

THE CORPORATION OF THE CITY OF DUNCAN

December 31, 2016

Consolidated Financial Statements

(Audited)

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Corporation of the City of Duncan and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls 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.

Council of the City met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

MNP LLP as the City's appointed external auditors, have 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 City in accordance with Canadian public sector accounting standards.



Peter de Verteuil, CPA, CGA
Chief Administrative Officer

Independent Auditor's Report

To the Mayor and Council of the City of Duncan:

We have audited the accompanying consolidated financial statements of the City of Duncan, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, change in net financial assets, cash flows and schedules 1, 2, 5, 6, 7 and 8, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Duncan as at December 31, 2016 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information, including Schedules 1 to 13, has been presented for purposes of additional analysis. The supplementary information in Schedules 1, 2, 5, 6, 7 and 8 has been subjected to the auditing procedures applied in the consolidated financial statements and, in our opinion, this supplementary information is presented fairly, in all material respects, in relation to the consolidated financial statements taken as a whole. We do not express an opinion on Schedules 3, 4, 9, 10, 11, 12 and 13 because our examination did not extend to the detailed information therein.

Duncan, British Columbia

May 1, 2017

MNP LLP

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF DUNCAN

Consolidated Financial Statements

For the Year Ended December 31, 2016

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**THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2016**

	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 339,050	\$ 898,147
Accounts receivable (Note 4)	1,168,548	1,429,080
Portfolio investments (Note 3)	13,654,817	12,209,025
Deposit - Municipal Finance Authority (Note 5)	25,743	25,042
Loan receivable (Note 6)	136,566	153,667
	<u>15,324,724</u>	<u>14,714,961</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,513,865	846,225
Sick and severance liabilities (Note 13(b))	404,012	423,973
Refundable deposits (Note 8)	22,372	190,069
Deferred revenue (Note 9)	793,298	914,449
Restricted revenue (Note 10)	1,944,088	1,926,971
Debenture debt (Note 11)	1,148,258	1,260,560
	<u>5,825,893</u>	<u>5,562,247</u>
NET FINANCIAL ASSETS	<u>9,498,831</u>	<u>9,152,714</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 6)	28,250,360	27,642,487
Inventories of supplies	120,478	102,861
Prepaid expenses	297,793	155,662
	<u>28,668,631</u>	<u>27,901,010</u>
ACCUMULATED SURPLUS (Schedule 2)	<u>\$ 38,167,462</u>	<u>\$ 37,053,724</u>

COMMITMENTS AND CONTINGENCIES (NOTE 12)



Director of Finance

See accompanying notes to the financial statements

**THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2016**

	2016 Budget (Note 14)	2016 Actual	2015 Actual
REVENUE (Schedule 5)			
Taxation and grants in lieu of taxes	\$ 3,872,082	\$ 3,871,906	\$ 3,760,923
Sale of services	3,466,869	3,636,501	3,481,188
Licenses, permits, penalties and fines	630,114	578,544	601,121
Return on investments	93,000	201,816	228,572
Grants	10,000	10,120	125,258
Government transfers	520,000	522,766	548,403
Funds contributed from (to) other governments	13,359	(5,539)	473,147
Development Cost Charge funds utilized	64,397	16,580	-
Gas Tax funds utilized	662,000	518,272	576,872
Capital contributions from developers	-	119,954	27,000
Gain(Loss) on disposal of assets	-	3,469	(7,875)
Assets constructed by developers	225,000	22,000	7,239
Increase (decrease) in proportionate share of Joint Utilities Board assets	-	(31,802)	-
Total revenue	<u>9,556,821</u>	<u>9,464,587</u>	<u>9,821,848</u>
EXPENSES (Schedule 5)			
General government services	1,266,197	2,128,964	1,597,990
Protective services	738,463	730,522	688,281
Public works & engineering	1,637,791	1,687,545	1,699,494
Environmental health services	276,554	268,171	251,718
Environmental development services	241,903	177,416	132,309
Recreation and cultural services	1,037,609	1,064,574	1,023,264
Water services	1,458,261	1,562,783	1,436,084
Sewer services	864,794	730,874	843,989
Total expenses (Note 16)	<u>7,521,572</u>	<u>8,350,849</u>	<u>7,673,129</u>
ANNUAL SURPLUS	<u>2,035,249</u>	<u>1,113,738</u>	<u>2,148,719</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>37,053,724</u>	<u>37,053,724</u>	<u>34,905,005</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 39,088,973</u>	<u>\$ 38,167,462</u>	<u>\$ 37,053,724</u>

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2016

	2016 Budget (Note 14)	2016 Actual	2015 Actual
ANNUAL SURPLUS	\$ 2,035,249	\$ 1,113,738	\$ 2,148,719
Purchase of tangible capital assets	(6,750,455)	(1,988,805)	(4,504,984)
Tangible capital assets acquired in kind	-	(22,000)	(7,239)
Amortization of tangible capital assets	1,536,366	1,379,828	1,221,943
Decrease in proportionate share of			
Joint Utilities Board tangible capital assets	-	20,766	-
Loss (gain) on disposal of tangible capital assets	-	(3,469)	7,875
Proceeds of sale of tangible capital assets	-	5,807	-
Decrease (increase) in inventory of supplies	-	(17,617)	(4,416)
Decrease (increase) in prepaid expenses	-	(142,131)	(124,751)
	<u>(5,214,089)</u>	<u>(767,621)</u>	<u>(3,411,572)</u>
CHANGE IN NET FINANCIAL ASSETS	(3,178,840)	346,117	(1,262,853)
NET FINANCIAL ASSETS, Beginning of Year	<u>9,152,714</u>	<u>9,152,714</u>	<u>10,415,567</u>
NET FINANCIAL ASSETS, End of Year	<u>\$ 5,973,874</u>	<u>\$ 9,498,831</u>	<u>\$ 9,152,714</u>

**THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2016**

	<u>2016</u>	<u>2015</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 1,113,738	\$ 2,148,719
Non-cash items included in annual surplus:		
Amortization	1,379,828	1,221,943
Tangible capital assets acquired in-kind	(22,000)	(7,239)
Increase (decrease) in proportionate share of Joint Utilities Board tangible capital assets	20,766	-
Actuarial adjustment on debenture debt	(25,964)	(21,512)
(Gain)/Loss on disposal/write down of tangible capital assets	(3,469)	7,875
	<u>2,462,899</u>	<u>3,349,786</u>
Changes in non-cash items:		
Accounts receivable	260,532	(454,498)
Deposit - Municipal Finance Authority	(701)	(624)
Loan receivable	17,101	(153,667)
Inventory of supplies	(17,617)	(4,416)
Prepaid expenses	(142,131)	(124,751)
Accounts payable and accrued liabilities	667,640	12,510
Sick and severance liability	(19,961)	6,260
Refundable deposits	(167,697)	65,365
Deferred revenue	(121,151)	(429,342)
Restricted revenue	17,117	132,748
	<u>2,956,031</u>	<u>2,399,371</u>
Cash provided by (applied to) operating transactions		
	<u>2,956,031</u>	<u>2,399,371</u>
CAPITAL TRANSACTIONS		
Proceeds on disposal of tangible capital assets	5,807	-
Purchases of tangible capital assets	(1,988,805)	(4,504,984)
	<u>(1,982,998)</u>	<u>(4,504,984)</u>
Cash provided by (applied to) capital transactions		
	<u>(1,982,998)</u>	<u>(4,504,984)</u>
INVESTING TRANSACTIONS		
Net (increase)/decrease in portfolio investments	(1,445,792)	(6,787,130)
	<u>(1,445,792)</u>	<u>(6,787,130)</u>
Cash provided by (applied to) investing transactions		
	<u>(1,445,792)</u>	<u>(6,787,130)</u>
FINANCING TRANSACTIONS		
Principal repaid - capital lease obligation	-	(13,261)
Principal repaid - long term debt	(86,338)	(86,336)
	<u>(86,338)</u>	<u>(99,597)</u>
Cash provided by (applied to) financing transactions		
	<u>(86,338)</u>	<u>(99,597)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(559,097)	(8,992,340)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	898,147	9,890,487
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 339,050	\$ 898,147

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

1. General

The Corporation of the City of Duncan ("the City") is incorporated under the provisions of the British Columbia *Local Government Act*. Its principal activities are the provision of local government services to the City, as governed by the *Community Charter* and the *Local Government Act*.

