



DUNCAN

City of Duncan, British Columbia, Canada

2015 Annual Report

For the Year Ended December 31, 2015





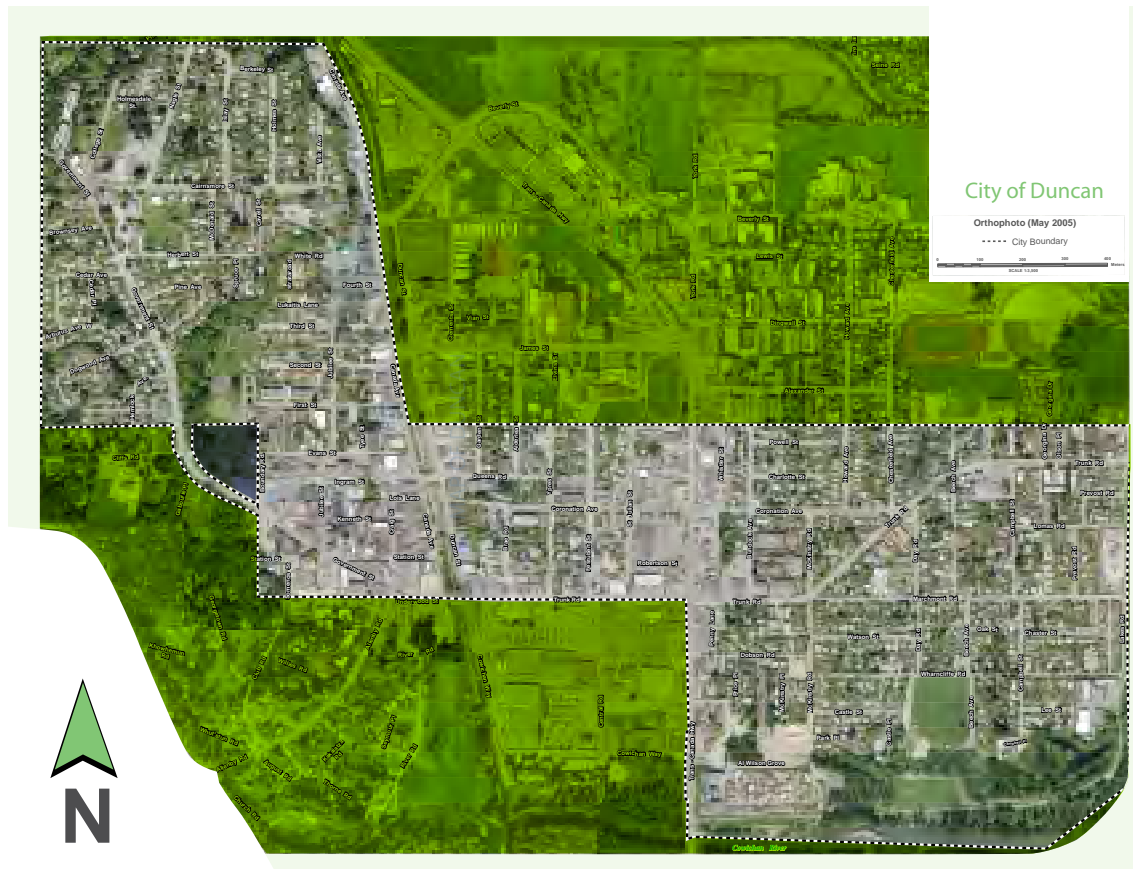
Back Cover

**City of Duncan 2013
Centennial Pole**

Carver: Calvin Hunt

Photo Credits

City of Duncan
Phil Ives





Corporation of the
City of Duncan
British Columbia

2015 Annual Report



Fiscal Year Ended December 31, 2015

A photograph of a forest path. The path is a narrow, dirt trail that winds through a dense forest. Tall, slender trees with green foliage line both sides of the path. Sunlight filters through the canopy, creating a dappled light effect on the path and the surrounding vegetation. The overall atmosphere is peaceful and natural.

Our Annual report provides an opportunity every year for citizens and stakeholders to review our accomplishments, and to see what objectives we have set for the coming years ahead.

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Mayor & Council

From left to right: Councillor Roger Bruce, Councillor Tom Duncan, Councillor Michelle Staples, Mayor Phil Kent, Councillor Sharon Jackson, Councillor John Horgan, Councillor Michelle Bell, CAO Peter de Verteuil.

Mayor

Phil Kent

Councillors

- Michelle **Bell**
- Roger **Bruce**
- Tom **Duncan**
- John **Horgan**
- Sharon **Jackson**
- Michelle **Staples**

List Of Officers

Chief Administrative Officer

Peter de Verteuil, CPA, CGA

Director Of Finance

Talitha Soldera, CPA, CGA

Director Of Corporate Services

Karen Robertson

Director Of Public Works and Development Services

Vacant

Manager of Planning

Michelle Geneau

Building Inspector/LAFC

David Hewetson

Fire Chief (Volunteer)

Mike McKinlay

Royal Canadian Mounted Police

Inspector Ray Carfantan

Appointments & Advisory Committees

Committee Appointments

Advisory Committee on Disability Issues

Councillors Sharon Jackson (Chair) & Michelle Bell

Environment & Sustainability Committee

Councillors Michelle Staples (Chair), Tom Duncan & Sharon Jackson

Tourism Committee

Councillors Tom Duncan (Chair), John Horgan & Michelle Staples

Totem Sub-Committee

Councillor Michelle Staples

External Appointments (Non-Voting Members)

Chamber of Commerce

Councillor John Horgan

Cowichan Community Kitchens

Councillor Sharon Jackson

Cowichan Exhibition Society Board

Councillor Tom Duncan

Cowichan Sportsplex

Councillor Roger Bruce

Cowichan Tribes Liaisons

Mayor Phil Kent & Councillor Michelle Staples

Duncan Business Improvement Area Society (Duncan BIA)

Councillor Michelle Staples

Duncan-Cowichan Summer Festival

Councillor Tom Duncan

External Appointments

(Non-Voting Members) – Continued

Cowichan Historical Society

Councillor John Horgan

Valley Seniors Organization

Councillors Michelle Bell & Michelle Staples

Senior's Advisory Group

Councillor Sharon Jackson

Social Planning – Homeless Issues

Councillor Michelle Bell

Peace Pole Committee

Councillor Michelle Staples

External Appointments (Voting Members)

Island Savings Centre Commission

Councillors Tom Duncan, Sharon Jackson & Michelle Bell (Alternate)

CVRD

Mayor Phil Kent & Councillor Sharon Jackson (Alternate)

Vancouver Island Regional Library Board

Councillors Tom Duncan & John Horgan (Alternate)

North Cowichan Parks and Recreation Commission

Councillor Michelle Bell

CVRD Community Safety Advisory Committee

Councillor Michelle Bell

Joint Utilities Board

Councillors Michelle Bell & John Horgan

Message From The Mayor

I am pleased to present the City of Duncan 2015 Annual Report on behalf of City Council. Our Annual report provides an opportunity every year for citizens and stakeholders to review our accomplishments and to see what objectives we have set for the coming years ahead.

In reviewing last years' accomplishments, I am proud to say that we succeeded in completing most of the objectives that were set out for 2015. Major capital projects were completed such as the Canada Avenue and Cedar Avenue Upgrades, the Cowichan River Dike Projects, Seismic Upgrade of the Duncan Firehall and the Water Metering Program in the CVRD and Cowichan Tribes areas.

2015 saw a significant increase in development in the City, as many new projects were started or completed, adding to our commercial, mixed use and multi-family developments.

As we move toward the mid-term of this Council mandate, we have also reviewed many of our policies and bylaws to ensure we meet the need for a modern approach to managing the community's affairs in a transparent and efficient manner. Communication is a key to ensuring effective information is provided to you and feedback is provided back to Council. This year we will see the launch of our new web site, we hope that you use this resource to gain information about City initiatives and to access our services. We will also be adding the capacity to view your utility bills and make other payments online.

Please take the time to review this report, which contains all of our objectives, sorted by the goals of our Official Community Plan, and let us know what you think.

Sincerely,



Phil Kent, Mayor







Mayors of Duncan Since 1912

K.F. Duncan	1912 – 1913
O.T. Smythe	1914 – 1916, 1923
E.F. Miller	1917 – 1918, 1922
T. Pitt	1919 – 1921
J.I. Mutter	1924 – 1928
H.F. Prevost	1929 – 1935
J. Grieg	1936 – 1939
E.W. Lee	1940 – 1942
G.H. Savage	1943 – 1946
J.C. Wragg	1947 – 1955
J.T. Dobson	1956 – 1967
J.W. Quaife	1968 – 1973
K. Paskin	1974 – 1979
M.G. Coleman	1980 – 1982
D.W. Barker	1983 – 1986
M.G. Coleman	1987 – 2005
P.J. Kent	2006 – Present

