of Services	11,525,631	9,268,220	10,728,853	11,301,521	13,610,860
Other Revenue from Own Source	1,964,092	1,699,830	2,230,498	2,394,225	3,228,027
Net Gain on Sale	63,759	-	-	-	-
Return on Investment	1,401,890	1,126,420	192,667	3,152,733	3,085,324
Grants	3,286,917	8,977,994	4,546,075	3,445,852	11,976,566
Developer & Other	2,595,164	11,080,199	1,889,214	3,574,846	7,063,829
Actuarial Adjustment to Debt	379,897	433,412	480,087	537,057	594,727
	<b>\$ 57,320,426</b>	<b>\$ 69,826,811</b>	<b>\$ 58,587,069</b>	<b>\$ 64,826,693</b>	<b>\$ 82,533,786</b>

## 2023 Sources of Revenue

- General Taxation
- Other Taxation
- Sales of Services
- Other Revenue from Own Source
- Net Gain on Sale 0%
- Return on Investment
- Grants
- Developer & Other
- Actuarial Adjustment to Debt

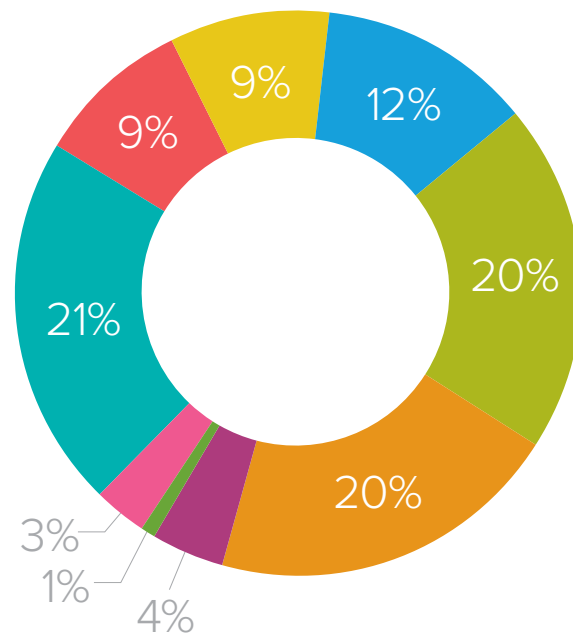
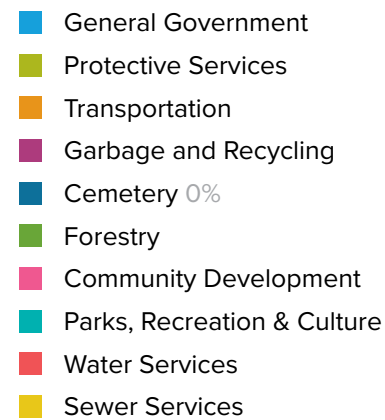


Source: North Cowichan Financial Services

## EXPENSES BY FUNCTION

	2019	2020	2021	2022	2023
General Government	\$ 6,043,676	\$ 6,002,079	\$ 6,573,706	\$ 6,860,885	<b>\$ 7,891,059</b>
Protective Services	10,015,012	10,370,277	10,902,877	12,411,129	<b>13,206,802</b>
Transportation	10,400,514	10,643,521	12,090,247	12,660,741	<b>13,102,715</b>
Garbage and Recycling	1,572,133	1,785,214	1,906,683	2,237,035	<b>2,575,071</b>
Cemetery	173,935	205,134	210,128	271,979	<b>238,146</b>
Forestry	1,328,549	849,501	640,730	568,976	<b>708,551</b>
Community Development	1,168,797	1,168,202	1,393,651	1,424,693	<b>1,596,649</b>
Parks, Recreation & Culture	10,832,245	9,449,782	12,103,772	12,753,804	<b>13,689,445</b>
Water Services	4,614,828	4,687,674	5,092,167	5,054,610	<b>5,786,918</b>
Sewer Services	3,978,588	3,660,999	3,739,484	3,825,056	<b>5,974,431</b>
	<b>\$ 50,128,277</b>	<b>\$ 48,822,383</b>	<b>\$ 54,653,445</b>	<b>\$ 58,068,908</b>	<b>\$64,769,787</b>

## 2023 Expenses by Function

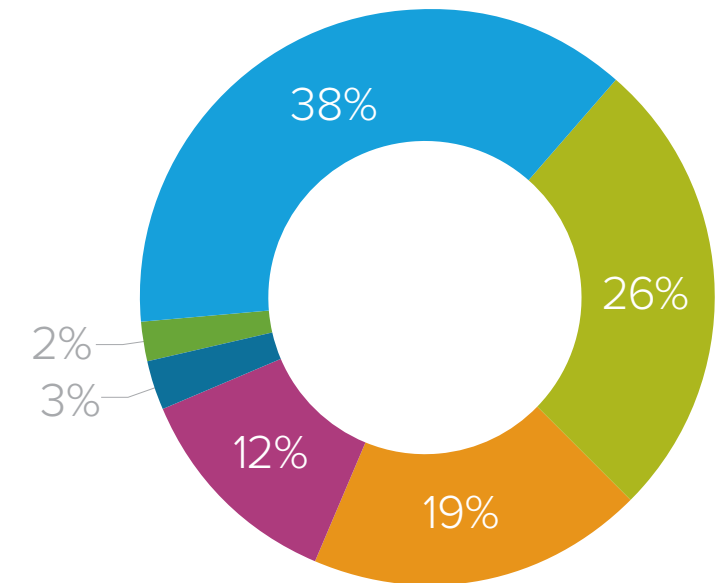
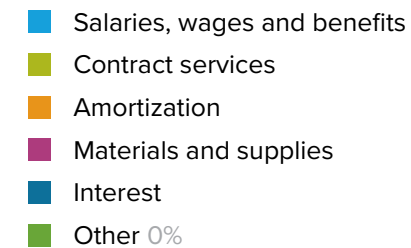