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada. The notes to the consolidated financial statements are an integral part of these statements. They provide detailed information and explain the significant accounting and reporting policies and principles that form the basis for these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the consolidated financial statements.

2. Significant Accounting Policies

a) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which they occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Liabilities are recognized until the obligation or condition(s) underlying the liability is partly or wholly satisfied. Assets are recognized until the future economic benefit underlying the asset is partly or wholly used or lost. Revenue recognition policy is described in Note 2(g). Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay. Budget information has been aggregated to comply with these reporting standards.

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in fund balances and financial position of the City. These financial statements consolidate the following operations:

<i>General Revenue Fund</i>	<i>Waterworks Utility Revenue Fund</i>
<i>General Capital Fund</i>	<i>Waterworks Utility Capital Fund</i>
<i>Reserve Funds</i>	<i>Sewer Utility Revenue Fund</i>
	<i>Sewer Utility Capital Fund</i>

b) Reporting Entity

The City has a partnership agreement with the Municipality of North Cowichan for the operation of the Joint Utilities Board, and as such, consistent with generally accepted accounting treatment for government partnerships, the Joint Utilities Board is accounted for on a proportionate consolidation basis whereby the City's pro-rata share of the assets, liabilities, revenues and expenses are combined on a line by line basis in the financial statements. Inter-partnership balances and transactions have been eliminated. The City's proportionate share of the Duncan-North Cowichan Joint Utilities Board fluctuates based on current capacity units being used which is 31.72% for 2016 (2015 - 32.62%).

c) Portfolio Investments

Investments are recorded at the lower of cost and market value. At year end, cost was substantially the same as market value.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

2. Significant Accounting Policies (continued)

d) Inventory

Inventory is recorded at the lower of cost and net realizable value, determined on an average cost basis.

e) Non-Financial Assets

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

f) Tangible Capital Assets

Tangible capital assets are recorded at cost which 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 is not available have been recorded at current fair market values 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 City does not capitalize interest charges as part of the cost of its tangible capital assets. The cost, less residual value, of tangible capital assets (excluding land) is amortized on a straight-line basis over the estimated useful life of the asset, commencing in the year that the asset is put into service. In the year that the asset is put into service, amortization is claimed for a proportionate number of in-service months. Assets under construction are not amortized until the asset is available for productive use. Estimated useful lives are as follows:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 50 years
Buildings and Leasehold Improvements	
Buildings	15 to 50 years
Leasehold improvements	Life of lease
Vehicles and Equipment	
Vehicles	10 to 20 years
Machinery, equipment and furniture	5 to 15 years
Maintenance and road construction equipment	15 years
Computer Hardware and Software	5 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	10 to 20 years
Road grade	60 years
Sidewalk surface	20 to 30 years
Sidewalk grade	60 years
Bridges	50 years
Traffic lights and equipment	30 years
Water and Sewer	
Underground networks	40 to 80 years
Dams and other surface water structures	50 to 60 years

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

2. Significant Accounting Policies (continued)

Repairs and maintenance costs are expensed. Betterments which extend the estimated useful life of the asset or enhance the service potential of the asset are capitalized.

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. The City's Totem collection has been recorded as a capital asset due to its integral relationship to the economic and tourism strategy and identity of the City. The Totem collection has been recorded at cost. Intangibles and crown lands that have not been purchased by the City, such as forests, water and other natural resources are not recognized as tangible capital assets.

g) Revenue Recognition

Tax revenues are recognized in the year that they are levied. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Sewer and water fees are recognized when the service has been received by the customer. Other sales of service and other revenue from own sources are recognized when the service is provided or the amount is earned and when the amount can be estimated and when collection is reasonably assured.

Externally restricted grant and other operating revenues received from other organizations in advance of specified future expenses are deferred until they are earned by being matched against those expenses.

Development Cost Charges are imposed for the sole purpose of providing funds for the City to pay the capital cost of providing, altering, or expanding sewage, water, drainage and highway facilities and for acquiring park land, in order to serve directly or indirectly, the development in respect of which the charges are imposed. Development revenues and other levies which are restricted by the legislation of senior governments or by agreement with external parties for specified future expenses are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. These revenues are comprised of the amounts shown in Notes 9 and 10.

h) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership or 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 as incurred.

i) Financial Instruments

The City's financial instruments consist of cash and portfolio investments, accounts receivable, loans receivable, accounts payable and accrued liabilities, refundable deposits and debenture debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, credit or currency risks arising from these financial instruments.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

2. Significant Accounting Policies (continued)

j) Use of Estimates

Preparation of financial statements in accordance with Canadian public sector accounting standards 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 revenues and expenses during the reporting period.

Significant areas requiring the use of management estimates relate to the useful lives of tangible capital assets, valuation of contributed tangible capital assets, determination of accrued sick benefits, collectability of accounts receivable, accrued liabilities and contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement. These estimates and assumptions are periodically reviewed and any adjustments necessary are reported in operations in the period in which they become known. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the City is responsible for.

k) Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when: contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2016.

At each financial reporting date, the City reviews the carrying amount of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. The City 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.

l) Recent Accounting Pronouncements

PS 2200 Related Party Disclosures

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new Standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated and they have, or could have, a material financial effect on the financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

The City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

I) Recent Accounting Pronouncements (continued)

PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this Standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

The City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3320 Contingent Assets

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the basis for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse effect on the outcome.

The Standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

I) Recent Accounting Pronouncements (continued)

PS 3380 Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent and timing.

The Standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3430 Restructuring Transactions

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on restructuring transactions. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Standard is effective for new restructuring transactions that occur in fiscal years beginning on or after April 1, 2018. Earlier application is encouraged. The City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

3. Cash and Portfolio Investments

Cash and portfolio investments are comprised of the following:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 339,050	\$ 898,147
Portfolio investments	<u>13,654,817</u>	<u>12,209,025</u>
	<u>\$ 13,993,867</u>	<u>\$ 13,107,172</u>

Portfolio investments are comprised of term deposits with original maturities longer than 90 days and investments held by the Joint Utilities Board. The investments have costs that approximate market values.

Included in portfolio investments are funds held for deferred and restricted revenues totalling \$2,728,880 (2015 - \$2,841,420) and funds held for statutory reserve funds and reserve accounts totalling \$6,503,294 (2015 - \$6,237,687). Details of these balances can be found on Schedule 8.

4. Accounts Receivable

	<u>2016</u>	<u>2015</u>
Property taxes	\$ 637,519	\$ 572,043
Water and sewer fees	572,041	513,238
Provincial government	21,919	74,328
Federal government	132,981	160,430
Other municipalities and regional governments	19,185	335,807
Other receivables	<u>74,765</u>	<u>62,887</u>
	1,458,410	1,718,733
Less: allowance for doubtful accounts (Note 12(d))	<u>(289,862)</u>	<u>(289,653)</u>
	<u>\$ 1,168,548</u>	<u>\$ 1,429,080</u>

5. Municipal Finance Authority - Reserve Deposits

The City issues debt instruments through the Municipal Finance Authority (MFA). As a condition of these borrowings, a portion of the debenture proceeds are withheld by the MFA as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. The details of the cash deposits and demand notes at year end are as follows:

	<u>2016</u>	<u>2015</u>
Cash deposits	<u>\$ 25,743</u>	<u>\$ 25,042</u>

The demand note will only be recorded as an asset and liability if a local government, under the joint and several agreement of the regional district, defaults on their loan obligation. Upon this action of default, the MFA may call the outstanding demand notes of the deficient regional district at which point the demand notes then become both an asset and a liability of the associated members. Once the defaulting local government repays in full the defaulted position, the MFA will refund all called demand notes.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

6. Loan Receivable

Pursuant to the 2014 Fire Suppression agreement between the City and Cowichan Tribes, the latter is responsible for its share of the costs of the 2015 Fire Hall upgrade project. The City has agreed to finance the balance due over 10 years, with interest at 2.46% and payments to be made annually, commencing in 2016. There are no terms of forgiveness or other conditions attached to the loan.