Freeman Designations

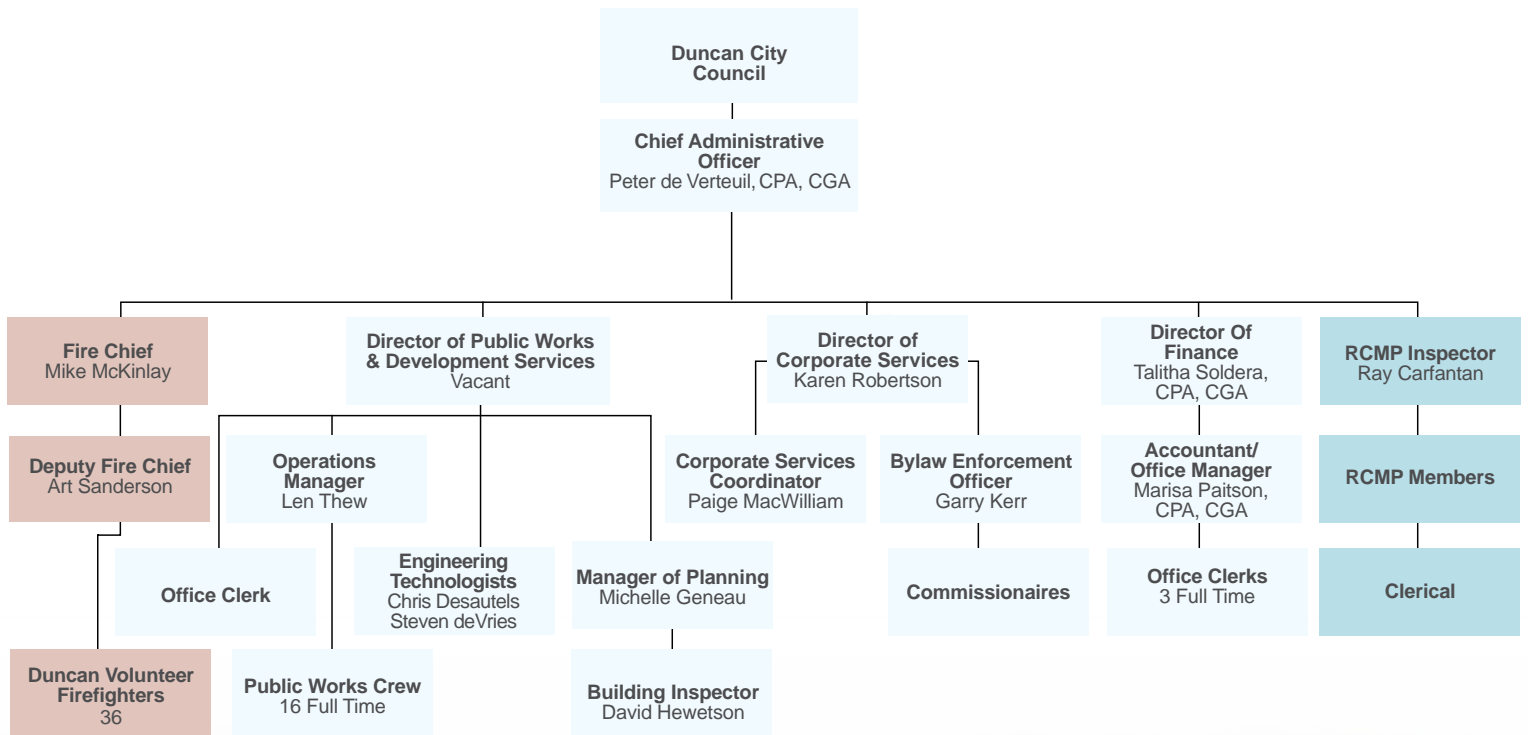
Norah C. Denny	1963
Dorothy R. Geoghegan	1963
John T. Dobson	1975
C.A. (Bob) Howard	1977
John Homer	1985
Art Mann	1998
Pres Bruce	1999
Martin Lukaitis	2004
Joan Gillatt	2005
Glenn Mackie	2008
Mike Caljouw	2009
Michael Coleman	2011

history

SCROLL OF HONOUR RECIPIENTS

Shellagh Mallard	1977	Nancy Casswell	1991	Gordon Closson	2004
Mabel Sanderson	1978	Phillip Moody	1991	Bill Keserich	2005
Albert Dirom	1981	Barbara Coleman	1992	Debbie Williams	2005
Jack Dobson	1983	John Sanders	1992	Betty Anne Devitt	2006
Robert W. Young	1983	Mary Wadsworth	1993	Betty James	2007
Jack Fleetwood	1985	Cam Drew	1994	Lori Iannidinaldo	2007
Preston Bruce	1985	Mary Newington	1995	Bob James	2008
Douglas W. Barker	1986	Carlene Marentes	1996	Rigs Sutton	2008
Myrtle Haslam	1986	Jack Hutton	1997	Bill & Celia Abram	2009
Audrey Waddy	1986	Glenn Mackie	1998	Ron George	2009
Arthur R. Mann	1987	Stan Green	1999	Patricia & Duffy Chaster	2010
Gordon M. Berry	1988	Joan Gillatt	2000	Louise McMurray	2011
Leslie Sjoberg	1988	Ronnie Phipps	2000	William Abner Thome	2011
Glenda Osborne	1989	Ernie Moon	2001	Ruth Chaster	2012
Ossie Osborne	1989	Ruby Peter	2001	Denise L. McKinlay	2013
Jim Elliot	1990	Dennis Alphonse	2002	Chuck McCandless	2013
Nora Maxwell	1990	Andy Bigg	2003	Jack Faber	2014
				Norm Jackson	2015

Organizational Structure



Our core values



- ▶ We approach projects with a focus on sustainability
- ▶ We provide Duncan's citizens with timely, efficient and friendly service in a cost effective manner
- ▶ We value green space and urban forests
- ▶ We will enhance and maintain a vibrant downtown core
- ▶ We value retaining our historical and cultural uniqueness
- ▶ We provide safe and comfortable transportation alternatives to those that live in or visit our City
- ▶ We consider the interests of our neighbours when making key City decisions



Our Vision for Managed Growth

To accommodate and manage population growth to meet the needs of Duncan's residents, build on and enhance the City's attributes, and work towards a more sustainable built and natural environment.



Our Commitments

Review Local Government Boundaries

PROGRESS IN 2015

- » Appointed two Councillors to work with Councillors from the Municipality of North Cowichan to draft terms of reference for a citizen's assembly.

WHAT WE WILL DO IN 2016-2017

- » Continue to work with the Municipality to establish the Citizen's Assembly and review the findings.

Ensure Zoning and Policies are Consistent with the Strategic Plan and Official Community Plan

PROGRESS IN 2015

- » Established an Advisory Design Panel.
- » Began review of Development Permit Area Guidelines.
- » Drafted new Zoning Bylaw and began internal review prior to public review.

WHAT WE WILL DO IN 2016-2017

- » Continue to develop policies and work with local groups to support development of affordable housing.
- » Seek public feedback on the Draft Zoning Bylaw and bring the amended bylaw to Council for adoption.
- » Begin update and review of the Official Community Plan.
- » Complete the review of Development Permit Area Guidelines.



Our Vision for a Thriving Economy & Business Community

To maintain and enhance the City's role as the commercial, service, employment and social centre of the Cowichan Valley where businesses and residents can prosper in a sustainable manner and where residents and visitors can work, shop, access services, and enjoy many cultural and recreational amenities.



Our Commitments

Encourage a business and development friendly environment

PROGRESS IN 2015

- » Updated the development cost charge bylaw for submission to the Province.
- » Adopted a development cost charge waiver and reduction bylaw.

WHAT WE WILL DO IN 2016-2017

- » Review development approval processes and requirements for efficiency and attractiveness.
- » Adopt the development cost charge bylaw.

Encourage a thriving downtown

PROGRESS IN 2015

- » Completed Canada Avenue/Ingram Street infrastructure upgrades.

WHAT WE WILL DO IN 2016-2017

- » Complete a detailed design and construction of improvements to the Canada Avenue and Government Street/Trunk Road intersection.

Improve first impressions from the Trans Canada Highway

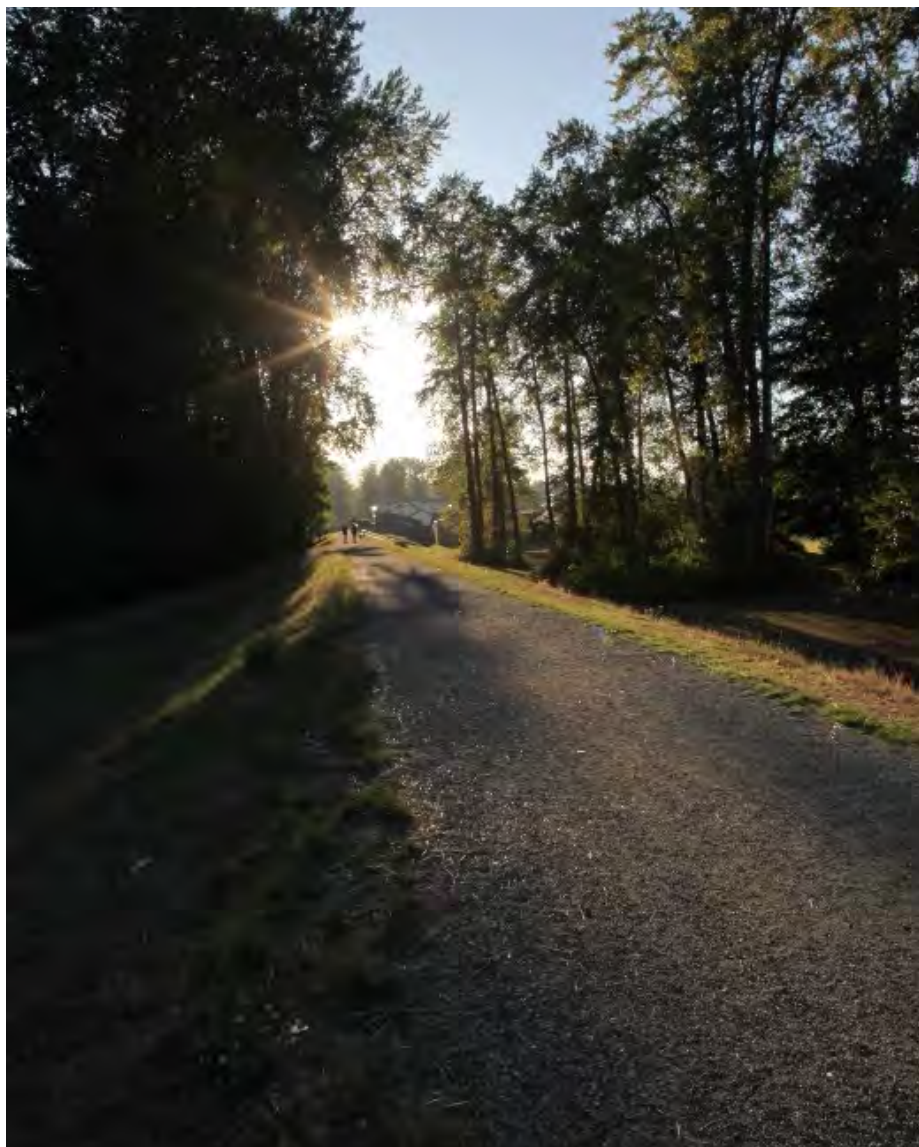
WHAT WE WILL DO IN 2016-2017

- » Begin implementation of the Trans Canada Highway corridor management plan – improve the safety, traffic circulation and appearance of the highway corridor.
- » Work with partners on improving the Gateways to Duncan.



Our Vision for Responsible Stewardship of the Environment

To encourage environmental sustainability by accommodating change and development in a manner that improves Duncan's environmental health and recognizes the City's interconnection with the ecology of the broader region.



Our Commitments

Work with the region on sustainable waste and storm water solutions

PROGRESS IN 2015

- » Worked with partners on adoption of the Central Sector Liquid Waste Management Plan.
- » Submitted grant applications for removal of the JUB Outfall from the Cowichan River.

WHAT WE WILL DO IN 2016-2017

- » Continue work with partners to secure funding for relocation of the JUB Outfall.
- » Work with North Cowichan staff on a JUB governance study.