Source: North Cowichan Financial Services

## EXPENSES BY OBJECT

	2019	2020	2021	2022	2023
Salaries, wages and benefits	\$ 19,350,926	\$ 18,813,861	\$ 21,886,551	\$ 23,334,870	<b>\$ 24,930,892</b>
Contract services	14,008,575	13,713,891	14,409,164	15,037,609	<b>16,822,612</b>
Amortization	9,569,240	9,852,916	10,101,494	10,428,914	<b>12,374,329</b>
Materials and supplies	6,122,027	5,571,622	7,316,666	7,860,657	<b>7,511,105</b>
Interest	936,729	845,205	819,130	1,225,773	<b>1,754,962</b>
Other	140,780	24,887	120,440	181,085	<b>1,375,887</b>
	<b>\$ 50,128,277</b>	<b>\$ 48,822,382</b>	<b>\$ 54,653,445</b>	<b>\$ 58,068,908</b>	<b>\$ 64,769,787</b>

## 2023 Expenses by Object

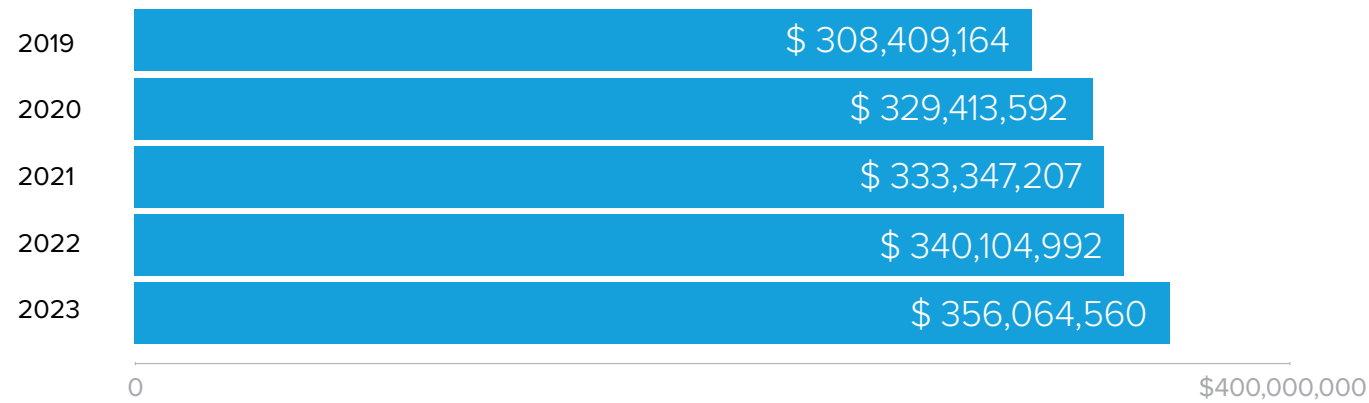


Source: North Cowichan Financial Services



# ACCUMULATED SURPLUS

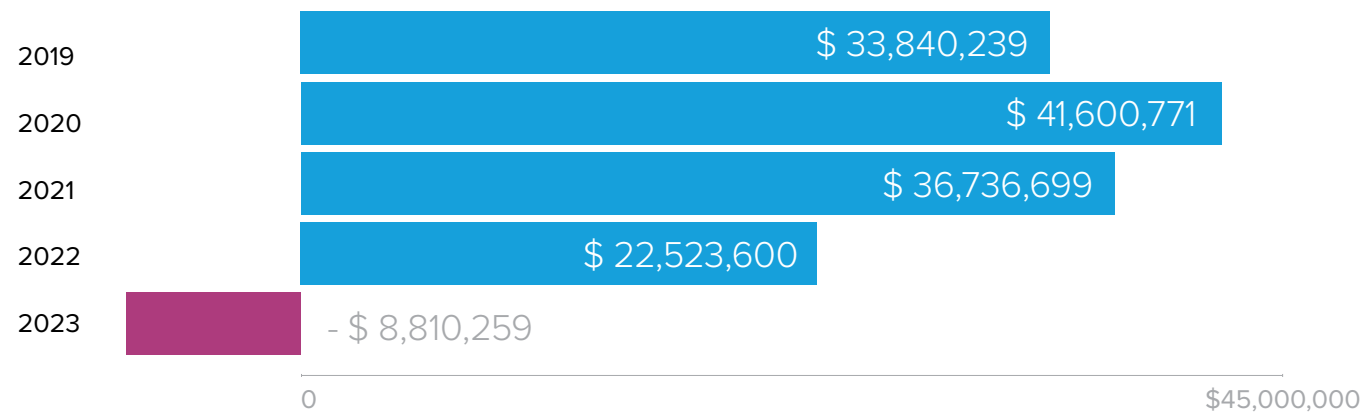
	2019	2020	2021	2022	2023
Accumulated Surplus	\$ 308,409,164	\$ 329,413,592	\$ 333,347,207	\$ 340,104,992	\$ 356,064,560
Annual Surplus	\$ 7,192,149	\$ 21,004,428	\$ 3,933,624	\$ 6,757,785	\$ 17,763,999