	<u>2016</u>	<u>2015</u>
Other municipalities and regional governments	<u>\$ 136,566</u>	<u>\$ 153,667</u>

7. Accounts Payable and Accrued Liabilities

	<u>2016</u>	<u>2015</u>
Trade accounts and accrued liabilities	\$ 339,953	\$ 401,202
Contractor holdbacks	36,211	127,292
Salaries and wages	90,628	84,221
Other municipalities and regional governments	<u>1,047,073</u>	<u>233,510</u>
	<u>\$ 1,513,865</u>	<u>\$ 846,225</u>

8. Refundable Deposits

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 190,069	\$ 124,704
Deposits received	18,716	145,035
Deposits and interest refunded	(186,076)	(79,711)
Increase (decrease) in interest payable	<u>(337)</u>	<u>41</u>
Balance, end of the year	<u>\$ 22,372</u>	<u>\$ 190,069</u>

9. Deferred Revenue

	<u>2015</u>	<u>Receipts & Interest</u>	<u>Recognized as Revenue</u>	<u>2016</u>
Federal Gas Tax agreement funds	\$ 457,066	270,676	(518,272)	\$ 209,470
Prepaid property taxes	437,460	457,911	(437,460)	457,911
Other revenue prepaid	18,923	117,500	(49,477)	86,946
Other grants	1,000	47,000	(9,029)	38,971
	<u>\$ 914,449</u>	<u>\$ 893,087</u>	<u>\$ (1,014,238)</u>	<u>\$ 793,298</u>

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

9. Deferred Revenue (continued)

Federal Gas Tax Agreement Funds

Gas Tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the City and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated projects, as specified in the funding agreements. These amounts are recognized as revenue in the period in which the corresponding expenditures are incurred.

Federal Gas Tax Continuity:

	<u>2016</u>	<u>2015</u>
Opening balance of unspent funds	\$ 457,066	\$ 766,553
Less: Gas Tax Funds utilized	(518,272)	(576,872)
Add: amount received during the year	260,555	252,066
Add: interest earned during the year	10,121	15,319
	<u>209,470</u>	<u>457,066</u>
Closing balance of unspent funds	<u>\$ 209,470</u>	<u>\$ 457,066</u>

10. Restricted Revenues

Receipts that are restricted by the legislation of senior governments are initially deferred and reported as liabilities. Included in liabilities is the Development Cost Charges Reserve, the use of which, together with any earnings thereon, is restricted by legislation. These amounts are recognized as revenue in the period in which corresponding expenditures are incurred.

Development Cost Charges:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 1,926,971	\$ 1,794,223
Contributions from (refunds to) developers	(3,853)	96,638
Used during the year	(16,580)	-
Return on investments	37,550	36,110
	<u>1,944,088</u>	<u>1,926,971</u>
Balance, end of the year	<u>\$ 1,944,088</u>	<u>\$ 1,926,971</u>

11. Debenture Debt

General Fund:

Debenture debt for the 2008 Cowichan Aquatic Centre, interest at 3.25%, maturing 2026 - MFA Issue #117

	<u>2016</u>	<u>2015</u>
	\$ 1,057,779	\$ 1,142,494

Sewer Utility Fund:

Debenture debt for 1999 Lagoon Improvements, interest at 3.15%, maturing 2019 - MFA Issue #70

	<u>90,479</u>	<u>118,066</u>
	<u>\$ 1,148,258</u>	<u>\$ 1,260,560</u>

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

11. Debenture Debt (continued)

Principal payments in the next five years are as follows:

2017	\$	86,338
2018		86,338
2019		86,338
2020		72,415
2021		72,415
2022 and beyond		744,414
	<u>\$</u>	<u>1,148,258</u>

Interest expense includes \$55,945 (2015 - \$55,945) with respect to these obligations.

12. Commitments and Contingencies

a) Commitment

The Cowichan Aquatic Centre is jointly owned by the City of Duncan and the Municipality of North Cowichan. Per an operating agreement, the City contributes towards the ongoing operations of the Centre. This agreement commits the City to contribute to the costs of the Centre based on the City's proportionate share of property tax assessments.

b) Contingent Liabilities

The Cowichan Valley Regional District debt is, under the provisions of the *Local Government Act*, a direct, joint and several liability of the Regional District and each member municipality within the Regional District, including the Corporation of the City of Duncan. The loan agreements with the Cowichan Valley Regional District and the Municipal Finance Authority provide that if any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligations in respect to such borrowings, the resulting deficiency becomes a liability of the City.

As of December 31, 2016 there are 4 claims against the City. In the opinion of management and legal counsel, the outcome of the claims, now pending, is not determinable. As the outcome is not determinable at this time, no amount has been accrued in the financial statements. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

c) Reciprocal Insurance Exchange Agreement

The City is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by Section 3.02 of the *Insurance Act* of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact on any subscriber. Under the Reciprocal Insurance Exchange Agreement the City is assessed a premium and specific deductible for its claims based on population. The obligation of the City with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several, and not joint and several.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

13. Retirement Benefits

a) Pension Liability

The City of Duncan and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 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 contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis.

The City paid \$187,860 (2015 - \$190,383) for employer contributions to the plan in fiscal 2016 while employees contributed \$171,857 (2015 - \$177,352) to the plan in fiscal 2016.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expenses 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.

b) Sick Leave and Severance Liability

The City provides compensated absences and pays out sick time on retirement to a maximum of six months pay. The City also provides severance pay on retirement or disability at the rate of one and one half or two days per total years of continuous service. The estimated sick leave and severance liability has been calculated by management under the following actuarial assumptions:

- annual inflation rate is 2.0%
- discount rate is 3.5%
- the probability of staff remaining for the required vesting period of 20 years is 100%

Based on these assumptions, sick leave and severance benefits accrued at December 31, 2016 is \$404,012 (2015 - \$423,973).

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

14. Budget Figures

Budget figures represent the Financial Plan Bylaw No. 3134 adopted by Council on March 21, 2016. The financial plan anticipated the use of surpluses accumulated in previous years to balance against current year expenses in excess of current year revenues. The following schedule reconciles the consolidated surplus as presented in the Financial Plan approved by Council to the consolidated surplus as shown on the consolidated Statement of Operations.

Financial Plan Bylaw surplus for the year	\$ -
Add back:	
Principal debt repayments	86,338
Transfers to reserves	1,164,524
Capital expenditures	6,750,455
Less:	
Budgeted transfers from accumulated surplus	
General	(212,100)
Sewer	(325,357)
Water	(619,115)
Capital	-
Budgeted transfers from own reserves	
General	(144,540)
Sewer	(688,071)
Water	-
Capital	(2,210,519)
Amortization	(1,536,366)
Debt proceeds	(230,000)
Adjusted Annual Surplus	<u><u>\$ 2,035,249</u></u>

15. Segmented Information

The City is a diversified local government institution that provides a wide range of services to its citizens, including the provision of water, sewer, drainage, fire protection, garbage collection, recreation and parkland. Distinguishable functional segments are separately disclosed in the body of the financial statements. The segments are categorized as follows:

General Government

General government operations provide the functions of corporate administration, finance, human resources, legislative services, building services and maintenance, and other functions not categorized to a specific department. It includes general revenues and transfers not allocated to a specific function.

Protective Services

Protective services is comprised of fire and rescue services, bylaw enforcement, animal control, and building inspection services. The Duncan Volunteer Fire Department provides fire suppression services, fire prevention programs and detection and extinguishment of fires. Bylaw enforcement administers, monitors and seeks compliance with the bylaws enacted by Mayor and Council to regulate the conduct of affairs in the City. The building inspection segment provides enforcement of municipal bylaws and the Provincial Building Code and regulations.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

15. Segmented Information (continued)

Public Works & Engineering

The City's Public Works department is responsible for general roadway maintenance and upgrades, street lighting, sidewalks and other general duties. The department ensures that transportation infrastructure is safe and well maintained.

Environmental Health Services

The environmental health function includes garbage, organics, yard waste and recycling collection and the operations of public washrooms in City parks. The expenditures of the City's Environment Committee are also included in this segment.

Environmental Development Services

Development services provides planning assistance to guide property owners in complying with the City's zoning bylaws, Official Community Plan and development procedures for subdividing lands and providing the necessary infrastructure to support these developments.

Recreation and Cultural Services

The recreation and culture function contributes to the quality of life in the community through the provision of a variety of programs, services and facilities. These include an extensive network of parks, the Cowichan Aquatic Centre, Seniors' Centre and the Cowichan Valley Museum.