Ensure decisions are made with regard to sustainability

PROGRESS IN 2015

- » Issued tree coupons to encourage planting of more trees.
- » Adopted DCC Reduction Bylaw to provide incentives for high density and green building.
- » Created a Community Energy and Emissions Plan.
- » Planted 14 new trees and replaced 12 trees.

WHAT WE WILL DO IN 2016-2017

- » Incorporate Green Building requirements into new Zoning Bylaw.
- » Implement priority actions from the Community Energy and Emissions Plan.
- » Work with other jurisdictions and partners on regional initiatives, such as the CVRD's Regional Airshed Protection Strategy and the Cowichan Watershed Board.

Ensure transportation in the City is efficient and sustainable

PROGRESS IN 2015

- » Installed bike lanes on Canada Avenue.
- » Installed bike lanes on Government Street.
- » Continued to provide the Transit Pass Rebate Program and work with CVRD and BC Transit on improvements to transit.

WHAT WE WILL DO IN 2016-2017

- » Conduct a traffic and safety study on Coronation Avenue.
- » Continue to implement priority projects of the Duncan Area Active Transportation Plan.

Our Vision for Strong Community



Connections and a Safe & Healthy Community

To create a community where all sectors work together to achieve the social, economic and environmental well-being of residents.



Our Commitments

Increase partnerships and connections with the community and neighbouring jurisdictions

PROGRESS IN 2015

- » Continued to work with the Duncan Junior Council to support youth initiatives.
- » Revised the joint Inter-municipal protocol for working with North Cowichan.
- » Created the Cowichan Tribes Boys Road Sewer Agreement.

WHAT WE WILL DO IN 2016-2017

- » Create a policy to ensure First Nations Heritage and language is acknowledged and included in civic events.
- » Work with Cowichan Tribes to build and strengthen relationships.

Increase Tourism within the City

PROGRESS IN 2015

- » Continued to replace signage and implement the Wayfinding strategy.
- » Partnered with the Museum to provide guided totem tours.

WHAT WE WILL DO IN 2016-2017

- » Create a Tourism Marketing Strategy.

Improve External Communications

PROGRESS IN 2015

- » Began working with a contractor to redevelop the City's website.
- » Sent an additional newsletter to residents.

WHAT WE WILL DO IN 2016-2017

- » Explore electronic service options.
- » Launch the City's new website.
- » Conduct a Citizen Satisfaction Survey.



Our Vision for Responsible Stewardship of the City Organization



Our Commitments

Ensure responsible management of City resources

WHAT WE WILL DO IN 2016-2017

- » Begin development of a long term financial plan.
- » Continue to review City services for opportunities to partner with other jurisdictions.
- » Develop a formal records retention schedule bylaw to improve records management.

Ensure training and capacity considers the future

PROGRESS IN 2015

- » Began review of management staff job descriptions.

WHAT WE WILL DO IN 2016-2017

- » Develop staff training and succession plan.
- » Establish performance criteria and personal goals and objectives for all senior staff.

Ensure internal communications are clear, concise and timely

PROGRESS IN 2015

- » Included communications consideration in staff reports.
- » Implemented quarterly financial and project updates.

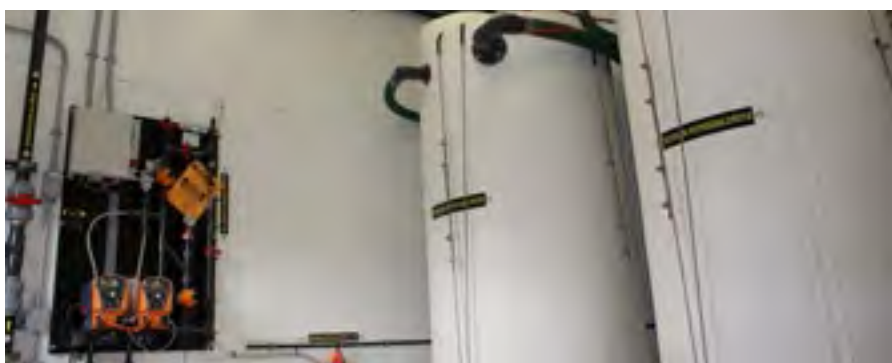
WHAT WE WILL DO IN 2016-2017

- » Implement the corporate communications plan.
- » Improve internal communications.
- » Provide council training opportunities.
- » Continue to update administrative policies and procedures for clarity.



Our Vision for a Well Serviced Community

To provide appropriate physical infrastructure to support a vibrant local economy, community connectivity, and social and environmental health and safety.



Our Commitments

Maintain and upgrade water, sewer and storm sewer infrastructure

PROGRESS IN 2015

- » Installed residential water meters for City water customers in Eagle Heights and on Cowichan Tribes lands.
- » Continued work on the emergency chlorination project and emergency backup power generator at Well #3.
- » Completed Cedar Avenue watermain, stormwater design and pavement replacement project.
- » Worked with regional partners to establish region wide water restrictions.

WHAT WE WILL DO IN 2016-2017

- » Install residential water meters for City and North Cowichan water customers.
- » Second Street watermain and sewer main design and pavement replacement project.

Ensure City assets are maintained

PROGRESS IN 2015

- » Completed a seismic upgrade of the firehall.
- » Undertook a pavement management plan and infrastructure management plan.

WHAT WE WILL DO IN 2016-2017

- » Develop an asset management plan.
- » Complete a City owned building inventory and assessment.

Department Information



Finance & Administration

These departments provide the communications link between Council and other municipal departments and the general public, providing assistance and advice to citizens with respect to Council/Committee processes, reporting procedures and decisions. Operating as one tight-knit team, these departments are made up of a total of just seven full-time and two part-time staff, not including the Chief Administrative Officer who oversees all City functions. In 2015 the City issued 697 new or renewed business licences.

Financial Activities

Strategic Financial Planning & Leadership

Each year the finance department prepares a detailed budget identifying all revenues and sources of funding for operating and capital expenditures, including projections for the next five years. In addition to the annual report and other legislative reporting, periodic financial reports are provided to Council and other departments.

Investing

The finance department manages a portfolio of over \$11 million in various securities. Securities include Municipal Finance Authority instruments and banking term deposits. The City utilizes *Community Charter* approved investment vehicles to: protect principal and ensure adequate liquidity while maximizing the return on investment.

Revenue Collection

The finance department oversees the collection of \$8 million in property taxes collected for the City and other authorities, over \$3 million in utilities, as well as developer contributions and other miscellaneous revenues.

Accounts Payable

To maintain municipal operations and provide services to residents the City must pay hundreds of suppliers annually. In 2015 the City paid over \$13 million to suppliers; details of which can be found in the statistics section at the back of this report.

Other Activities

The finance department manages many other functions including business licensing, pet licensing, utility billing, payroll, debt financing, and information technology.

Administrative Activities

Bylaws

Corporate administration is responsible for drafting bylaws, resolutions and agreements for the City.

Minutes and Recordkeeping

Corporate administration maintains minutes and oversees record keeping for all council and committee meetings.

Access to Information & Protection of Privacy

The City is responsible for granting the public access to records while protecting personal information. Corporate administration oversees access to all public records.

Bylaw Enforcement

Corporate Administration oversees general bylaw enforcement. It administers, monitors and seeks compliance with the bylaws enacted by the Mayor and Council to regulate the conduct of affairs in the City of Duncan.

Other Activities

Corporate Administration facilitates internal & external communications, provides legislative services, human resourcing, administering oaths and taking affirmations, affidavits and declarations, and oversees policy development.

Elections

In BC each local government runs its own election. The City of Duncan has appointed the Corporate Administrator as Chief Election Officer to administer its election in accordance with provincial legislation. This position is responsible for every aspect of the local election including but not limited to the administration of the election and oversight of compliance with the rules.

Finance and Administration Fiscal Year 2015 Accomplishments:

- ▶ Received the Government Finance Officers Association (GFOA) Financial Reporting Award for the City's 2014 Annual Report.
- ▶ Organized street food vendors during the 39 Days of July Festival.
- ▶ Drafted a DCC Reduction Bylaw for adoption by Council.
- ▶ Developed a Water Conservation Strategy in conjunction with other water providers throughout the Cowichan Valley by aligning watering restriction times and uses.
- ▶ Developed a comprehensive Animal Regulation and Impounding Bylaw.
- ▶ Conducted an RFP process and began working with the contractor towards the redevelopment of the City's Website.
- ▶ Created bylaw amendments to add marijuana operations as a prohibited use in all zones until the Federal Law changes.

Public Works

Public Works department responsibilities are primarily divided into two main components: Engineering and Operations.

Engineering Activities

Development

Engineering is responsible for the review and approval of utility servicing for all new subdivisions and developments within the city limits. Engineering also reviews the water servicing for all new developments and subdivisions outside the City but within the City's water service area.

Short and Long Term Planning

Review and planning of current and future infrastructure needs (such as roads, sidewalks, traffic, parks, water distribution network, water supply source, sanitary collection system, storm drainage collection system, flood protection system etc.); record keeping and mapping are also considered to be part of the engineering function.

The City's water system serves approximately 15,000 people, extending into portions of the Municipality of North Cowichan, the Cowichan Valley Regional District Electoral Areas D and E, and also Cowichan Tribes land. The City has four well sites, and two reservoirs for water distribution.

Operations Activities

Operations is responsible for the maintenance and upkeep of all City owned existing buildings, lands, utilities, and infrastructure. Traffic, public health and safety are top priorities of the Operations division. Some of the functions regularly performed by the Public Works Operations are:

- Maintenance and upgrades to:
 - » The municipal water distribution network
 - » The sanitary sewer collection system
 - » The storm sewer collection system
 - » Municipal traffic signals, road markings and signage
 - » Municipal curbs, sidewalks and roads
 - » Parks, trails, and green spaces.
- Residential curbside garbage, compostables, and recyclables collection.
- Municipal fleet maintenance and replacement.
- Street cleaning.
- Snow removal.

Engineering & Operations

Fiscal Year 2015

Accomplishments:

▶ Began the residential water metering program with installations in Eagle Heights and Cowichan Tribes lands.

▶ Implemented an emergency chlorination program including a new motor control centre and emergency backup power generator.

▶ Coordinated the installation of bike lanes on Government Street including moving of islands and planting of new trees.

▶ Completed the upgrade of Canada Avenue from Ingram Street to Government Street including all new underground infrastructure, bike lanes and new traffic lights.

▶ Upgraded Cedar Avenue including new water, sewer and storm pipes and complete repaving.