Source: North Cowichan Financial Services

# NET FINANCIAL ASSETS

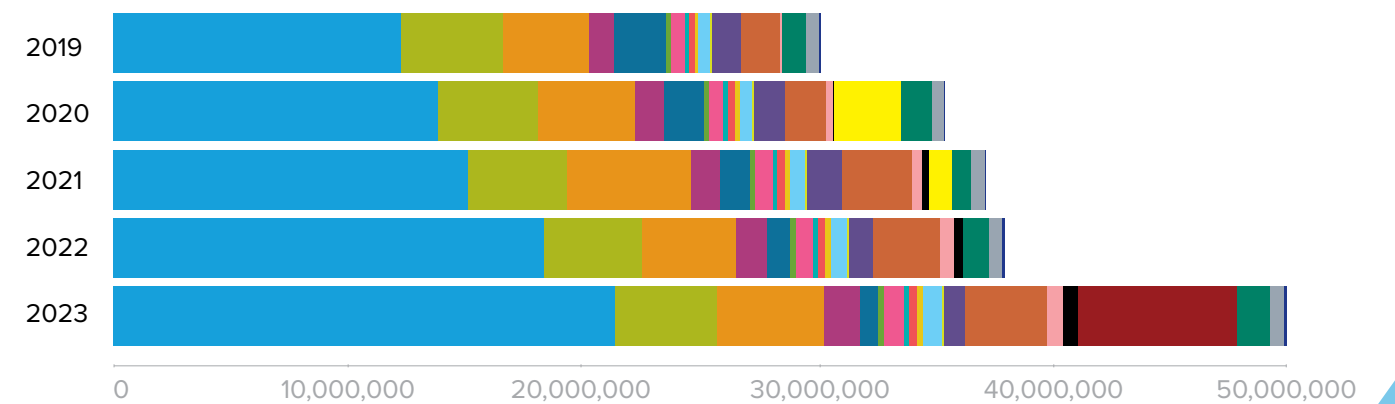
	2019	2020	2021	2022	2023
Net Financial Assets	\$ 33,840,239	\$ 41,600,771	\$ 36,736,699	\$ 22,523,600	- \$ 8,810,259



Source: North Cowichan Financial Services

# RESERVE FUND BALANCES

	2019	2020	2021	2022	2023
DCC Restricted Reserves	\$ 11,848,893	\$ 13,599,768	\$ 14,979,078	\$ 18,183,512	\$ 21,219,421
Land Sales	4,217,773	4,211,105	4,210,978	4,136,630	4,317,566
Machinery and Equipment	3,558,998	4,124,170	5,220,108	3,969,641	4,528,884
Local Area Service	1,019,925	1,152,699	1,257,457	1,347,999	1,500,071
Forest	2,145,499	1,740,130	1,250,600	957,750	792,775
Park Development	221,194	225,696	225,689	219,031	229,401
Parkland Purchase	553,755	621,099	734,755	749,763	866,761
Chemainus Parking	167,137	170,540	178,531	178,215	186,654
Agriculture	265,031	300,426	330,417	329,833	345,449
Self-Insurance	123,652	176,169	226,163	225,764	236,453
Climate Action & Energy Plan	494,610	542,814	603,355	693,855	803,831
Maple Bay Sewer	91,820	93,689	93,686	93,521	97,949
Recreation Facilities	1,169,136	1,323,415	1,484,685	1,006,661	898,527
Gas Tax Reserve	1,641,753	1,675,173	2,977,771	2,842,317	3,453,524
Quamichan Lake	52,511	318,754	418,744	556,836	683,200
IT Asset Management	-	62,000	301,998	418,465	618,278
Growing Community Fund	-	-	-	-	6,760,855
COVID-19 Safe Restart Grant	-	2,750,808	951,635	-	-
Infrastructure Replacement	1,028,913	1,299,858	830,878	1,079,411	1,380,516
Gravel Pits	523,702	534,363	558,647	557,660	584,063
Affordable Housing	42,918	75,323	75,320	114,019	119,418
<b>Total</b>	<b>\$ 29,167,220</b>	<b>\$ 34,997,999</b>	<b>\$ 36,910,495</b>	<b>\$ 37,660,883</b>	<b>\$ 49,623,596</b>



Source: North Cowichan Financial Services

## DEBENTURE DEBT

	2019	2020	2021	2022	2023
Local Area Service Debt *	\$ 3,997,051	\$ 3,794,263	\$ 3,581,790	\$ 3,361,744	\$ 3,133,855
Tax Supported Debt	15,015,901	13,769,721	12,990,284	33,478,491	31,140,338
<b>Total Debenture Debt</b>	<b>\$ 19,012,952</b>	<b>\$ 17,563,984</b>	<b>\$ 16,572,074</b>	<b>\$ 36,840,235</b>	<b>\$ 34,274,193</b>
<b>Debt per Capita</b>	<b>592</b>	<b>541</b>	<b>504</b>	<b>1105</b>	<b>992</b>

\* includes water and sewer local area services and Stoney Hill Road local area service