Water Services

The City's Public Works department is responsible for environmental programs including the engineering and operation of the potable water system to obtain, treat and deliver water. The City's water system services approximately 15,000 people, extending into portions of the Municipality of North Cowichan, the Cowichan Valley Regional District Electoral Areas D and E and Cowichan Tribes territory. Water services are a self-funding utility.

Sewer Services

The City's Public Works department is responsible for environmental programs including the engineering and operation of the sewer and waste water collection system, treatment and disposal. The City collects sewer and waste water for treatment at the Joint Utilities Board (JUB) lagoons. Sewer services are a self-funding utility.

Reserve Funds

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

Budgeted costs are determined for each segment based on Council approval of management recommendations based on Council's strategic plan for the community. Budgeted revenues from fees and charges, external funding or allocations from the City's reserves are also determined in the same manner. Actual expenses are allocated at the time of purchase to the appropriate segment; payroll expenses are allocated based on actual time spent in each segment, or using a predetermined allocation subject to annual review. Taxes, grants in lieu of taxes and any revenues not directly attributable to a segment are apportioned to the General Revenue Fund.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements in Note 2.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

16. Operating Expenses By Object

	<u>2016</u>	<u>2015</u>
Amortization	\$ 1,379,828	\$ 1,221,943
Capital fund expenses	1,108,436	495,396
Contract services	939,213	890,697
Fuel	57,387	68,020
Goods and services	998,932	918,606
Grants in aid	81,279	77,896
Hydro	344,353	318,520
Insurance	134,191	129,498
Interest	56,813	58,362
Leases	1,892	3,514
Professional fees	85,124	116,687
Travel, conference and training	100,668	99,396
Wages and benefits	3,088,697	3,006,732
Write down of account receivable to net realizable value	-	289,374
Actuarial adjustment to debt	<u>(25,964)</u>	<u>(21,512)</u>
	<u>\$ 8,350,849</u>	<u>\$ 7,673,129</u>

17. Environmental Regulations

The City is subject to environmental regulations which apply to a number of its operations. These regulations may require future expenditures to meet applicable standards and subject the City to possible penalties for violations. Amounts required to meet these obligations will be charged to operations when incurred and/or when they can be reasonably estimated.

18. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 1
Audited

	General Capital Assets				Infrastructure					Totals	
	Land	Land Improvements and Parks	Buildings and Leasehold Improvements	Vehicles and Equipment	Storm Water Engineering Structures	Roads & Sidewalks	Water	Sewer	Assets Under Construction	2016	2015
Cost											
Opening costs	\$ 1,551,766	\$ 4,022,759	\$ 7,968,380	\$ 5,141,783	\$ 3,608,036	\$ 14,407,030	\$ 11,721,644	\$ 3,089,892	\$ 73,608	\$ 51,584,895	\$ 47,311,739
Additions during the year	254,014	38,370	127,368	93,224	51,579	111,849	888,816	19,161	426,424	2,010,805	4,512,223
Disposals and write-downs				(43,967)	(3,049)	(36,212)	(13,795)	(22,310)		(119,333)	(239,067)
Capitalization of assets under construction										-	-
Closing cost	1,805,780	4,061,129	8,095,748	5,191,040	3,656,566	14,482,667	12,596,665	3,086,743	500,032	53,476,367	51,584,895
Accumulated Amortization											
Opening accumulated amortization	-	1,291,429	3,002,574	2,854,345	1,649,564	9,395,641	4,761,876	1,739,641	-	24,695,070	23,720,536
Amortization:											
General government			31,440	65,986						97,426	68,223
Protective services			37,589	102,031						139,620	114,182
Public works and engineering		17,546	13,313	79,857	61,860	340,736				513,312	485,054
Environmental health				24,649						24,649	24,649
Recreation and culture		170,944	76,175	14,943		7,676				269,738	263,643
Water		677	51,426	14,468			205,426			271,997	206,325
Sewer								47,318		47,318	43,652
Total amortization	-	189,167	209,943	301,934	61,860	348,412	205,426	47,318	-	1,364,060	1,205,728
Disposals and write-downs				(43,967)	(3,049)	(36,212)	(12,809)	(20,958)		(116,995)	(231,194)
Closing accumulated amortization	-	1,480,596	3,212,517	3,112,312	1,708,375	9,707,841	4,954,493	1,766,001	-	25,942,135	24,695,070
Net Book Value of Tangible Capital Assets	\$ 1,805,780	\$ 2,580,533	\$ 4,883,231	\$ 2,078,728	\$ 1,948,191	\$ 4,774,826	\$ 7,642,172	\$ 1,320,742	\$ 500,032	\$ 27,534,232	\$ 26,889,825

Additions during the year include assets contributed by developers:
Roads & Sidewalks \$ 22,000 \$ 7,239
\$ 22,000 \$ 7,239

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
Year Ended December 31, 2016

SCHEDULE 2
Audited

	2016	2015
OPERATING FUNDS		
Unappropriated		
General	\$ 369,901	\$ 142,966
Waterworks utility	2,581,863	2,904,435
Sewer utility	1,180,572	986,735
Total Unappropriated	4,132,336	4,034,136
Appropriated		
Sewer utility: Joint Utilities Board Reserve	429,730	399,974
Total Appropriated	429,730	399,974
Total Operating Funds	4,562,066	4,434,110
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Net book value tangible capital assets (Schedule 6)	28,250,360	27,642,487
Less: Long term debt	(1,148,258)	(1,260,560)
Total Net Investment in Tangible Capital Assets	27,102,102	26,381,927
RESERVE FUNDS		
Sale of real property	217,399	213,244
Sale of property - Cowichan Place	18,381	33,873
Parking improvement	301,303	544,703
Parking improvement - Restricted	117,913	115,659
Municipal Finance Authority debt issue refunds	24,318	37,328
Operating reserves	436,767	482,480
Small communities grant	-	19,340
Machinery and equipment	1,851,493	1,536,244
Capital works and other miscellaneous reserves	300,257	277,832
General capital	3,575	1,899
Police bridging capital	1,498,297	1,293,153
Storm infrastructure	-	32,883
Aquannis Centre	-	27,586
Downtown revitalization	17,624	17,287
Melba Schappert bequest	28,351	49,602
Pioneer Park	1,374	1,348
Public art	9,771	9,585
Waterworks utility	854,383	719,227
Sewer utility	822,088	824,415
Total Reserve Funds	6,503,294	6,237,687
Total Accumulated Surplus	\$ 38,167,462	\$ 37,053,724

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016**

**SCHEDULE 3
Unaudited**

	2016 Budget	2016 Actual	2015 Actual
Taxation and Grants in Lieu of Taxes			
Property taxes - general	\$ 3,716,788	\$ 3,716,798	\$ 3,606,292
Special assessments			
Business Improvement Area (BIA)	190,000	190,000	185,000
Vancouver Island Regional Library (VIRL)	212,784	212,784	203,204
Utilities	103,374	103,374	103,052
Frontage and parcel taxes	43,920	43,900	43,580
	<u>550,078</u>	<u>550,058</u>	<u>534,836</u>
	<u>4,266,866</u>	<u>4,266,856</u>	<u>4,141,128</u>
Grants in Lieu of Taxation:			
Federal government	<u>8,000</u>	<u>7,834</u>	<u>7,999</u>
Collection for Other Governments			
School authorities levy	1,918,790	1,872,544	1,928,244
Provincial policing levy	286,908	282,746	278,942
Cowichan Valley Regional District levy	1,424,562	1,359,941	1,402,075
Regional Hospital District levy	473,390	472,941	438,324
	<u>4,103,650</u>	<u>3,988,172</u>	<u>4,047,585</u>
Joint boards and commissions:			
Municipal Finance Authority levy	162	167	163
British Columbia Assessment Authority levy	53,050	50,449	53,020
	<u>53,212</u>	<u>50,616</u>	<u>53,183</u>
Less: Transfers to other governments and others	<u>(4,156,862)</u>	<u>(4,038,788)</u>	<u>(4,100,768)</u>
Less: Transfers to BIA	<u>(190,000)</u>	<u>(190,000)</u>	<u>(185,000)</u>
Less: Transfers to VIRL	<u>(212,784)</u>	<u>(212,784)</u>	<u>(203,204)</u>
Total Taxation and Grants in Lieu of Taxes	<u><u>3,872,082</u></u>	<u><u>3,871,906</u></u>	<u><u>3,760,923</u></u>