Development Services

The department of Development Services provides city planning, development review, building inspection, land use and fire safety services. The department is composed of a Planner and a Building Inspector who also functions as the Local Assistant to the Fire Commissioner (LAFC).

Developmental Activities

Planning

Responsible for overseeing and updating the Official Community Plan; Zoning Bylaw; undertaking area and long-term planning such as the Active Transportation Plan and Integrated Community Sustainability Plan.

Development Review

Responsible for processing applications for Development Permits, Development Variance Permits, Zoning and Official Community Plan (OCP) amendments and providing input on subdivision applications.

Building Inspection

Responsible for processing applications for all building and occupancy permits in accordance with the BC Building Code.

Land Use Bylaw Enforcement

Responsible for land use bylaw enforcement relative to building, 200 year floodplain, zoning, signs, landscaping bylaw, business licensing, and off-street parking.

Fire Safety

Responsible for fire safety inspections in accordance with Council policy and the BC Fire Code.

Development Services Fiscal Year 2015 Accomplishments:

- ▶ Developed a Community Energy and Emissions Plan and began implementing the actions from it.
- ▶ Adopted the University Village Local Area Plan as an amendment to the Official Community Plan.
- ▶ Created Terms of Reference and organized the creation of an Advisory Design Panel.
- ▶ Developed and began implementation of the Tree Protection Bylaw.





Police Services

The Royal Canadian Mounted Police provide policing services to the City of Duncan as part of a greater policing responsibility for the Cowichan Valley, which includes the Municipality of North Cowichan, the City of Duncan, Cowichan Tribes lands and a large Provincial rural area. The City of Duncan's population is currently less than 5,000, and as such, the City is policed as part of the existing Provincial contract. The entire Detachment strength is currently fifty-nine police officers and twenty support staff. These full time personnel are supported by a network of community volunteers in a variety of critical service delivery roles. These include volunteer Auxiliary Constables, Citizens on Patrol, Speed Watch, Block Watch, Community Police Office volunteers and others. Their contributions to their community cannot be overstated. We simply could not provide the level of service to the communities we serve without their assistance. A service delivery advantage is gained when a community is served by a "blended" Detachment like North Cowichan/Duncan. This allows some flexibility, when necessary, to deploy specialized resources where they are needed. A blended Detachment utilizes Municipally funded, Federally funded and Provincially funded Human Resources. As well, it enables the RCMP to deploy the following programs to better serve the City of Duncan residents:

- » **Uniformed General Duty "First Responders"**
- » **Plain Clothes Investigators (Serious Crime and Drug/Property Crime personnel)**
- » **Municipal Traffic Enforcement Unit**
- » **Community Policing and Crime Prevention Unit (school liaison, bicycle patrols, etc.)**

Each RCMP Detachment in Canada is mandated to prepare an annual performance plan that addresses identified, "Local Policing Priorities". The Mayor and Council of the City of Duncan endorsed the 2014/15 plan which focused on the following local issues that remain consistent throughout the Cowichan Valley:

- » **Crime Reduction:** Once again, the "Prolific Offender Management" program saw significant success during 2015, resulting in noticeable improvement in property crime rates and drug offences.
- » **Road Safety:** The 2015 Traffic Safety program concentrated on Impaired Driver enforcement and the detection and prosecution of "distracted drivers".
- » **Police Community Relations and Visibility:** Part of our ongoing commitment to the residents of the City of Duncan is to provide foot and bicycle patrols of the city core and area parks. This has resulted in positive feedback from local residents.
- » **Substance Abuse and Harm Reduction:** We have operated a successful "Bar Watch" program within the City of Duncan and the Cowichan Valley which has seen cooperation from most licensed premises owners and in turn led to fewer violations of Provincial Liquor Act laws.

All of these programs achieved varying levels of success during 2015 and most of the established goals were achieved. Every year the Management Team at North Cowichan/Duncan Detachment carefully examines the service delivery component of operations with a view to ensuring that existing resources are being deployed in the most effective and efficient manner. As it is a very busy Police Detachment, with constant pressure on the core policing personnel at all hours, twenty-four (24) hour service is maintained with standardized strength at all times.



Fire Department

The Duncan Fire Department consists of a Chief, Deputy Chief, Assistant Chief, 4 Captains, 4 Lieutenants, and 25 firefighters.

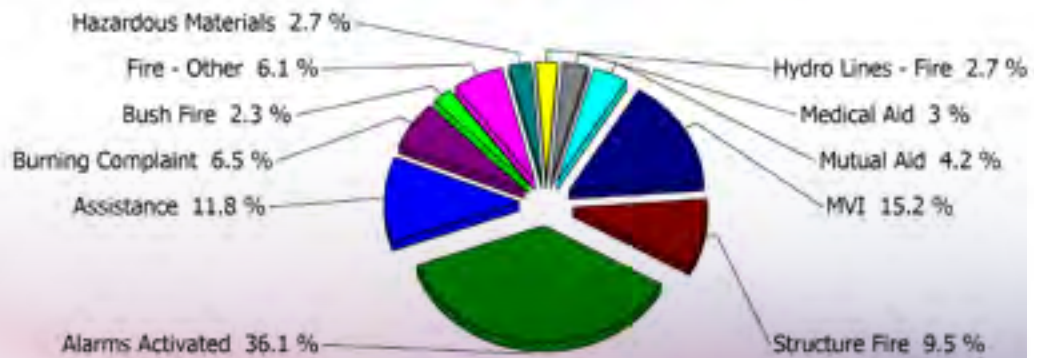
The department supplies fire suppression, fire investigation, fire prevention, first responders, motor vehicle incidents, rescue services, and interface and brush fires to the citizens of Duncan, Eagle Heights and Cowichan Tribes lands.

The Fire Department has special services, such as low and high angle rope rescue, light urban search and rescue, and all car seat installations.

The fire hall recently underwent a Seismic upgrade to ensure that the firefighters are able to continue to provide service in case of a natural disaster.



Distribution of Calls by Response Type



Our mission:

“The Duncan Volunteer Fire Department will serve our community in a professional and caring manner, focusing on the safety and preservation of life and property of our citizens.”





Government Finance Officers Association

**Canadian Award
for
Financial Reporting**

Presented to

**City of Duncan
British Columbia**

For its Annual
Financial Report
for the Year Ended

December 31, 2014

Executive Director / CEO



Financial Section

Message From The Director of Finance



On behalf of the Finance and Administration Department, I would like to take the opportunity to provide an overview of the 2015 financial position of the City of Duncan.

The Consolidated Financial Statements are the responsibility of the management of the City of Duncan and were prepared by City staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB), and have been applied on a basis consistent with that of the preceding year.

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

The City's auditors, MNP LLP were appointed by Council and were responsible for expressing an opinion as to whether the consolidated financial statements fairly present the financial position of the City of Duncan and the results of its 2015 operations. The 2015 audited financial statements were presented to and approved by Council.

As at December 31, 2015, the City had an increase in accumulated surplus of \$2.1 million for the year, to \$37 million. The accumulated surplus is largely comprised of net investments in tangible capital assets (\$27 million), which includes land, park infrastructure, roads, and utility assets.

Major capital expenditures for the year included:

» Upgrade to Canada Avenue from Ingram to Government Streets	\$1,616,488
» Firehall Seismic Upgrade	958,869
» Emergency Chlorination of the water system	749,068
» Repaving and new utilities on Cedar Avenue	509,386
» Residential Water Metering Program	280,871
» Purchase of new vehicles and equipment	182,291
» Installation of bike lanes on Government Street	148,970

Council continues to recognize the impact of taxes on local businesses while attempting to minimize the impact to residential properties, by trying to find efficiencies in an environment of increasing costs and demands for services. In 2015, Council furthered its goal of reducing the business class multiple to reach the 50th percentile, by reducing the multiple from 2.64 in 2014 to 2.52 in 2015.

The City was pleased to receive the Government Finance Officers Association of the United States and Canada (GFOA) award for Financial Reporting for its annual financial report for the fiscal year ended December 31, 2014. This was the fourth year in a row the City received this distinction.

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.

If you have any questions regarding the Annual Report, or the financial statements and financial position of the City, please feel free to call me any time.

Sincerely,

Director of Finance
Talitha Soldera, CPA, CGA

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, 2015 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, 2015 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 2, 2016

MNP LLP
Chartered Professional Accountants

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2015

THE CORPORATION OF THE CITY OF DUNCAN CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at December 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and investments (Note 3)	\$ 13,107,172	\$ 15,312,382
Accounts receivable (Note 4)	1,429,080	974,582
Deposit - Municipal Finance Authority (Note 5)	25,042	24,418
Loan receivable (Note 6)	153,667	-
	<u>14,714,961</u>	<u>16,311,382</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	846,225	833,715
Sick and severance liabilities (Note 14(b))	423,973	417,713
Refundable deposits (Note 8)	190,069	124,704
Deferred revenue (Note 9)	914,449	1,343,791
Restricted revenue (Note 10)	1,926,971	1,794,223
Obligations under capital lease (Note 11)	-	13,261
Debenture debt (Note 12)	1,260,560	1,368,408
	<u>5,562,247</u>	<u>5,895,815</u>
NET FINANCIAL ASSETS	<u>9,152,714</u>	<u>10,415,567</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 6)	27,642,487	24,360,080
Inventory of supplies	102,861	98,445
Prepaid expenses	155,662	30,913
	<u>27,901,010</u>	<u>24,489,438</u>
ACCUMULATED SURPLUS (Schedule 2)	<u>\$ 37,053,724</u>	<u>\$ 34,905,005</u>
COMMITMENTS AND CONTINGENCIES (NOTE 13)		