Source: North Cowichan Financial Services

## LIABILITY SERVICING

	2019	2020	2021	2022	2023
Liability Servicing Limit	\$ 12,821,970	\$ 12,417,282	\$ 13,003,525	\$ 14,395,257	\$ 15,691,379
Total Liability Servicing Cost	2,021,114	1,945,042	6,093,492	4,903,473	6,115,677
<b>Liability Servicing Capacity Available</b>	<b>\$ 10,800,856</b>	<b>\$ 6,675,440</b>	<b>\$ 6,910,033</b>	<b>\$ 9,491,784</b>	<b>\$ 9,575,702</b>

Source: North Cowichan Financial Services

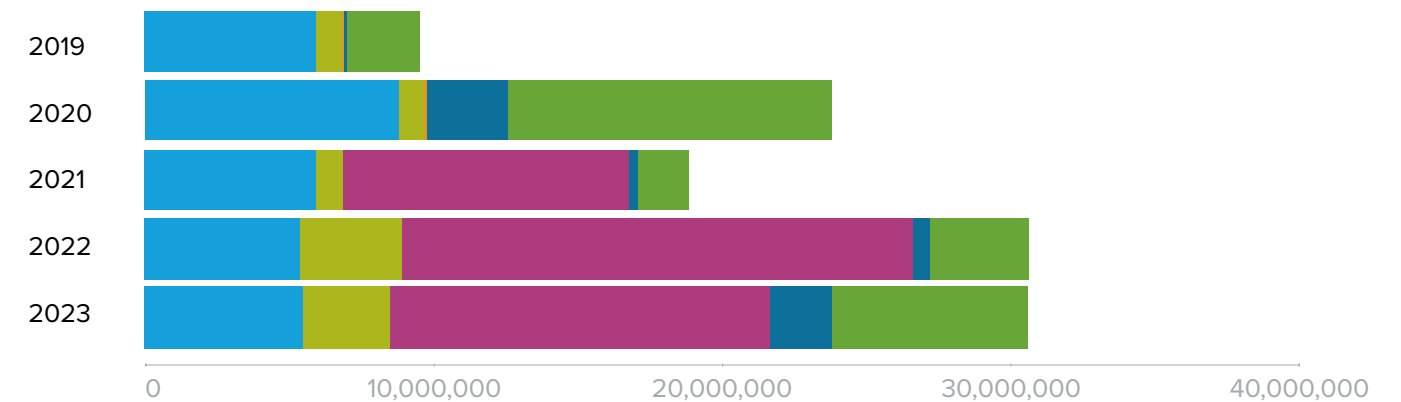
## TAXES COLLECTED FOR OTHER AGENCIES

	2019	2020	2021	2022	2023
School	\$ 12,286,609	\$ 11,828,581	\$ 13,910,383	\$ 14,973,302	\$ 16,188,739
CVRHD	3,703,379	4,107,571	4,103,334	4,220,903	4,385,764
CVRD	8,750,061	9,335,402	9,621,701	10,129,087	11,764,010
BC Assessment	345,836	394,024	410,462	461,238	502,693
MFA	1,469	1,592	1,703	2,241	2,565
<b>Total</b>	<b>\$ 25,087,354</b>	<b>\$ 25,667,170</b>	<b>\$ 28,047,583</b>	<b>\$ 29,786,771</b>	<b>\$ 32,843,771</b>

Source: North Cowichan Financial Services

## CAPITAL EXPENDITURES BY SOURCES OF FINANCING

	2019	2020	2021	2022	2023
Operating Funds	\$ 5,668,683	\$ 8,514,182	\$ 5,920,289	\$ 5,515,744	\$ 5,609,437
Reserve Funds	868,674	868,386	954,392	3,610,028	3,087,720
DCC	64,000	96,000	-	-	-
Debt	-	-	9,861,612	18,163,164	13,489,447
Grants	106,600	2,724,609	321,935	596,792	2,173,005
Developer / Other Contribution	2,411,588	10,866,949	1,767,497	3,481,509	6,982,329
<b>Total</b>	<b>\$ 9,119,545</b>	<b>\$ 23,070,126</b>	<b>\$ 18,825,725</b>	<b>\$ 31,367,237</b>	<b>\$ 31,341,938</b>



Source: North Cowichan Financial Services



# NEW CONSTRUCTION

	2019	2020	2021	2022	2023
Building Permits Issued	277	301	329	257	<b>228</b>
Construction Value	\$ 85,833,000	\$ 64,246,000	\$ 116,931,000	\$ 162,473,385	<b>\$ 309,714,042</b>