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016**

**SCHEDULE 3
Unaudited**

	2016 Budget	2016 Actual	2015 Actual
Sale of Services			
General Revenue Fund			
Garbage and recycling fees	211,455	212,793	218,292
Cowichan Tribes fire protection	102,933	106,834	108,185
CVRD - Eagle Heights fire protection	174,030	173,260	171,286
Administration recoveries	14,800	8,490	11,491
Public Works miscellaneous recoveries	5,000	6,785	3,770
Cowichan Tribes roads contribution	400	340	334
Sports field user fees	12,000	13,958	11,065
	<u>520,618</u>	<u>522,460</u>	<u>524,423</u>
Waterworks Utility Revenue Fund			
Sale of water	1,926,907	2,047,702	1,921,459
Service charges	25,416	23,296	21,457
Water studies	1,200	-	-
	<u>1,953,523</u>	<u>2,070,998</u>	<u>1,942,916</u>
Sewer Utility Revenue Fund			
Sewer fees	992,528	1,011,641	946,921
Service charges	200	41	-
	<u>992,728</u>	<u>1,011,682</u>	<u>946,921</u>
Capital Connection Fees			
General Capital	-	8,603	8,920
Water Capital	-	18,723	49,525
Sewer Capital	-	4,035	8,483
	<u>-</u>	<u>31,361</u>	<u>66,928</u>
Total Sale of Services	<u>3,466,869</u>	<u>3,636,501</u>	<u>3,481,188</u>

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016**

**SCHEDULE 3
Unaudited**

	2016 Budget	2016 Actual	2015 Actual
Licences, Permits, Rentals and Penalties			
Trade licences	76,000	75,650	73,526
Delivery vehicle licences	1,300	1,190	1,284
Building permits and other fees	35,550	19,665	48,992
Dog licences	5,200	7,197	5,146
	<u>118,050</u>	<u>103,702</u>	<u>128,948</u>
Equipment charges less operating costs	202,263	149,898	164,942
Parking and bylaw infraction fines	25,100	23,830	25,059
Parking permits and revenues	57,400	57,574	60,876
Rentals	155,559	158,101	155,595
Penalties and interest on taxes	38,000	47,293	34,356
	<u>478,322</u>	<u>436,696</u>	<u>440,828</u>
Donations and contributions	-	5,050	100
Other revenues and fees	33,742	33,096	31,245
	<u>33,742</u>	<u>38,146</u>	<u>31,345</u>
Total Licences, Permits, Rentals and Penalties	<u>630,114</u>	<u>578,544</u>	<u>601,121</u>

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016**

**SCHEDULE 3
Unaudited**

	2016 Budget	2016 Actual	2015 Actual
Other Income			
Return on Investments			
General Fund	18,000	9,780	16,635
Waterworks Fund	58,000	53,960	69,500
Sewer Fund	17,000	19,121	21,197
Reserve Fund	-	118,955	121,240
	<u>93,000</u>	<u>201,816</u>	<u>228,572</u>
Asset Disposal			
Gain(Loss) on Disposal of Tangible Capital Assets	-	3,469	(7,875)
	<u>-</u>	<u>3,469</u>	<u>(7,875)</u>
Assets Contributed by Developers			
General Capital	225,000	22,000	7,239
	<u>225,000</u>	<u>22,000</u>	<u>7,239</u>
Funds Contributed from (to) Other Governments			
Amalgamation Study	-	9,029	-
Aquannis Centre	-	(27,940)	1,766
Joint Parks	13,359	13,372	13,227
Fire Hall Capital Upgrade	-	-	458,154
	<u>13,359</u>	<u>(5,539)</u>	<u>473,147</u>
Capital Contributions from Developers			
Water Infrastructure	-	119,954	27,000
	<u>-</u>	<u>119,954</u>	<u>27,000</u>
Development Cost Charge Funds Utilized			
Sewer Infrastructure	47,817	-	-
Water Infrastructure	16,580	16,580	-
	<u>64,397</u>	<u>16,580</u>	<u>-</u>

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016**

**SCHEDULE 3
Unaudited**

	2016 Budget	2016 Actual	2015 Actual
Other Income (continued)			
Gas Tax Funds Utilized	662,000	518,272	576,872
Government Transfers			
Unconditional Transfers from Other Governments			
Provincial revenue sharing	515,000	508,708	535,164
	<u>515,000</u>	<u>508,708</u>	<u>535,164</u>
Conditional Transfers from Other Governments			
Federal government	-	-	8,096
Provincial government	5,000	14,058	5,143
	<u>5,000</u>	<u>14,058</u>	<u>13,239</u>
Total Government Transfers	<u>520,000</u>	<u>522,766</u>	<u>548,403</u>
Grants	<u>10,000</u>	<u>10,120</u>	<u>125,258</u>
Total Other Income	<u>1,587,756</u>	<u>1,409,438</u>	<u>1,978,616</u>
Total Revenue	<u>\$ 9,556,821</u>	<u>\$ 9,496,389</u>	<u>\$ 9,821,848</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 4
Unaudited

	2016 Budget	2016 Actual	2015 Actual
General Government Services			
Legislative	\$ 147,137	\$ 137,712	\$ 129,459
General administration:			
Salaries and benefits	847,924	835,123	875,510
Advertising	8,000	5,476	6,872
Accounting and audit	18,500	19,910	19,350
City Hall maintenance and operation	56,300	49,478	48,298
Communications and consulting	109,600	86,232	85,326
Computer services	59,000	65,823	58,917
Insurance	64,080	66,210	67,371
Legal	20,000	27,366	27,193
Office supplies and miscellaneous	36,925	26,953	37,693
Sick leave and severance expense	60,000	35,618	15,712
Telephone, internet and postage	21,600	16,019	19,156
Travel, conference, training	42,000	37,696	38,945
Internal recoveries	(479,564)	(479,564)	(468,967)
	<u>864,365</u>	<u>792,340</u>	<u>831,376</u>
Other:			
Grants to organizations	18,488	14,700	19,465
Margaret Moss building	6,713	21,151	2,426
Operation and maintenance	4,012	4,012	3,927
Senior citizen sewer and water rebates	500	120	455
Sundry	4,450	7,043	4,970
Tourism	113,833	107,570	87,864
Write down of account receivable to net realizable value	-	-	289,374
	<u>147,996</u>	<u>154,596</u>	<u>408,481</u>
Total General Government Services	<u>1,159,498</u>	<u>1,084,648</u>	<u>1,369,316</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 4
Unaudited

	2016 Budget	2016 Actual	2015 Actual
Protective Services			
Fire:			
Chief and officers' honorarium	23,000	20,575	19,962
Call pay	119,000	123,753	130,198
Training	46,500	52,104	43,693
Insurance	9,500	6,242	5,848
Telephone and radio alarm system	11,825	12,742	11,659
Fire hall maintenance and operation	33,779	37,653	30,900
Vehicle maintenance and operation	36,713	27,723	34,462
Fire investigation and prevention	34,033	39,795	24,312
Hydrant rental	13,000	16,554	13,521
Other	69,291	64,991	60,307
	<u>396,641</u>	<u>402,132</u>	<u>374,862</u>
Other protection:			
Animal control	20,400	19,323	18,700
Building inspection:			
Salaries and benefits	97,354	80,063	90,043
Travel and transportation	4,820	3,420	3,420
Other	4,550	4,449	4,611
Security patrols and cameras	52,000	54,253	55,395
	<u>179,124</u>	<u>161,508</u>	<u>172,169</u>
Total Protective Services	<u>575,765</u>	<u>563,640</u>	<u>547,031</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 4
Unaudited