Director of Finance
Talitha Soldera, CPA, CGA

See accompanying notes to financial statements

Consolidated Statement of Operations

YEAR ENDED DECEMBER 31, 2015

THE CORPORATION OF THE CITY OF DUNCAN CONSOLIDATED STATEMENT OF OPERATIONS Year Ended December 31, 2015

	2015 Budget (Note 15)	2015 Actual	2014 Actual
REVENUE (Schedule 5)			
Taxation and grants in lieu of taxes	\$ 3,768,706	\$ 3,760,923	\$ 3,673,788
Sale of services	3,350,371	3,481,188	3,418,316
Grants	587,630	688,654	363,401
Licenses, permits, penalties and fines	568,548	601,121	590,184
Capital contributions from developers	-	27,000	129,740
Return on investments	110,758	228,572	280,124
Gain(Loss) on disposal of assets	-	(7,875)	39,457
Assets constructed by developers	-	7,239	66,000
Increase in proportionate share of Joint Utilities Board assets	-	-	7,085
Funds contributed by other governments	-	458,154	-
Gas Tax funds utilized	487,966	576,872	215,716
Total revenue	8,873,979	9,821,848	8,783,811
EXPENSES (Schedule 5)			
General government services	1,164,085	1,597,990	1,274,906
Protective services	682,384	690,847	665,013
Transportation services	1,483,783	1,696,928	1,605,256
Environmental health services	278,115	251,718	278,573
Environmental development services	238,426	132,309	180,574
Recreation and cultural services	968,253	1,023,264	1,137,590
Water services	1,368,992	1,436,084	1,295,927
Sewer services	859,240	843,989	728,226
Total expenses (Note 17)	7,043,278	7,673,129	7,166,065
ANNUAL SURPLUS	1,830,701	2,148,719	1,617,746
ACCUMULATED SURPLUS, BEGINNING OF YEAR	34,905,005	34,905,005	33,287,259
ACCUMULATED SURPLUS, END OF YEAR	\$ 36,735,706	\$ 37,053,724	\$ 34,905,005

See accompanying notes to financial statements

Consolidated Statement of Change In Net Financial Assets

YEAR ENDED DECEMBER 31, 2015

	2015 Budget (Note 15)	2015 Actual	2014 Actual
ANNUAL SURPLUS	\$ 1,830,701	\$ 2,148,719	\$ 1,617,746
Purchase of tangible capital assets	(7,269,761)	(4,504,984)	(1,700,091)
Tangible capital assets acquired in kind	-	(7,239)	(66,000)
Increase (decrease) in proportionate share of Joint Utilities Board tangible capital assets	-	-	(5,054)
Amortization of tangible capital assets	1,148,692	1,221,943	1,187,440
Net book value of disposed of tangible capital assets	-	7,875	42,543
Decrease (increase) in inventory of supplies	-	(4,416)	11,454
Decrease (increase) in prepaid expenses	-	(124,751)	2,728
	<u>(6,121,069)</u>	<u>(3,411,572)</u>	<u>(526,980)</u>
CHANGE IN NET FINANCIAL ASSETS	(4,290,368)	(1,262,853)	1,090,766
NET FINANCIAL ASSETS, Beginning of Year	<u>10,415,567</u>	<u>10,415,567</u>	<u>9,324,801</u>
NET FINANCIAL ASSETS, End of Year	<u>\$ 6,125,199</u>	<u>\$ 9,152,714</u>	<u>\$ 10,415,567</u>

See accompanying notes to financial statements

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Cash and investments provided by (used for)		
OPERATING TRANSACTIONS		
Annual surplus	\$ 2,148,719	\$ 1,617,746
Non-cash items included in annual surplus:		
Amortization	1,221,943	1,187,440
Tangible capital assets acquired in-kind	(7,239)	(66,000)
Increase (decrease) in proportionate share of		
Joint Utilities Board tangible capital assets	-	(5,054)
Actuarial adjustment on debenture debt	(21,512)	(17,236)
(Gain)/Loss on disposal/write down of tangible capital assets	7,875	(39,457)
	<u>3,349,786</u>	<u>2,677,439</u>
Changes in non-cash items:		
Accounts receivable	(454,498)	46,644
Deposit - Municipal Finance Authority	(624)	(688)
Loan receivable	(153,667)	-
Inventory of supplies	(4,416)	11,454
Prepaid expenses	(124,751)	2,728
Accounts payable and accrued liabilities	12,510	142,388
Sick and severance liability	6,260	3,173
Refundable deposits	65,365	12,715
Deferred revenue	(429,342)	190,162
Restricted revenue	132,748	43,603
	<u>2,399,371</u>	<u>3,129,618</u>
Cash provided by (used for) operating transactions		
	<u>2,399,371</u>	<u>3,129,618</u>
CAPITAL TRANSACTIONS		
Proceeds on disposal of tangible capital assets	-	82,000
Purchases of tangible capital assets	(4,504,984)	(1,700,091)
	<u>(4,504,984)</u>	<u>(1,618,091)</u>
Cash provided by (used for) capital transactions		
	<u>(4,504,984)</u>	<u>(1,618,091)</u>
FINANCING TRANSACTIONS		
Principal repaid - capital lease obligation	(13,261)	(30,808)
Principal repaid - long term debt	(86,336)	(86,338)
	<u>(99,597)</u>	<u>(117,146)</u>
Cash provided by (used for) financing transactions		
	<u>(99,597)</u>	<u>(117,146)</u>
INCREASE (DECREASE) IN CASH AND INVESTMENTS	(2,205,210)	1,394,381
CASH AND INVESTMENTS, BEGINNING OF YEAR	15,312,382	13,918,001
CASH AND INVESTMENTS, END OF YEAR	\$ 13,107,172	\$ 15,312,382

See accompanying notes to financial statements

Notes To The Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2015

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 of Duncan. These financial statements consolidate the following operations:

General Revenue Fund
General Capital Fund
Reserve Funds

Waterworks Utility Revenue Fund
Waterworks Utility Capital Fund
Sewer Utility Revenue Fund
Sewer Utility Capital Fund

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 32.62% for 2015 (2014 - 32.62%).

c) Investments

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

Notes to the Consolidated Financial Statements (Continued)

YEAR ENDED DECEMBER 31, 2015

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

Notes to the Consolidated Financial Statements (Continued)

YEAR ENDED DECEMBER 31, 2015

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 of Duncan 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 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.

j) Comparative Figures

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

2. Significant Accounting Policies (continued)

k) 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 earnings 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.

l) 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 of Duncan 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, 2015.

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.

m) 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.

Notes to the Consolidated Financial Statements (Continued)

YEAR ENDED DECEMBER 31, 2015

m) 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 bases 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.

m) 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.

Notes to the Consolidated Financial Statements (Continued)

YEAR ENDED DECEMBER 31, 2015

3. Cash and Investments

Cash and investments are comprised of the following:

	<u>2015</u>	<u>2014</u>
Cash	\$ 1,298,121	\$ 10,247,704
Temporary investments	<u>11,809,051</u>	<u>5,064,678</u>
	<u>\$ 13,107,172</u>	<u>\$ 15,312,382</u>

Temporary investments are comprised of term deposits with original maturities longer than 90 days.

Included in cash and temporary investments are funds held for deferred and restricted revenues totalling \$2,841,420 (2014 - \$3,138,014) and funds held for statutory reserve funds and reserve accounts totalling \$6,237,687 (2014 - \$6,528,530). Details of these balances can be found on Schedule 8.

4. Accounts Receivable

	<u>2015</u>	<u>2014</u>
Property taxes	\$ 572,043	\$ 211,841
Water and sewer fees	513,238	508,986
Provincial government	74,328	5,296
Federal government	160,430	61,137
Other municipalities and regional governments	335,807	79,191
Other receivables	<u>62,887</u>	<u>108,256</u>
	1,718,733	974,707
Less: allowance for doubtful accounts (Note 13(d))	<u>(289,653)</u>	<u>(125)</u>
	<u>\$ 1,429,080</u>	<u>\$ 974,582</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>2015</u>	<u>2014</u>
Cash deposits	\$ 25,042	\$ 24,418

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.

Notes to the Consolidated Financial Statements (Continued)

YEAR ENDED DECEMBER 31, 2015

6. Loan Receivable

Pursuant to a 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.

	<u>2015</u>	<u>2014</u>
Other governments	<u>\$ 153,667</u>	<u>\$ -</u>

7. Accounts Payable and Accrued Liabilities

	<u>2015</u>	<u>2014</u>
Trade accounts and accrued liabilities	\$ 401,202	\$ 436,313
Contractor holdbacks	127,292	47,905
Salaries and wages	84,221	155,995
Other governments	233,510	193,502
	<u>\$ 846,225</u>	<u>\$ 833,715</u>

8. Refundable Deposits

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 124,704	\$ 111,989
Deposits received	145,035	104,368
Deposits and interest refunded	(79,711)	(91,655)
Increase (decrease) in interest payable	41	2
Balance, end of the year	<u>\$ 190,069</u>	<u>\$ 124,704</u>

9. Deferred Revenue

	<u>2014</u>	Receipts & Interest	Recognized as Revenue	<u>2015</u>
Federal Gas Tax Agreement funds	\$ 766,553	267,385	(576,872)	\$ 457,066
Prepaid property taxes	548,967	437,460	(548,967)	437,460
Other revenue prepaid	27,271	105,773	(114,121)	18,923
Other grants	1,000	-	-	1,000
	<u>\$ 1,343,791</u>	<u>\$ 810,618</u>	<u>\$ (1,239,960)</u>	<u>\$ 914,449</u>

Notes to the Consolidated Financial Statements (Continued)

YEAR ENDED DECEMBER 31, 2015

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>2015</u>	<u>2014</u>
Opening balance of unspent funds	\$ 766,553	\$ 711,485
Less: Gas Tax Funds Utilized	(576,872)	(215,716)
Add: amount received during the year	252,066	252,066
Add: interest earned during the year	15,319	18,718
	<u>457,066</u>	<u>766,553</u>
Closing balance of unspent funds	\$ 457,066	\$ 766,553

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>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,794,223	\$ 1,750,620
Contributions from developers	96,638	426
Used during the year	-	-
Return on investments	36,110	43,177
	<u>1,926,971</u>	<u>1,794,223</u>
Balance, end of the year	\$ 1,926,971	\$ 1,794,223

11. Obligation Under Capital Lease

MFA lease payable for a 2005 Fire Truck, repayable at \$2,617 per month including interest at 1.25%. Final payment was made April 28, 2015. The Fire Truck is now fully owned by the City and is included as Vehicle and Equipment on Schedule 1.

Assets under capital lease includes the 2005 Fire Truck as follows:

	<u>2015</u>	<u>2014</u>
Cost of leased tangible capital asset	\$ 358,683	\$ 358,683
Accumulated amortization of leased tangible capital asset	(197,276)	(179,342)
	<u>161,407</u>	<u>179,341</u>

Amortization expense includes \$17,934 (2014 - \$17,934) on leased tangible capital assets.