Source: North Cowichan Financial Services

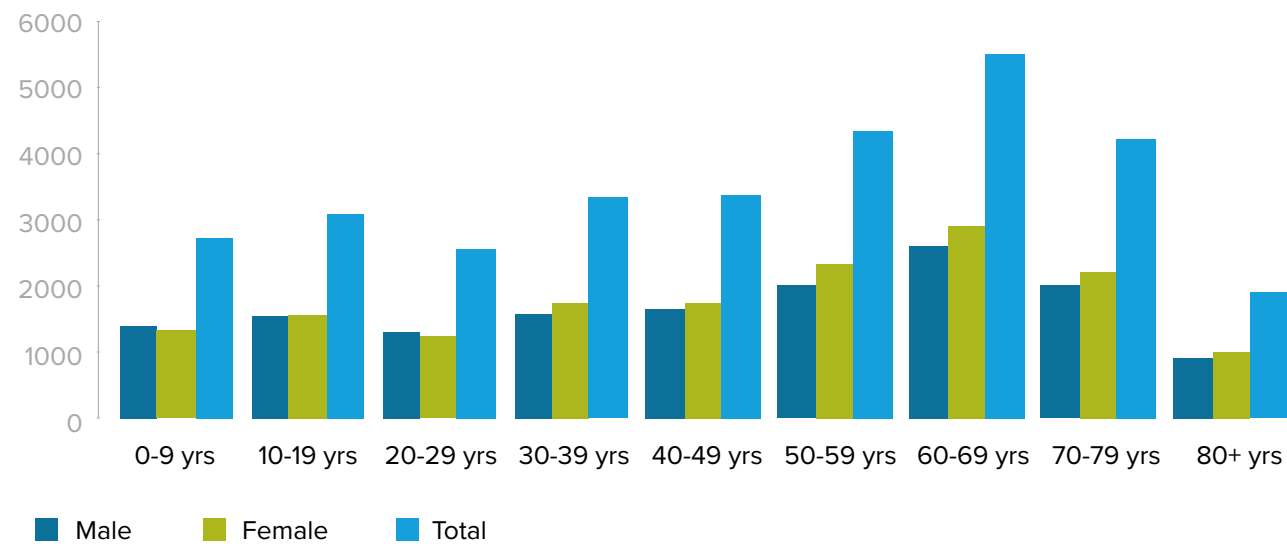
# TOTAL POPULATION

	2019	2020	2021	2022	2023
Total population estimates	32,120	32,475	32,850	33,347	<b>34,546</b>
% Change from prior year	1.1%	1.1%	1.2%	1.5%	<b>2.9%</b>

Source: BC Stats

# 2021 Population by Age Group

Median age of population 47.1 years



Source: Statistics Canada Census

# 2023 TOP 10 PRINCIPAL CORPORATE TAXPAYERS

Taxpayer	INDUSTRY	TAX CONTRIBUTION
Catalyst Paper Corp	Industry	\$ 4,686,751
Western Forest Products Inc	Industry	756,587
Calloway Reit (Cowichan) Inc	Retail	458,858
Fiera Real Estate Core Fund GP Inc	Retail	345,399
Beverly Corners Management Ltd	Retail	290,051
Centra Gas BC Inc	Utility	184,224
Chemainus Village Square Ltd	Retail	132,342
Island Timberlands GP Ltd	Industry	129,329
Baljet Car Co. Ltd	Retail	125,609
Duncan Storage Ltd	Retail	104,942

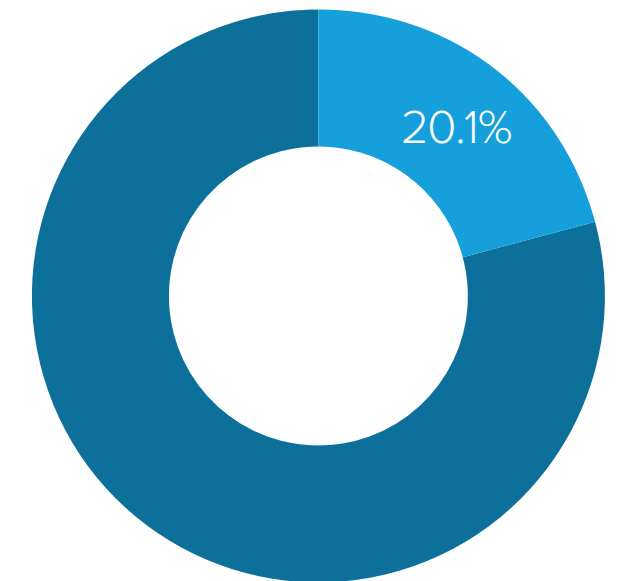
**Total Tax Contribution from Top 10 Taxpayers** \$ 7,214,093