	2016 Budget	2016 Actual	2015 Actual
Public Works & Engineering			
Common services:			
Public works administration salaries and benefits	320,467	289,390	322,182
Other administration costs	87,490	72,862	68,743
Operation and maintenance of workshop and yard	50,151	56,410	57,754
Small tools and equipment	6,910	5,738	3,639
Engineering	189,246	175,674	177,460
Public works administration recoveries	(332,510)	(332,510)	(324,136)
	<u>321,754</u>	<u>267,564</u>	<u>305,642</u>
Street maintenance	70,000	84,236	59,245
Sidewalk maintenance	75,000	93,390	74,836
Drainage	64,250	75,937	75,518
Flood control and storm water quality testing	6,000	-	2,566
Street sweeping	50,000	51,744	53,404
Snow removal	45,000	86,762	16,647
Boulevard and median maintenance	62,490	56,833	65,177
Tree maintenance	30,000	30,687	60,515
Totem maintenance	21,000	19,732	28,777
Traffic lines and signs	76,250	77,872	76,310
Street lighting	88,650	100,748	97,473
Traffic light maintenance and control	29,600	39,535	30,714
Off street free parking lots	10,000	20,031	6,627
Other	1,810	4,416	1,576
	<u>630,050</u>	<u>741,923</u>	<u>649,385</u>
Parking:			
Parking control	30,750	27,426	28,141
Off street paid parking lots	18,200	16,923	22,551
	<u>48,950</u>	<u>44,349</u>	<u>50,692</u>
Other:			
Bylaw enforcement	46,212	43,209	42,523
Transit pass rebate program	10,000	8,883	6,612
	<u>56,212</u>	<u>52,092</u>	<u>49,135</u>
Total Public Works & Engineering	<u>1,056,966</u>	<u>1,105,928</u>	<u>1,054,854</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 4
Unaudited

	2016 Budget	2016 Actual	2015 Actual
Environmental Health Services			
Solid waste collection and disposal	211,455	209,300	191,420
Comfort stations	26,068	29,078	28,317
Environmental programs	9,000	4,000	6,786
Other	967	160	546
	<u>247,490</u>	<u>242,538</u>	<u>227,069</u>
Environmental Development Services			
Planning salaries and benefits	146,803	130,185	118,030
Materials and contracted services	95,100	47,231	14,279
	<u>241,903</u>	<u>177,416</u>	<u>132,309</u>
Recreation and Cultural Services			
Parks and playgrounds	426,961	463,987	422,314
Joint Parks contributions	5,600	5,780	5,560
Joint Cowichan Aquatic Centre contributions	226,455	235,664	276,894
Senior Citizens' Activity Centre	5,251	7,660	6,473
Museum	10,150	10,003	10,115
	<u>674,417</u>	<u>723,094</u>	<u>721,356</u>
Interest			
Interest in General Fund			
General government	1,000	868	1,434
Protective services	-	-	983
Recreation and cultural services	47,125	47,125	47,125
	<u>48,125</u>	<u>47,993</u>	<u>49,542</u>
Interest in Sewer Fund			
	8,820	8,820	8,820
	<u>56,945</u>	<u>56,813</u>	<u>58,362</u>
Water and Sewer Services			
Waterworks	1,195,066	1,284,091	1,193,479
Sewer	777,156	691,173	716,282
	<u>1,972,222</u>	<u>1,975,264</u>	<u>1,909,761</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 4
Unaudited

	2016 Budget	2016 Actual	2015 Actual
Amortization			
General government services	105,699	97,426	68,223
Protective services	162,698	139,620	114,182
Transportation services	580,825	513,312	485,054
Environmental health services	29,064	24,649	24,649
Recreation and cultural services	316,067	269,738	263,643
Water services	263,195	271,997	206,325
Sewer services	78,818	47,318	43,652
	<u>1,536,366</u>	<u>1,364,060</u>	<u>1,205,728</u>
Other			
Capital expense	-	1,108,436	495,396
Actuarial debt adjustment	-	(25,964)	(21,512)
	<u>-</u>	<u>1,082,472</u>	<u>473,884</u>
Total Expenses	<u>\$ 7,521,572</u>	<u>\$ 8,375,873</u>	<u>\$ 7,699,670</u>

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2016

SCHEDULE 5
Audited

	General Government		Protective Services		Public Works & Engineering		Environmental Health Services		Environmental Development Services	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
REVENUE										
Taxation and grants in lieu of taxes	\$ 3,871,906	\$ 3,760,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of services	8,490	11,491	280,094	279,471	15,728	13,024	212,793	218,292	-	-
Licenses, permits, penalties and fines	347,242	350,244	-	-	231,302	250,877	-	-	-	-
Return on investments	128,735	137,875	-	-	-	-	-	-	-	-
Grants	1,130	-	(4,607)	9,724	12,300	115,534	-	-	-	-
Government transfers	522,766	548,403	-	-	-	-	-	-	-	-
Funds contributed from (to) other governments	9,029	-	-	458,154	-	-	-	-	-	-
Development Cost Charge funds utilized	-	-	-	-	-	-	-	-	-	-
Gas Tax funds utilized	-	576,872	452,000	-	66,272	-	-	-	-	-
Capital contributions from developers	-	-	-	-	-	-	-	-	-	-
Gain(Loss) on disposal of assets	-	-	-	-	5,807	(7,875)	-	-	-	-
Assets contributed by developers	-	-	-	-	22,000	7,239	-	-	-	-
Increase (decrease) in proportionate share of JUB assets	-	-	-	-	-	-	-	-	-	-
Total revenue	\$ 4,889,298	\$ 5,385,808	\$ 727,487	\$ 747,349	\$ 353,409	\$ 378,799	\$ 212,793	\$ 218,292	\$ -	\$ -
EXPENSES										
Operating expenses										
Payroll	\$ 1,039,575	\$ 1,023,439	\$ 261,085	\$ 265,217	\$ 887,089	\$ 880,422	\$ 74,184	\$ 71,459	\$ 130,185	\$ 118,030
Other	45,073	345,877	302,555	281,814	218,839	174,432	168,354	155,610	47,231	14,279
Total operating expenses	1,084,648	1,369,316	563,640	547,031	1,105,928	1,054,854	242,538	227,069	177,416	132,309
Capital fund expenses	946,022	159,017	27,262	26,085	68,305	159,586	984	-	-	-
Amortization	97,426	68,223	139,620	114,182	513,312	485,054	24,649	24,649	-	-
Interest	868	1,434	-	983	-	-	-	-	-	-
Actuarial adjustment to debt	-	-	-	-	-	-	-	-	-	-
Total expenses	\$ 2,128,964	\$ 1,597,990	\$ 730,522	\$ 688,281	\$ 1,687,545	\$ 1,699,494	\$ 268,171	\$ 251,718	\$ 177,416	\$ 132,309
Surplus (Deficit)	\$ 2,760,334	\$ 3,787,818	\$ (3,035)	\$ 59,068	\$ (1,334,136)	\$ (1,320,695)	\$ (55,378)	\$ (33,426)	\$ (177,416)	\$ (132,309)

* The general government category includes revenues and expenses that cannot be attributed to a particular segment.

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2016

SCHEDULE 5
Audited

	Recreation and Cultural Services		Water Services		Sewer Services		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
REVENUE								
Taxation and grants in lieu of taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,871,906	\$ 3,760,923
Sale of services	13,958	11,065	2,089,721	1,992,441	1,015,717	955,404	3,636,501	3,481,188
Licenses, permits, penalties and fines	-	-	-	-	-	-	578,544	601,121
Return on investments	-	-	53,960	69,500	19,121	21,197	201,816	228,572
Grants	1,297	-	-	-	-	-	10,120	125,258
Government transfers	-	-	-	-	-	-	522,766	548,403
Funds contributed from (to) other governments	(14,568)	14,993	-	-	-	-	(5,539)	473,147
Development Cost Charge funds utilized	-	-	16,580	-	-	-	16,580	-
Gas Tax funds utilized	-	-	-	-	-	-	518,272	576,872
Capital contributions from developers	-	-	119,954	27,000	-	-	119,954	27,000
Gain(Loss) on disposal of assets	-	-	(986)	-	(1,352)	-	3,469	(7,875)
Assets contributed by developers	-	-	-	-	-	-	22,000	7,239
Increase (decrease) in proportionate share of JUB assets	-	-	-	-	(31,802)	-	(31,802)	-
Total revenue	\$ 687	\$ 26,058	\$ 2,279,229	\$ 2,088,941	\$ 1,001,684	\$ 976,601	\$ 9,464,587	\$ 9,821,848
EXPENSES								
Operating expenses								
Payroll	\$ 262,571	\$ 235,527	\$ 352,366	\$ 324,819	\$ 81,642	\$ 87,818	\$ 3,088,697	\$ 3,006,731
Other	460,523	485,829	931,725	868,660	568,739	585,708	2,743,039	2,912,209
Total operating expenses	723,094	721,356	1,284,091	1,193,479	650,381	673,526	5,831,736	5,918,940
Capital fund expenses	36,917	182	6,695	36,280	22,251	114,246	1,108,436	495,396
Amortization	269,738	263,643	271,997	206,325	63,086	59,867	1,379,828	1,221,943
Interest	47,125	47,125	-	-	8,820	8,820	56,813	58,362
Actuarial adjustment to debt	(12,300)	(9,042)	-	-	(13,664)	(12,470)	(25,964)	(21,512)
Total expenses	\$ 1,064,574	\$ 1,023,264	\$ 1,562,783	\$ 1,436,084	\$ 730,874	\$ 843,989	\$ 8,350,849	\$ 7,673,129
Surplus (Deficit)	\$ (1,063,887)	\$ (997,206)	\$ 716,446	\$ 652,857	\$ 270,810	\$ 132,612	\$ 1,113,738	\$ 2,148,719