Notes to the Consolidated Financial Statements (Continued)

YEAR ENDED DECEMBER 31, 2015

12. Debenture Debt

	<u>2015</u>	<u>2014</u>
General Fund:		
Debenture debt for the 2008 Cowichan Aquatic Centre, interest at 3.25%, maturing 2026 - MFA Issue #117	\$ 1,142,494	\$ 1,223,950
Sewer Utility Fund:		
Debenture debt for 1999 Lagoon Improvements, interest at 3.15%, maturing 2019 - MFA Issue #70	<u>118,066</u>	<u>144,458</u>
	<u>\$ 1,260,560</u>	<u>\$ 1,368,408</u>

Principal payments in the next five years are as follows:

2016	\$ 86,338
2017	86,338
2018	86,338
2019	86,338
2020	72,415
2021 and beyond	<u>842,793</u>
	<u>\$ 1,260,560</u>

Interest expense includes \$55,945 (2014 - \$57,788) with respect to these obligations.

13. 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, 2015 there are four 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 the operations in the year of resolution.

Notes to the Consolidated Financial Statements (Continued)

YEAR ENDED DECEMBER 31, 2015

13. Commitments and Contingencies (continued)

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.

d) Contingent Asset

As of December 31, 2015 the City wrote down the value of one account receivable to its net realizable value. In the opinion of management and legal counsel, the outcome of a claim against the City which would affect the realizable amount of the account, and which is 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 gain result from the resolution of this claim, such gain will be charged to the operations in the year of resolution.

14. 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, 2014, the plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local government.

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, 2012, indicated a \$1.370 billion funding deficit for basic pension benefits on a going concern basis. Based on this valuation, the actuary determined that an increase in contribution rates was necessary for the plan to maintain its proper funding. Effective July 1, 2014, member and employer basic contribution rates each increased by 0.70 per cent of salaries.

The City of Duncan paid \$190,383 (2014 - \$162,292) for employer contributions to the plan in fiscal 2015, which represents 0.011% of the total plan contributions. The City of Duncan expects to pay \$220,000 for employer contributions in the next fiscal year. Employees contributed \$177,352 (2014 - \$157,803) to the plan in fiscal 2015.

The next valuation will be as at December 31, 2015, with results available in 2016.

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.

Notes to the Consolidated Financial Statements (Continued)

YEAR ENDED DECEMBER 31, 2015

14. Retirement Benefits (continued)

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 and 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 2.3%
- 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, 2015 is \$423,973 (2014 - \$417,713).

15. Budget Figures

Budget figures represent the Financial Plan Bylaw No. 3137 adopted by Council on May 4, 2015. 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		99,660
Transfers to Reserves		1,098,247
Capital expenditures		7,269,761
Less:		
Budgeted transfers from accumulated surplus		
General		(160,844)
Sewer		(562,248)
Water		(1,625,633)
Capital		-
Budgeted transfers from own reserves		
General		(119,540)
Sewer		(134,000)
Water		-
Capital		(2,886,010)
Amortization		(1,148,692)
Debt Proceeds		-
Adjusted Annual Surplus	\$	<u>1,830,701</u>

Notes to the Consolidated Financial Statements (Continued)

YEAR ENDED DECEMBER 31, 2015

16. 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.

Transportation Services:

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.

Notes to the Consolidated Financial Statements (Continued)

YEAR ENDED DECEMBER 31, 2015

16. Segmented Information (continued)

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.

17. Operating Expenses By Object

	<u>2015</u>	<u>2014</u>
Amortization	\$ 1,221,943	\$ 1,187,440
Capital fund expenses	495,396	364,156
Contract services	890,697	953,809
Fuel	68,020	81,902
Goods and services	918,606	941,517
Grants in aid	77,896	96,235
Hydro	318,520	322,622
Insurance	129,498	138,063
Interest	58,362	61,746
Leases	3,514	8,508
Professional fees	116,687	147,154
Travel, conference and training	99,396	84,257
Wages and benefits	3,006,732	2,795,892
Write down of account receivable to net realizable value	289,374	-
Actuarial adjustment to debt	<u>(21,512)</u>	<u>(17,236)</u>
	<u>\$ 7,673,129</u>	<u>\$ 7,166,065</u>

18. 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.

19. Change in Accounting Policy

Effective January 1, 2015, the City adopted the recommendations in PS 3260 Liabilities for Contaminated Sites, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations, the City is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in Note 1(I), Significant Accounting Policies. There was no effect on the City's financial statements from adopting the above-noted change in accounting policy.

Non-Consolidated Schedule of Tangible Capital Assets

YEAR ENDED DECEMBER 31, 2015

Schedule 1 (Excluding Joint Utilities Board Financial Information)

	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	2015	2014
Cost											
Opening costs	\$ 1,551,766	\$ 3,976,659	\$ 5,902,385	\$ 4,862,973	\$ 3,427,423	\$ 13,375,606	\$ 10,880,465	\$ 2,855,912	\$ 478,553	\$ 47,311,739	\$ 45,815,251
Additions during the year		46,100	1,736,189	278,810	203,484	1,141,144	866,472	240,024		4,512,223	1,766,091
Disposals and write-downs					(22,871)	(184,859)	(25,293)	(6,044)		(239,067)	(269,603)
Capitalization of assets under construction			329,806			75,139			(404,945)	-	-
Closing 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
Accumulated Amortization											
Opening accumulated amortization	-	1,107,757	2,864,490	2,546,877	1,615,095	9,284,836	4,598,224	1,703,257	-	23,720,536	22,776,372
Amortization:											
General Government			28,606	39,617						68,223	58,451
Protective Services			11,732	102,450						114,182	113,521
Transportation		17,546	13,313	111,941	57,340	284,914				485,054	472,034
Environmental Health				24,649						24,649	24,649
Recreation and Culture		165,449	76,175	14,343		7,676				263,643	264,224
Water		677	7,034	14,468			184,146			206,325	195,757
Sewer			1,224					42,428		43,652	42,589
Total amortization	-	183,672	138,084	307,468	57,340	292,590	184,146	42,428	-	1,205,728	1,171,225
Disposals and write-downs					(22,871)	(181,785)	(20,494)	(6,044)		(231,194)	(227,061)
Closing 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
Net Book Value of Tangible Capital Assets	\$ 1,551,766	\$ 2,731,330	\$ 4,965,806	\$ 2,287,438	\$ 1,958,472	\$ 5,011,389	\$ 6,959,768	\$ 1,350,251	\$ 73,608	\$ 26,889,825	\$ 23,591,203

Additions during the year include assets contributed by developers:

Water Infrastructure	\$ -	\$ 33,590
Storm Water Infrastructure	-	1,564
Roads & Sidewalks	7,239	30,846
\$ 7,239	\$ 66,000	

Consolidated Schedule of Accumulated Surplus

YEAR ENDED DECEMBER 31, 2015

Schedule 2 (Audited)

	2015	2014
OPERATING FUNDS		
Unappropriated		
General	\$ 142,966	\$ 293,205
Waterworks Utility	2,904,435	3,659,232
Sewer Utility	986,735	1,088,409
Total Unappropriated	4,034,136	5,040,846
Appropriated		
Sewer Utility: Joint Utilities Board Reserve	399,974	357,218
Total Appropriated	399,974	357,218
Total Operating Funds	4,434,110	5,398,064
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Net book value tangible capital assets (Schedule 6)	27,642,487	24,360,080
Less: Long term debt	(1,260,560)	(1,368,408)
Less: Obligation under capital lease	-	(13,261)
Total Net Investment in Tangible Capital Assets	26,381,927	22,978,411
RESERVE FUNDS		
Sale of real property	213,244	209,111
Sale of property - Cowichan Place	33,873	43,972
Parking improvement	544,703	537,819
Parking improvement - Restricted	115,659	113,418
Machinery and equipment	1,536,244	1,398,902
Operating reserves	482,480	419,115
Capital works and other miscellaneous reserves	277,832	244,367
Public art	9,585	9,399
Pioneer park	1,348	48,531
Aquannis Centre	27,586	25,320
Municipal Finance Authority debt issue refunds	37,328	36,605
Small communities grant	19,340	-
Fire hall	-	110,053
Storm infrastructure	32,883	42,544
Downtown revitalization	17,287	16,952
Melba Schappert bequest	49,602	48,641
Police bridging capital	1,293,153	1,734,887
General capital	1,899	1,862
Waterworks Utility	719,226	678,596
Sewer Utility	824,415	808,437
Total Reserve Funds	6,237,687	6,528,530
Total Accumulated Surplus	\$ 37,053,724	\$ 34,905,005

Non-Consolidated Schedule of Revenues

YEAR ENDED DECEMBER 31, 2015

Schedule 3 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
Taxation and Grants in Lieu of Taxes			
Property taxes - General	\$ 3,612,693	\$ 3,606,292	\$ 3,517,042
Special assessments			
Business improvement area (BIA)	185,000	185,000	180,000
Vancouver Island Regional Library (VIRL)	203,205	203,204	198,968
Utilities	103,053	103,052	103,926
Frontage and parcel taxes	43,560	43,580	43,440
	<u>534,818</u>	<u>534,836</u>	<u>526,334</u>
	<u>4,147,511</u>	<u>4,141,128</u>	<u>4,043,376</u>
Grants in lieu of taxation:			
Federal government	<u>9,400</u>	<u>7,999</u>	<u>9,380</u>
Collection for other governments:			
School authorities tax levy	1,905,344	1,928,244	1,934,505
Provincial policing levy	280,220	278,942	273,652
Cowichan Valley Regional District levy	1,393,393	1,402,075	1,252,777
Regional hospital district	452,994	438,324	404,678
	<u>4,031,951</u>	<u>4,047,585</u>	<u>3,865,612</u>
Joint boards and commissions:			
Municipal Finance Authority	160	163	161
British Columbia Assessment Authority	53,478	53,020	54,430
Subtotal	<u>53,638</u>	<u>53,183</u>	<u>54,591</u>
Less: Transfers to other governments and others	<u>(4,085,589)</u>	<u>(4,100,768)</u>	<u>(3,920,203)</u>
Less: Transfers to BIA	<u>(185,000)</u>	<u>(185,000)</u>	<u>(180,000)</u>
Less: Transfers to VIRL	<u>(203,205)</u>	<u>(203,204)</u>	<u>(198,968)</u>
Total Taxation and Grants in Lieu of Taxes	<u><u>3,768,706</u></u>	<u><u>3,760,923</u></u>	<u><u>3,673,788</u></u>

Non-Consolidated Schedule of Revenues (Continued)