**Total Municipal Tax** \$ 35,936,040

**Proportion of municipal tax paid by top ten** 20.1%

# 2023 Principle Corporate Taxpayers Percentage Paid

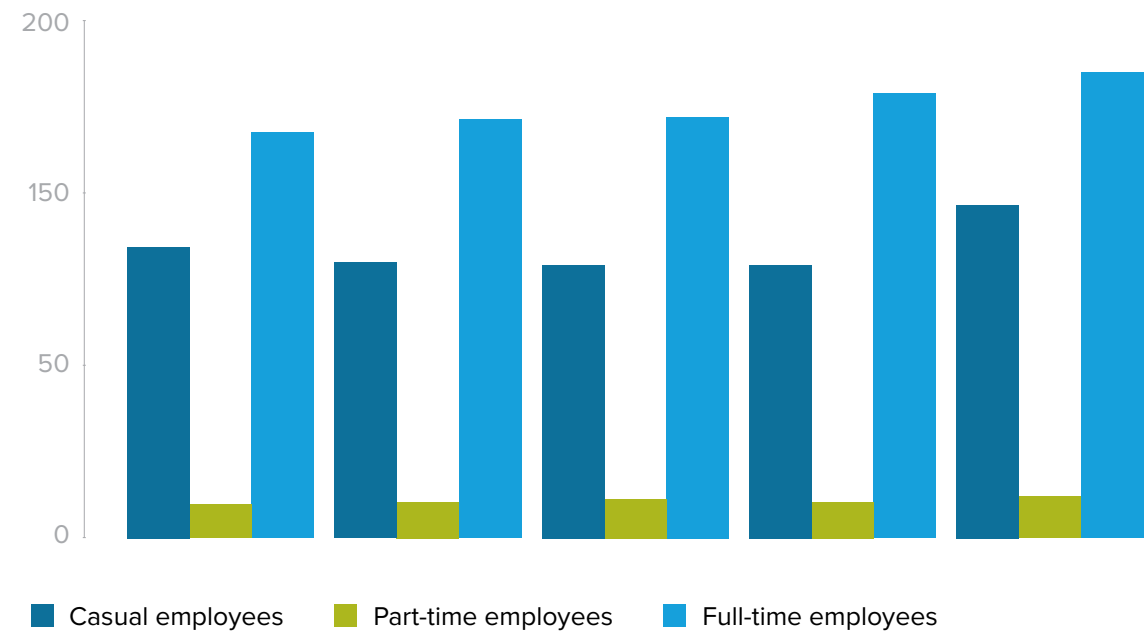
■ Corporate Taxpayers  
■ Other



Source: North Cowichan Financial Services

# EMPLOYEE STATISTICS

	2019	2020	2021	2022	2023
Casual employees	112	106	105	105	128
Part-time employees	13	14	15	14	16
Full-time employees	156	161	162	171	179



Source: North Cowichan Financial Services



OTHER  
INFORMATION



# PERMISSIVE TAX EXEMPTIONS

ROLL #	PROPERTY ADDRESS	OWNER OR OCCUPANT	TAXES
24001.000	3790 Gibbins Rd	744 (Cowichan) Squadron Admin Society – Air Cadets	\$ 1,843
403.000	5905 Indian Rd	Abbeyfield Houses Society of Duncan	4,057
15117.000	Victoria St	Anglican Synod Diocese of BC (St. Michael's& All Angels' Anglican Church)	2,375
16124.000	2852 & 2858 Mill St	Anglican Synod Diocese of BC (St. Michael's& All Angels' Anglican Church)	1,358
362.000	5795 & 5825 Church Rd	Anglican Synod Diocese of BC (St. Peter's Anglican Church)	12,254
1.000	5800 Church Rd	Anglican Synod Diocese of BC (St. Peter's Anglican Church)	1,779
5105.060	7550 Bell McKinnon Rd	B.C. S.P.C.A.	7,002
1881.000	3441 Gibbins Rd	BC Corporation of the Seventh-Day Adventist Church (Duncan)	5,209
5469.001	2892 Drinkwater Rd	BC Forest Museum Society	3,856
5977.000	2892 Drinkwater Rd	BC Forest Museum Society	1,879
8076.000	PID 009-625-399	Camp Qwanoes	5,349
8630.000	1148 Barnes Rd	Camp Qwanoes	5,105
8630.001	Water Licence 106188	Camp Qwanoes	2
8630.002	Water Licence 108939	Camp Qwanoes	496
8630.050	1148 Barnes Rd	Camp Qwanoes	717
8633.000	1148 Smith Rd	Camp Qwanoes	11,861
8633.001	1 - 1148 Smith Rd	Camp Qwanoes	216
9542.000	1186 Barnes Rd	Camp Qwanoes	2,238
16487.000	3318 River Rd	Canadian Baptists of Western Canada (Calvary Baptist Church Society)	9,107
1313.000	#2 - 5855 York Rd	Canadian Red Cross	2,831
15054.110	Unit 102 – 9799 Waterwheel Cres	Chemainus Chamber of Commerce and Visitor Centre	8,667
15152.100	9867 Maple St	Chemainus Health Care Auxiliary	10,557
15148.005	9910 Esplanade St	Chemainus Health Care Housing Society	9,155
15004.005	Rifle Range	Chemainus Rod & Gun Club	492
15798.101	9758 Chemainus Rd	Chemainus Rotary Club	253
15656.000	9824 Willow St	Chemainus Seniors Drop-In Centre Society	9,742
15086.200	9574 Bare Point Rd	Chemainus Theatre Festival Society	5,656
15103.001	9747 Chemainus Rd	Chemainus Theatre Festival Society	2,466
15105.100	9737 Chemainus Rd	Chemainus Theatre Festival Society	26,646
15054.115	Unit 102 – 9799 Waterwheel Cres	Chemainus Valley Historical Society	276
1038.001	Beverly St	Chesterfield Sports Society	1,941
1038.002	5847 Chesterfield Ave	Chesterfield Sports Society	3,955
6503.000	6118 Lane Rd	Christian Science Society, Duncan	938
977.000	5814 Banks Rd	Clements Centre Society	6,485
1095.000	5848 Clements St	Clements Centre Society	1,264
1587.000	5856 Clements St	Clements Centre Society	16,212
5359.005	6124 Ryall Rd	Clements Centre Society	1,953
5359.006	6124 Ryall Rd	Clements Centre Society	2,903
1791.020	5855 Clements St	Cowichan Agricultural Society & Farmers Institute	3,575
1081.012	101-5822 Garden St	Cowichan District Hospital Foundation	2,222
5099.000	7380 Trans Canada Hwy	Cowichan Exhibition	43,117