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
Year Ended December 31, 2016

SCHEDULE 6
Audited

	The Corporation of the City of Duncan		Joint Utilities Board (JUB) Proportionate Share		Total	
	2016	2015	2016	2015	2016	2015
STATEMENT OF FINANCIAL POSITION						
Portfolio investments (Note 3)	\$ 13,225,087	\$ 11,809,051	\$ 429,730	\$ 399,974	\$ 13,654,817	\$ 12,209,025
Deferred revenue (Note 9)	\$ 784,792	\$ 914,449	\$ 8,506	\$ -	\$ 793,298	\$ 914,449
Tangible capital assets (Schedule 1)	\$ 27,534,232	\$ 26,889,825	\$ 716,128	\$ 752,662	\$ 28,250,360	\$ 27,642,487
Prepaid expenses	\$ 289,287	\$ 155,662	\$ 8,506	\$ -	\$ 297,793	\$ 155,662
Equity in tangible capital assets (Schedule 7)	\$ 26,385,974	\$ 25,629,265	\$ 716,128	\$ 752,662	\$ 27,102,102	\$ 26,381,927
Accumulated surplus (Schedule 9)	\$ 37,021,604	\$ 35,901,088	\$ 1,145,858	\$ 1,152,636	\$ 38,167,462	\$ 37,053,724
INVESTMENT IN TANGIBLE CAPITAL ASSETS						
Acquisition of tangible capital assets (Schedule 1)	\$ 2,010,805	\$ 4,512,223	\$ (20,766)	\$ -	\$ 1,990,039	\$ 4,512,223
STATEMENT OF OPERATIONS						
Increase (decrease) in share of JUB assets	\$ -	\$ -	\$ (31,802)	\$ -	\$ (31,802)	\$ -
Total revenues (Schedule 3)	\$ 9,496,389	\$ 9,821,848	\$ (31,802)	\$ -	\$ 9,464,587	\$ 9,821,848
Sewer services expenses	\$ 691,173	\$ 716,282	\$ (40,792)	\$ (42,756)	\$ 650,381	\$ 673,526
Sewer services amortization (Schedule 4)	\$ 47,318	\$ 43,652	\$ 15,768	\$ 16,215	\$ 63,086	\$ 59,867
Total expenses (Schedule 4)	\$ 8,375,873	\$ 7,699,670	\$ (25,024)	\$ (26,541)	\$ 8,350,849	\$ 7,673,129

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 7
Audited

	<u>2016</u>	<u>2015</u>
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Net Investment in Tangible Capital Assets (beginning of year)	\$ 25,629,265	\$ 22,209,534
Add: Purchase of tangible capital assets	1,988,805	4,504,984
Tangible capital assets acquired in-kind	22,000	7,239
Debt repayment	86,338	99,599
Actuarial adjustment to debt	25,964	21,512
Less: Amortization	(1,364,060)	(1,205,728)
Net book value of disposed of tangible capital assets	(2,338)	(7,875)
Net Investment in Tangible Capital Assets	<u>\$ 26,385,974</u>	<u>\$ 25,629,265</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 8
Audited

	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Investment income	\$ -	\$ 118,955	\$ 121,240
Funds contributed from (to) other governments	-	(27,940)	1,766
Water capital contributions from developers	-	119,954	27,000
NET REVENUES	-	210,969	150,006
TRANSFERS			
Transfers from operating fund	1,019,984	953,719	996,652
Transfers from (to) general capital fund	(2,210,519)	(882,327)	(1,437,501)
Transfers from (to) sewer capital fund	(688,071)	(16,754)	-
CHANGE IN RESERVE FUND BALANCES	(1,878,606)	265,607	(290,843)
FUND SURPLUS, BEGINNING OF YEAR	6,237,687	6,237,687	6,528,530
FUND SURPLUS, END OF YEAR	<u>\$ 4,359,081</u>	<u>\$ 6,503,294</u>	<u>\$ 6,237,687</u>

Individual reserve fund balances are detailed on the next page.

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 8
Audited

	2016	2015
	Actual	Actual
SUMMARY OF RESERVE FUND POSITIONS		
Sale of real property	* \$ 217,399	\$ 213,244
Sale of property - Cowichan Place	18,381	33,873
Parking improvement	301,303	544,703
Parking improvement - Restricted	* 117,913	115,659
Municipal Finance Authority debt issue refunds	24,318	37,328
Operating reserves	436,767	482,480
Small communities grant	-	19,340
Machinery and equipment	1,851,493	1,536,244
Capital works and other miscellaneous reserves	300,257	277,832
General capital cost contributions	3,575	1,899
Police bridging capital	1,498,297	1,293,153
Storm infrastructure	-	32,883
Aquannis Centre	-	27,586
Downtown revitalization	17,624	17,287
Melba Schappert bequest	28,351	49,602
Pioneer Park	1,374	1,348
Public art	9,771	9,585
Water capital cost contributions	465,241	337,522
Water capital reserve	389,142	381,704
Sewer capital cost contributions	142,676	141,556
Sewer capital reserve	679,412	682,859
Total Reserve Fund Equity	\$ 6,503,294	\$ 6,237,687
RESERVES HELD AS LIABILITIES		
Federal Gas Tax funds (Note 9)	* 209,470	457,066
Restricted revenue (Note 10)	* 1,944,088	1,926,971
Total Reserve Funds	\$ 8,656,852	\$ 8,621,724

* Restricted Cash and Portfolio Investments (Note 3)

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION - FUNDS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 9
Unaudited