YEAR ENDED DECEMBER 31, 2015

Schedule 3 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
Sale of Services			
General Revenue Fund			
Garbage and recycling fees	217,985	218,292	195,486
Cowichan Tribes fire protection	105,414	108,185	104,900
CVRD - Eagle Heights fire protection	169,510	171,286	161,825
Administration recoveries	14,840	11,491	14,738
Public Works miscellaneous recoveries	5,000	3,770	5,250
Cowichan Tribes roads contribution	400	334	330
Sports fields	12,000	11,065	10,248
	<u>525,149</u>	<u>524,423</u>	<u>492,777</u>
Waterworks Utility Revenue Fund			
Sale of water	1,870,296	1,921,459	1,861,387
Service charges	25,916	21,457	24,115
Water studies	1,200	-	1,200
	<u>1,897,412</u>	<u>1,942,916</u>	<u>1,886,702</u>
Sewer Utility Revenue Fund			
Sewer fees	927,610	946,921	921,245
Service charges	200	-	220
	<u>927,810</u>	<u>946,921</u>	<u>921,465</u>
Capital Connection Fees			
General Capital	-	8,920	23,541
Water Capital	-	49,525	49,581
Sewer Capital	-	8,483	44,250
	<u>-</u>	<u>66,928</u>	<u>117,372</u>
Total Sale of Services	<u>3,350,371</u>	<u>3,481,188</u>	<u>3,418,316</u>

Non-Consolidated Schedule of Revenues (Continued)

YEAR ENDED DECEMBER 31, 2015

Schedule 3 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
Licences, Permits, Rentals and Penalties			
Trade licences	70,000	73,526	70,220
Delivery vehicle licences	1,200	1,284	1,247
Building permits and other fees	30,200	48,992	29,340
Dog licences	5,500	5,146	5,213
	<u>106,900</u>	<u>128,948</u>	<u>106,020</u>
Equipment charges less operating costs	159,346	164,942	183,837
Parking and bylaw infraction fines	25,500	25,059	25,709
Parking permits and revenues	54,350	60,876	53,818
Rentals	154,222	155,595	152,857
Penalties and interest on taxes	38,500	34,356	38,554
	<u>431,918</u>	<u>440,828</u>	<u>454,775</u>
Donations and contributions	-	100	10
Other revenues and fees	29,730	31,245	29,379
	<u>29,730</u>	<u>31,345</u>	<u>29,389</u>
Total Licences, Permits, Rentals and Penalties	<u><u>568,548</u></u>	<u><u>601,121</u></u>	<u><u>590,184</u></u>

Non-Consolidated Schedule of Revenues (Continued)

YEAR ENDED DECEMBER 31, 2015

Schedule 3 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
Other Income			
Investment income			
General Fund	40,000	16,635	34,821
Waterworks Fund	55,342	69,500	78,953
Sewer Fund	15,416	21,197	22,385
Reserve Fund	-	121,240	143,965
	<u>110,758</u>	<u>228,572</u>	<u>280,124</u>
Asset Disposal			
Gain(Loss) on Disposal of Tangible Capital Assets	-	(7,875)	39,457
	<u>-</u>	<u>(7,875)</u>	<u>39,457</u>
Assets Contributed by developers			
General Capital	-	7,239	32,410
Water Capital	-	-	33,590
	<u>-</u>	<u>7,239</u>	<u>66,000</u>
Funds Contributed by other governments			
Fire Hall Capital Upgrade	-	458,154	-
	<u>-</u>	<u>458,154</u>	<u>-</u>
Capital Contributions from developers			
Water Infrastructure	-	27,000	129,740
	<u>-</u>	<u>27,000</u>	<u>129,740</u>

Non-Consolidated Schedule of Revenues (Continued)

YEAR ENDED DECEMBER 31, 2015

Schedule 3 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
Other Income (continued)			
Gas Tax Funds Utilized	487,966	576,872	215,716
Government grants			
Unconditional Transfers from Other Governments			
Municipality of North Cowichan - Aquannis Centre	-	1,766	1,726
Provincial Revenue Sharing	510,000	535,164	343,523
	510,000	536,930	345,249
Conditional Transfers from Other Governments			
Federal government	8,096	8,096	-
Provincial government	56,534	55,677	5,297
Municipality of North Cowichan - Joint Parks	13,000	13,227	12,855
	77,630	77,000	18,152
Total Government grants	587,630	613,930	363,401
Other Grants	-	74,724	-
Total Other Income	1,186,354	1,978,616	1,094,438
Total Revenue	\$ 8,873,979	\$ 9,821,848	\$ 8,776,726

Non-Consolidated Schedule of Expenses

YEAR ENDED DECEMBER 31, 2015

Schedule 4 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
General Government Services			
Legislative	\$ 134,199	\$ 129,459	\$ 123,280
General administrative:			
Salaries and benefits	822,853	875,510	817,609
Travel, conference, training	44,700	38,945	46,312
Sick leave and severance expense	60,000	15,712	49,488
Computer services	58,490	58,917	55,822
Legal	20,000	27,193	40,840
Accounting and audit	17,850	19,350	16,175
Communications and consulting	90,200	85,326	75,757
City Hall maintenance and operation	60,150	48,298	76,698
Office supplies and miscellaneous	39,925	37,693	39,625
Telephone, internet and postage	21,750	19,156	22,375
Advertising	12,000	6,872	11,528
Insurance	64,797	67,371	78,849
Internal recoveries	(468,967)	(468,967)	(422,279)
	<u>843,748</u>	<u>831,376</u>	<u>908,799</u>
Other:			
Grants to organizations	22,000	19,465	19,400
Operation and maintenance	3,927	3,927	3,789
General elections	-	-	17,698
Margaret Moss building	6,713	2,426	908
Senior citizen sewer and water rebates	700	455	606
Sundry	4,295	4,970	4,579
Tourism	90,348	87,864	106,336
Write down of account receivable to net realizable value	-	289,374	-
	<u>127,983</u>	<u>408,481</u>	<u>153,316</u>
Total General Government Services	<u>1,105,930</u>	<u>1,369,316</u>	<u>1,185,395</u>

Non-Consolidated Schedule of Expenses (Continued)

YEAR ENDED DECEMBER 31, 2015

Schedule 4 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
Protective Services			
Fire:			
Chief and officers' honorarium	23,000	19,962	19,075
Call pay	119,000	126,457	105,966
Training	46,000	43,693	35,236
Firefighters' WCB and insurance	8,500	9,589	8,588
Telephone and radio alarm system	11,725	11,659	10,117
Fire hall maintenance and operation	33,677	30,900	35,499
Vehicle maintenance and operation	37,845	34,462	34,202
Fire investigation and prevention	35,726	24,312	37,542
Hydrant rental	13,000	13,521	12,596
Other	62,316	60,307	67,941
	<u>390,789</u>	<u>374,862</u>	<u>366,762</u>
Other protection:			
Animal control	19,200	18,700	18,040
Building inspection:			
Salaries and benefits	94,722	90,043	79,646
Travel and transportation	4,000	3,420	3,900
Other	5,370	4,611	4,762
Flood control	3,000	1,875	-
Storm water quality testing	4,000	691	3,559
Security patrols and cameras	50,000	55,395	52,759
	<u>180,292</u>	<u>174,735</u>	<u>162,666</u>
Total Protective Services	<u>571,081</u>	<u>549,597</u>	<u>529,428</u>

Non-Consolidated Schedule of Expenses (Continued)

YEAR ENDED DECEMBER 31, 2015

Schedule 4 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
Transportation Services			
Common services:			
Public works administration salaries and benefits	313,986	322,182	307,665
Other administration costs	82,910	68,743	91,588
Operation and maintenance of workshop and yard	52,541	57,754	38,453
Small tools and equipment	7,000	3,639	2,995
Engineering	183,051	177,460	159,113
Public works administration recoveries	(324,136)	(324,136)	(289,160)
	<u>315,352</u>	<u>305,642</u>	<u>310,654</u>
Road transport:			
Street maintenance	70,000	59,245	84,958
Sidewalk maintenance	75,000	74,836	67,976
Drainage	59,000	75,518	95,053
Street sweeping	50,000	53,404	55,125
Snow removal	50,000	16,647	61,509
Boulevard and median maintenance	58,000	65,177	53,371
Tree maintenance	25,000	60,515	26,140
Totem maintenance	12,490	28,777	6,210
Traffic lines and signs	76,500	76,310	77,334
Street lighting	88,450	97,473	97,390
Traffic light maintenance and control	29,600	30,714	26,093
Off street free parking lots	9,170	6,627	6,912
Other	1,049	1,576	1,294
	<u>604,259</u>	<u>646,819</u>	<u>659,365</u>
Parking:			
Parking control	34,250	28,141	37,116
Parking lots	21,118	22,551	26,614
	<u>55,368</u>	<u>50,692</u>	<u>63,730</u>
Other:			
Bylaw enforcement	42,240	42,523	33,181
Transit pass rebate program	5,000	6,612	3,924
	<u>47,240</u>	<u>49,135</u>	<u>37,105</u>
Total Transportation Services	<u>1,022,219</u>	<u>1,052,288</u>	<u>1,070,854</u>

Non-Consolidated Schedule of Expenses (Continued)

YEAR ENDED DECEMBER 31, 2015

Schedule 4 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
Environmental Health Services			
Solid waste collection and disposal	217,985	191,420	189,730
Comfort stations	26,061	28,317	25,901
Environmental programs	9,000	6,786	27,899
Other	967	546	-
	<u>254,013</u>	<u>227,069</u>	<u>243,530</u>
Environmental Development Services			
Planning salaries and benefits	135,926	118,030	117,976
Materials and contracted services	102,500	14,279	62,598
	<u>238,426</u>	<u>132,309</u>	<u>180,574</u>
Recreation and Cultural Services			
General Parks and Playgrounds	423,388	422,314	430,390
Joint Parks Contributions	5,600	5,560	5,500
Joint Cowichan Aquatic Centre Contributions	219,500	276,894	233,521
Senior Citizens' Activity Centre	5,127	6,473	16,313
Museum	9,150	10,115	9,243
	<u>662,765</u>	<u>721,356</u>	<u>694,967</u>
Interest			
Interest in General Fund			
General Government	1,000	1,434	1,161
Protective Services	300	983	2,798
Recreation and Cultural Services	47,125	47,125	47,125
	<u>48,425</u>	<u>49,542</u>	<u>51,084</u>
Interest in Sewer Fund			
	8,820	8,820	10,663
	<u>57,245</u>	<u>58,362</u>	<u>61,747</u>
Water and Sewer Services			
Waterworks	1,175,016	1,193,479	1,054,305
Sewer	807,891	716,282	652,617
	<u>1,982,907</u>	<u>1,909,761</u>	<u>1,706,922</u>

Non-Consolidated Schedule of Expenses (Continued)