# PERMISSIVE TAX EXEMPTIONS (continued)

ROLL #	PROPERTY ADDRESS	OWNER OR OCCUPANT	TAXES
206.100	Beverly St	Cowichan Green Community	\$ 1,780
15644.000 & 001	Units 1, 2, 3, 4, 5, 9806 Willow St	Cowichan Neighbourhood House Association	5,348
8548.000	1860 Herd Rd	Cowichan Rugby Club	5,043
3504.003	James Street	Cowichan Valley Arts Council	3,382
1082.000	5810 Garden St	Cowichan Valley Basket Society	2,945
2310.000	3036 Sherman Rd	Cowichan Valley Church of the Nazarene	2,059
2197.001	3045 Gibbins Rd	Cowichan Valley Division of Family Practice Society	730
1920.000	5860 Banks Rd	Cowichan Valley Hospice Society	1,017
5567.000	6137 Somenos Rd	Cowichan Valley Soccer Association	1,544
5999.000	3253 Sherman Rd	Cowichan Valley Soccer Association	3,958
8333.020	Morgan St	Crofton Community Centre Society	2,847
8338.000	8104 Musgrave St	Crofton Community Centre Society	6,424
12395.000	1675 Robert St	Crofton Community Centre Society	2,306
8333.100	8003 York Ave	Crofton Community Centre Society	3,031
12316.010	1507 Joan Ave	Crofton Old School Museum	2,223
12316.011	1507 Joan Ave	Crofton Seniors Society	6,004
13951.003		Ducks Unlimited	1,765
17849.001		Ducks Unlimited	1,808
17849.002		Ducks Unlimited	134
947.000	2246 & 2244 Moose Rd	Duncan Community Lodge Society	7,125
3504.003	James Street	Duncan Dynamics Gymnastics Club	3,382
5469.005	2896 Drinkwater Rd	Duncan-Cowichan Chamber of Commerce	2,250
2246.005	2731 Boys Rd	Freshwater Fisheries Society of B.C.	339
8314.000	6722 Beaumont Ave	Friends of Cowichan Cadets Society	1,462
15791.000	2828 Pine St	Harbour View Housing Society	1,656
16273.000	9877 Esplanade St	Harbour View Housing Society	8,323
172.001	Rail Corridor	Island Corridor Foundation	926
180.001	Rail Corridor	Island Corridor Foundation	530
180.002	Rail Corridor	Island Corridor Foundation	941
184.001	Rail Corridor	Island Corridor Foundation	705
184.002	Rail Corridor	Island Corridor Foundation	606
186.001	Rail Corridor	Island Corridor Foundation	203
899.001	Rail Corridor	Island Corridor Foundation	656
900.001	Rail Corridor	Island Corridor Foundation	456
1180.025	Rail Corridor	Island Corridor Foundation	368
1180.050	Rail Corridor	Island Corridor Foundation	468
1232.003	Rail Corridor	Island Corridor Foundation	527
1232.004	Rail Corridor	Island Corridor Foundation	451
1232.005	Rail Corridor	Island Corridor Foundation	75
1232.006	Rail Corridor	Island Corridor Foundation	144
1232.007	Rail Corridor	Island Corridor Foundation	2,640
1232.008	Rail Corridor	Island Corridor Foundation	132
1232.009	Rail Corridor	Island Corridor Foundation	12
1232.010	Rail Corridor	Island Corridor Foundation	2,508

PERMISSIVE TAX EXEMPTIONS (continued)

ROLL #	PROPERTY ADDRESS	OWNER OR OCCUPANT	TAXES
1232.011	Rail Corridor	Island Corridor Foundation	\$ 3,432
2222.001	Rail Corridor	Island Corridor Foundation	430
3995.000	Rail Corridor	Island Corridor Foundation	18,440
3995.001	Rail Corridor	Island Corridor Foundation	603
3995.002	Rail Corridor	Island Corridor Foundation	5,520
3995.003	Rail Corridor	Island Corridor Foundation	7,120
3995.004	Rail Corridor	Island Corridor Foundation	3,432
3995.007	Rail Corridor	Island Corridor Foundation	6,720
3995.008	Rail Corridor	Island Corridor Foundation	6,880
3995.009	Rail Corridor	Island Corridor Foundation	5,120
3995.010	Rail Corridor	Island Corridor Foundation	3,412
3995.011	Rail Corridor	Island Corridor Foundation	5,160
3995.012	Rail Corridor	Island Corridor Foundation	6,320
3995.013	Rail Corridor	Island Corridor Foundation	7,880
3995.014	Rail Corridor	Island Corridor Foundation	1,212
3995.015	Rail Corridor	Island Corridor Foundation	5,680
3995.016	Rail Corridor	Island Corridor Foundation	5,560
3995.017	Rail Corridor	Island Corridor Foundation	4,240
3995.018	Rail Corridor	Island Corridor Foundation	2,996
3995.019	Rail Corridor	Island Corridor Foundation	7,600
3995.020	Rail Corridor	Island Corridor Foundation	16
3995.021	Rail Corridor	Island Corridor Foundation	2,560
3995.022	Rail Corridor	Island Corridor Foundation	1,220
3996.000	Rail Corridor	Island Corridor Foundation	12,920
18008.002	Rail Corridor	Island Corridor Foundation	69
1640.005	5990 Indian Rd	Maple Bay Rowing Club	1,495
8328.000	6735 Beaumont Ave	Maple Bay Rowing Club	2,844
9119.000	6337 Genoa Bay Rd	Maple Bay Yacht Club	2,133
16321.020	2816 Henry Rd	Mount Brenton Golf Course Ltd	3,437
8595.000	Maple Bay Rd	Nature Conservancy of Canada	12,578
8595.001	1241 Maple Bay Rd	Nature Conservancy of Canada	2,088
8597.000	Aitken Rd	Nature Conservancy of Canada	3,725
22.200	1501 Khenipsen Rd	Nature Conservancy of Canada	5,846
173.000	3776 Gibbins Rd	Nature Trust of BC	2,808
197.100	Trans Canada Hwy	Nature Trust of BC	3,349
197.101	Trans Canada Hwy	Nature Trust of BC	2,611
206.200	York Rd	Nature Trust of BC	1,780
1049.001	Beverly St	Nature Trust of BC	675
1242.210	Beverly St	Nature Trust of BC	2,793
3931.010	Cowichan Bay	Nature Trust of BC	62
5084.000	Trans Canada Hwy	Nature Trust of BC	3,273
200.000	6045 Trans Canada Hwy	Nature Trust of BC & Ducks Unlimited	1,506
476.000	1839 Tzouhalem Rd	New Life Community Baptist Church	12,003
24018.000	3039 Sprott Road	Parkside Academy Society	24,911
12266.200	8275 Tsussie Rd	Penelukut Development Society	694