	General Fund		Reserve Fund		Waterworks Utility Fund		Sewer Utility Fund		Equity in Capital Assets		2016	2015
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	Total	Total
FINANCIAL ASSETS												
Cash and cash equivalents (Note 3)	\$ 339,050	\$ 898,147	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 339,050	\$ 898,147
Accounts receivable (Note 4)	963,073	1,276,857	-	-	169,104	142,401	36,371	9,822	-	-	1,168,548	1,429,080
Portfolio investments (Note 3)	1,003,717	(551,085)	8,656,852	\$ 8,621,724	2,428,076	2,769,097	1,136,442	969,315	-	-	13,225,087	11,809,051
Deposits - Municipal Finance Authority (Note 5)	17,188	16,720	-	-	-	-	8,555	8,322	-	-	25,743	25,042
Loan receivable (Note 6)	136,566	153,667	-	-	-	-	-	-	-	-	136,566	153,667
	<u>\$ 2,459,594</u>	<u>\$ 1,794,306</u>	<u>\$ 8,656,852</u>	<u>\$ 8,621,724</u>	<u>\$ 2,597,180</u>	<u>\$ 2,911,498</u>	<u>\$ 1,181,368</u>	<u>\$ 987,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,894,994</u>	<u>\$ 14,314,987</u>
LIABILITIES												
Accounts payable and accrued liabilities (Note 7)	\$ 1,513,140	\$ 845,501	\$ -	\$ -	\$ -	\$ -	\$ 725	\$ 724	\$ -	\$ -	\$ 1,513,865	\$ 846,225
Sick and severance liabilities (Note 13(b))	404,012	423,973	-	-	-	-	-	-	-	-	404,012	423,973
Refundable deposits (Note 8)	22,372	190,069	-	-	-	-	-	-	-	-	22,372	190,069
Deferred revenue (Note 9)	559,934	450,320	209,470	457,066	15,317	7,063	71	-	-	-	784,792	914,449
Restricted revenue (Note 10)	-	-	1,944,088	1,926,971	-	-	-	-	-	-	1,944,088	1,926,971
Debenture debt (Note 11)	-	-	-	-	-	-	-	-	1,148,258	1,260,560	1,148,258	1,260,560
	<u>2,499,458</u>	<u>1,909,863</u>	<u>2,153,558</u>	<u>2,384,037</u>	<u>15,317</u>	<u>7,063</u>	<u>796</u>	<u>724</u>	<u>1,148,258</u>	<u>1,260,560</u>	<u>5,817,387</u>	<u>5,562,247</u>
NET FINANCIAL ASSETS	<u>\$ (39,864)</u>	<u>\$ (115,557)</u>	<u>\$ 6,503,294</u>	<u>\$ 6,237,687</u>	<u>\$ 2,581,863</u>	<u>\$ 2,904,435</u>	<u>\$ 1,180,572</u>	<u>\$ 986,735</u>	<u>\$ (1,148,258)</u>	<u>\$ (1,260,560)</u>	<u>\$ 9,077,607</u>	<u>\$ 8,752,740</u>
NON-FINANCIAL ASSETS												
Tangible capital assets (Schedule 1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,534,232	\$ 26,889,825	\$ 27,534,232	\$ 26,889,825
Inventory of supplies	120,478	102,861	-	-	-	-	-	-	-	-	120,478	102,861
Prepaid expenses	289,287	155,662	-	-	-	-	-	-	-	-	289,287	155,662
	<u>409,765</u>	<u>258,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,534,232</u>	<u>26,889,825</u>	<u>27,943,997</u>	<u>27,148,348</u>
ACCUMULATED SURPLUS	<u>\$ 369,901</u>	<u>\$ 142,966</u>	<u>\$ 6,503,294</u>	<u>\$ 6,237,687</u>	<u>\$ 2,581,863</u>	<u>\$ 2,904,435</u>	<u>\$ 1,180,572</u>	<u>\$ 986,735</u>	<u>\$ 26,385,974</u>	<u>\$ 25,629,265</u>	<u>\$ 37,021,604</u>	<u>\$ 35,901,088</u>

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF GENERAL REVENUE FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 10
Unaudited

	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Taxation	\$ 3,864,082	\$ 3,864,072	\$ 3,752,924
Grants in lieu of taxes	8,000	7,834	7,999
Sale of services	520,618	522,460	524,423
Other revenue from own sources	630,114	578,544	601,121
Return on investments	18,000	9,780	16,635
Grants	-	1,130	
Government transfers	520,000	522,766	540,307
Funds contributed from other governments	13,359	22,401	13,227
Total revenue	<u>5,574,173</u>	<u>5,528,987</u>	<u>5,456,636</u>
EXPENSES			
General government	1,159,498	1,084,648	1,369,316
Protective services	575,765	563,640	547,031
Public works & engineering	1,056,966	1,105,928	1,054,854
Environmental health services	247,490	242,538	227,069
Environmental development services	241,903	177,416	132,309
Recreation and cultural services	674,417	723,094	721,356
Interest	48,125	47,993	49,542
Total expenses	<u>4,004,164</u>	<u>3,945,257</u>	<u>4,101,477</u>
NET REVENUES	1,570,009	1,583,730	1,355,159
TRANSFERS			
Transfers to general capital fund	(645,790)	(286,761)	(379,490)
Transfers to reserve fund	(1,019,984)	(953,719)	(996,652)
Transfers to sewer revenue fund - parcel tax	(43,920)	(43,900)	(43,580)
Long term debt repayment	(72,415)	(72,415)	(85,676)
NET INCREASE (DECREASE) IN FUND	(212,100)	226,935	(150,239)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>142,966</u>	<u>142,966</u>	<u>293,205</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>\$ (69,134)</u>	<u>\$ 369,901</u>	<u>\$ 142,966</u>

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF WATERWORKS UTILITY REVENUE FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 11
Unaudited

	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Sale of water	\$ 1,926,907	\$ 2,047,702	\$ 1,921,459
Water studies	1,200	-	-
Service charges	25,416	23,296	21,457
Return on investments	58,000	53,960	69,500
Total revenue	<u>2,011,523</u>	<u>2,124,958</u>	<u>2,012,416</u>
EXPENSES			
Administration	579,095	545,300	554,088
Transmission and distribution	359,600	478,374	406,940
Pumping	256,371	260,417	232,451
Total expenses	<u>1,195,066</u>	<u>1,284,091</u>	<u>1,193,479</u>
NET REVENUES	816,457	840,867	818,937
TRANSFERS			
Transfers to waterworks utility capital fund	<u>(1,435,572)</u>	<u>(1,163,439)</u>	<u>(1,573,734)</u>
NET INCREASE (DECREASE) IN FUND	(619,115)	(322,572)	(754,797)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,904,435</u>	<u>2,904,435</u>	<u>3,659,232</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>\$ 2,285,320</u></u>	<u><u>\$ 2,581,863</u></u>	<u><u>\$ 2,904,435</u></u>

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF SEWER UTILITY REVENUE FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 12
Unaudited

	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Sewer fees	\$ 992,528	\$ 1,011,641	\$ 946,921
Service charges	200	41	-
Return on investments	17,000	19,121	21,197
Total revenue	<u>1,009,728</u>	<u>1,030,803</u>	<u>968,118</u>
EXPENSES			
Administration	268,900	252,550	241,113
Collection and disposal	174,572	190,179	176,509
Cost sharing - municipal government	(20,000)	(40,184)	(18,431)
Joint Utilities Board	353,684	288,628	317,091
Interest on debenture debt	8,820	8,820	8,820
Total expenses	<u>785,976</u>	<u>699,993</u>	<u>725,102</u>
NET REVENUES	223,752	330,810	243,016
TRANSFERS			
Transfers to sewer capital fund	(579,106)	(166,950)	(374,347)
Transfers from general revenue fund - parcel tax	43,920	43,900	43,580
Long-term debt repayment	(13,923)	(13,923)	(13,923)
NET INCREASE (DECREASE) IN FUND	(325,357)	193,837	(101,674)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>986,735</u>	<u>986,735</u>	<u>1,088,409</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 661,378</u>	<u>\$ 1,180,572</u>	<u>\$ 986,735</u>

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF CAPITAL FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2016

SCHEDULE 13
Unaudited

	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Connection fees			
General Capital	\$ -	\$ 8,603	\$ 8,920
Water Capital	-	18,723	49,525
Sewer Capital	-	4,035	8,483
Grants	10,000	8,990	125,258
Government transfers	-	-	8,096
Funds contributed from other governments	-	-	458,154
Development Cost Charges utilized	64,397	16,580	-
Gas Tax Funds utilized	662,000	518,272	576,872
Gain (Loss) on disposal of tangible capital assets	-	3,469	(7,875)
Assets constructed by Developers			
General Capital	225,000	22,000	7,239
Total revenue	961,397	600,672	1,234,672
EXPENSES (not capitalized) (Schedule 5)			
General government services	-	946,022	159,017
Protective services	-	27,262	26,085
Transportation services	-	68,305	159,586
Environmental health services	-	984	-
Recreation and cultural services	-	36,917	182
Water services	-	6,695	36,280
Sewer services	-	22,251	114,246
Total expenses	-	1,108,436	495,396
NET REVENUES	961,397	(507,764)	739,276
TRANSFERS			
Transfers from (to) general operating fund	645,790	286,761	379,490
Transfers from (to) water operating fund	1,435,572	1,163,439	1,573,734
Transfers from (to) sewer operating fund	579,106	166,950	374,347
Transfers from (to) general reserve funds	2,210,519	882,327	1,437,501
Transfers from (to) sewer reserve funds	688,071	16,754	-
Proceeds of new debt	230,000	-	-
Tangible capital asset purchases	(6,750,455)	(1,988,805)	(4,504,984)
Tangible capital assets acquired in-kind	-	(22,000)	(7,239)
Net book value of disposed of tangible capital assets	-	2,338	7,875
NET INCREASE (DECREASE) IN FUND	-	-	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-	-
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ -	\$ -