PERMISSIVE TAX EXEMPTIONS (continued)

ROLL #	PROPERTY ADDRESS	OWNER OR OCCUPANT	TAXES
5373.000	3248 Cowichan Valley Hwy	Somenos Community Association	1,771
433.000	2004 & 2030 Crescent Rd	St. Peter's Crescent Society	4,483
477.000	1815 Tzouhalem Rd	The Church of Jesus Christ of Latter-day Saints	8,042
6000.000	3191 Sherman Rd	Duncan Curling Club	7,672
5038.012	3540 Auchinachie Rd	The Oasis Church Society	5,157
15592.000	9471 Chemainus Rd	The Pentecostal Assemblies of Canada (Chemainus Tabernacle)	885
15736.000	9775 Chemainus Rd	The Royal Canadian Legion, Chemainus (Pacific No. 191)	6,554
1313.000	101-5855 York Rd	The Sword Ministries Society	1,956
15646.000	9814 Willow St	The Trustees of the Chemainus/Crofton Pastoral Charge of the United Church of Canada	1,053
1572.001	2704 James St	Trinity Evangelical Lutheran Church	1,889
16.000	1843 Tzouhalem Rd	Vancouver Island Providence Community Association (Providence Farm)	4,301
16.002	Donnay Drive	Vancouver Island Providence Community Association	4,136
830.000	3210 Sherman Rd	Vancouver Island Sikh Cultural Society (Sikh Temple, Duncan)	8,610
6474.000	2359 Calais Rd	Vancouver Island Vipassana Association	2,465
6355.000	Wicks Rd	Vancouver Island Vipassana Association	5,109
2227.000	3968 Gibbins Rd	Vimy Community Club	2,201
24017.000	2558 Mt Sicker Rd	Westholme School Society	3,356
<b>TOTAL</b>			<b>\$ 614,034</b>





# REVITALIZATION TAX EXEMPTIONS

ROLL #	PROPERTY ADDRESS	EXTENT OF EXEMPTION	TERM	TAXES
05319-575	6157 Scott Rd	Class 5 or 6 improvements	2015 - 2024	1,666,000
05319-610	6200 Scott Rd	Class 5 or 6 improvements	2016 - 2025	541,000
<b>TOTAL</b>				<b>\$ 2,207,000</b>

# CHEMAINUS OFF-STREET PARKING

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

January 1, 2023	\$ 178,214
Interest	8,438
Current Year Contributions	-
Current Year Expenditures	0
<b>December 31, 2023</b>	<b>\$ 186,652</b>



# DEVELOPMENT COST CHARGES

Report prepared as required under section 569 of the *Local Government Act*

	Jan. 1, 2023	Interest	Current Year Contributions	Current Year Expenditures	Current Year Amounts Waived	Dec. 31, 2023
<b>Roads</b>	\$ 3,875,858	\$ 218,889	\$ 1,100,844	\$ -	\$ -	\$ 5,195,591
<b>Parks</b>	1,576,768	75,245	43,541	-	-	1,695,554
<b>Chemainus</b>						
Water	645,028	30,883	17,256	-	-	693,167
Sewer	317,859	15,067	1,290	-	-	334,216
	962,887	45,950	18,546	-	-	1,027,383
<b>Crofton</b>						
Water	149,257	7,193	3,752	-	-	160,202
Sewer	95,909	4,687	3,692	-	-	104,288
	245,166	11,880	7,444	-	-	264,490
<b>South End</b>						
Drainage	623,205	31,529	68,049	-	-	722,783
Water	3,360,835	172,140	433,233	-	-	3,966,208
Sewer	7,538,793	370,553	438,066	-	-	8,347,412
	11,522,833	574,222	939,348	-	-	13,036,403
<b>Total</b>	<b>\$ 18,183,512</b>	<b>\$ 926,186</b>	<b>\$ 2,109,723</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,219,421</b>

# DECLARATION OF DISQUALIFICATION FROM OFFICE

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



Tricia Mayea  
Corporate Officer  
May 28, 2024



A scenic photograph of a sunset over a mountain range. The sun is a bright, glowing orb in the upper center, casting a golden light across the sky and the clouds. The mountains below are silhouetted against the bright sky, and a dense forest of evergreen trees is visible in the foreground. The image is framed by blue geometric shapes: a large blue triangle in the top left corner, a blue triangle in the bottom right corner, and a blue triangle in the bottom left corner that overlaps the white background.

# NORTH Cowichan

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