YEAR ENDED DECEMBER 31, 2015

Schedule 4 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
Amortization			
General government services	57,155	68,223	58,451
Protective services	111,003	114,182	113,521
Transportation services	461,564	485,054	472,034
Environmental health services	24,102	24,649	24,649
Recreation and cultural services	258,363	263,643	264,224
Water services	193,976	206,325	195,757
Sewer services	42,529	43,652	42,589
	<u>1,148,692</u>	<u>1,205,728</u>	<u>1,171,225</u>
Other			
Capital expense	-	495,396	364,156
Actuarial debt adjustment	-	(21,512)	(17,236)
	<u>-</u>	<u>473,884</u>	<u>346,920</u>
Total Expenses	<u><u>\$ 7,043,278</u></u>	<u><u>\$ 7,699,670</u></u>	<u><u>\$ 7,191,562</u></u>

Consolidated Statement of Operations by Program

YEAR ENDED DECEMBER 31, 2015

Schedule 5 (Audited)

	General Government		Protective Services		Transportation Services	
	2015	2014	2015	2014	2015	2014
REVENUE						
Taxation and grants in lieu of taxes	\$ 3,760,923	\$ 3,673,788	\$ -	\$ -	\$ -	\$ -
Sale of services	11,491	14,738	279,471	266,725	13,024	29,121
Grants	548,403	348,820	9,724	-	115,534	-
Licenses, permits, penalties and fines	350,244	326,820	-	-	250,877	263,364
Capital contributions from developers	-	-	-	-	-	-
Return on investments	137,875	178,786	-	-	-	-
Gain(Loss) on disposal of assets	-	59,790	-	-	(7,875)	(20,333)
Assets contributed by developers	-	-	-	-	7,239	32,410
Increase in proportionate share of JUB assets	-	-	-	-	-	-
Funds contributed by other governments	-	-	458,154	-	-	-
Gas Tax funds utilized	576,872	214,887	-	-	-	-
Total revenue	\$ 5,385,808	\$ 4,817,629	\$ 747,349	\$ 266,725	\$ 378,799	\$ 304,562
EXPENSES						
Operating expenses						
Payroll	\$ 1,023,439	\$ 1,008,153	\$ 265,217	\$ 246,809	\$ 880,422	\$ 818,252
Other	345,877	177,242	284,380	282,619	171,866	252,602
Total Operating expenses	1,369,316	1,185,395	549,597	529,428	1,052,288	1,070,854
Capital fund expenses	159,017	29,899	26,085	19,266	159,586	62,368
Amortization	68,223	58,451	114,182	113,521	485,054	472,034
Interest	1,434	1,161	983	2,798	-	-
Actuarial adjustment to debt	-	-	-	-	-	-
Total expenses	\$ 1,597,990	\$ 1,274,906	\$ 690,847	\$ 665,013	\$ 1,696,928	\$ 1,605,256
Surplus (Deficit)	\$ 3,787,818	\$ 3,542,723	\$ 56,502	\$ (398,288)	\$ (1,318,129)	\$ (1,300,694)

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

Consolidated Statement of Operations by Program (Continued)

YEAR ENDED DECEMBER 31, 2015

Schedule 5 (Audited)

	Environmental Health Services		Environmental Development Services		Recreation and Cultural Services	
	2015	2014	2015	2014	2015	2014
REVENUE						
Taxation and grants in lieu of taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of services	218,292	195,486	-	-	11,065	10,248
Grants	-	-	-	-	14,993	14,581
Licenses, permits, penalties and fines	-	-	-	-	-	-
Capital contributions from developers	-	-	-	-	-	-
Return on investments	-	-	-	-	-	-
Gain(Loss) on disposal of assets	-	-	-	-	-	-
Assets contributed by developers	-	-	-	-	-	-
Increase in proportionate share of JUB assets	-	-	-	-	-	-
Funds contributed by other governments	-	-	-	-	-	-
Gas Tax funds utilized	-	-	-	829	-	-
Total revenue	\$ 218,292	\$ 195,486	\$ -	\$ 829	\$ 26,058	\$ 24,829
EXPENSES						
Operating expenses						
Payroll	\$ 71,459	\$ 66,639	\$ 118,030	\$ 117,976	\$ 235,527	\$ 245,071
Other	155,610	176,891	14,279	62,598	485,829	449,896
Total Operating expenses	227,069	243,530	132,309	180,574	721,356	694,967
Capital fund expenses	-	10,394	-	-	182	137,183
Amortization	24,649	24,649	-	-	263,643	264,224
Interest	-	-	-	-	47,125	47,125
Actuarial adjustment to debt	-	-	-	-	(9,042)	(5,909)
Total expenses	\$ 251,718	\$ 278,573	\$ 132,309	\$ 180,574	\$ 1,023,264	\$ 1,137,590
Surplus (Deficit)	\$ (33,426)	\$ (83,087)	\$ (132,309)	\$ (179,745)	\$ (997,206)	\$ (1,112,761)

Consolidated Statement of Operations by Program (Continued)

YEAR ENDED DECEMBER 31, 2015

Schedule 5 (Audited)

	Water Services		Sewer Services		Total	
	2015	2014	2015	2014	2015	2014
REVENUE						
Taxation and grants in lieu of taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,760,923	\$ 3,673,788
Sale of services	1,992,441	1,936,283	955,404	965,715	3,481,188	3,418,316
Grants	-	-	-	-	688,654	363,401
Licenses, permits, penalties and fines	-	-	-	-	601,121	590,184
Capital contributions from developers	27,000	129,740	-	-	27,000	129,740
Return on investments	69,500	78,953	21,197	22,385	228,572	280,124
Gain(Loss) on disposal of assets	-	-	-	-	(7,875)	39,457
Assets contributed by developers	-	33,590	-	-	7,239	66,000
Increase in proportionate share of JUB assets	-	-	-	7,085	-	7,085
Funds contributed by other governments	-	-	-	-	458,154	-
Gas Tax funds utilized	-	-	-	-	576,872	215,716
Total revenue	\$ 2,088,941	\$ 2,178,566	\$ 976,601	\$ 995,185	\$ 9,821,848	\$ 8,783,811
EXPENSES						
Operating expenses						
Payroll	\$ 324,819	\$ 222,753	\$ 87,818	\$ 70,239	\$ 3,006,731	\$ 2,795,892
Other	868,660	831,552	585,708	540,666	2,912,209	2,774,066
Total Operating expenses	1,193,479	1,054,305	673,526	610,905	5,918,940	5,569,958
Capital fund expenses	36,280	45,865	114,246	59,181	495,396	364,156
Amortization	206,325	195,757	59,867	58,804	1,221,943	1,187,440
Interest	-	-	8,820	10,663	58,362	61,747
Actuarial adjustment to debt	-	-	(12,470)	(11,327)	(21,512)	(17,236)
Total expenses	\$ 1,436,084	\$ 1,295,927	\$ 843,989	\$ 728,226	\$ 7,673,129	\$ 7,166,065
Surplus (Deficit)	\$ 652,857	\$ 882,639	\$ 132,612	\$ 266,959	\$ 2,148,719	\$ 1,617,746

Consolidated Details and Reconciliation to Core Government Results

YEAR ENDED DECEMBER 31, 2015

Schedule 6 (Audited)

	The Corporation of the City of Duncan		Joint Utilities Board (JUB) Proportionate Share		Total	
	2015	2014	2015	2014	2015	2014
STATEMENT OF FINANCIAL POSITION						
Cash and investments (Note 3)	\$ 12,707,198	\$ 14,955,164	\$ 399,974	\$ 357,218	\$ 13,107,172	\$ 15,312,382
Tangible capital assets (Schedule 1)	\$ 26,889,825	\$ 23,591,203	\$ 752,662	\$ 768,877	\$ 27,642,487	\$ 24,360,080
Equity in tangible capital assets (Schedule 7)	\$ 25,629,265	\$ 22,209,534	\$ 752,662	\$ 768,877	\$ 26,381,927	\$ 22,978,411
Accumulated surplus (Schedule 9)	\$ 35,901,088	\$ 33,778,910	\$ 1,152,636	\$ 1,126,095	\$ 37,053,724	\$ 34,905,005
INVESTMENT IN TANGIBLE CAPITAL ASSETS						
Acquisition of tangible capital assets (Schedule 1)	\$ 4,512,223	\$ 1,766,091	\$ -	\$ 5,054	\$ 4,512,223	\$ 1,771,145
STATEMENT OF OPERATIONS						
Increase in proportionate share of JUB assets	\$ -	\$ -	\$ -	\$ 7,085	\$ -	\$ 7,085
Total revenues (Schedule 3)	\$ 9,821,848	\$ 8,776,726	\$ -	\$ 7,085	\$ 9,821,848	\$ 8,783,811
Sewer services expenses	\$ 716,282	\$ 652,617	\$ (42,756)	\$ (41,712)	\$ 673,526	\$ 610,905
Sewer services amortization (Schedule 4)	\$ 43,652	\$ 42,589	\$ 16,215	\$ 16,215	\$ 59,867	\$ 58,804
Total expenses (Schedule 4)	\$ 7,699,670	\$ 7,191,562	\$ (26,541)	\$ (25,497)	\$ 7,673,129	\$ 7,166,065

Non-Consolidated Schedule of Equity in Tangible Capital Assets

YEAR ENDED DECEMBER 31, 2015

Schedule 7 (Excluding Joint Utilities Board Financial Information – Audited)

	<u>2015</u>	<u>2014</u>
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Net Investment in Tangible Capital Assets, beginning of year	\$ 22,209,534	\$ 21,522,829
Add: Purchase of tangible capital assets	4,504,984	1,700,091
Tangible capital assets acquired in-kind	7,239	66,000
Debt repayment	99,599	117,146
Actuarial adjustment to debt	21,512	17,236
Less: Amortization	(1,205,728)	(1,171,225)
Net book value of disposed of tangible capital assets	(7,875)	(42,543)
Net Investment in Tangible Capital Assets	<u>\$ 25,629,265</u>	<u>\$ 22,209,534</u>

Non-Consolidated Schedule of Change in Reserve Fund Balances

YEAR ENDED DECEMBER 31, 2015

Schedule 8 (Excluding Joint Utilities Board Financial Information – Audited)

	<u>2015 Budget</u>	<u>2015 Actual</u>	<u>2014 Actual</u>
REVENUE			
Investment income	\$ -	\$ 121,240	\$ 143,965
Municipality of North Cowichan - Aquannis Centre	-	1,766	1,726
Water capital contributions from developers	-	27,000	129,740
NET REVENUES	-	150,006	275,431
TRANSFERS			
Transfers from operating fund	978,707	996,652	722,908
Transfers from (to) general capital fund	(2,886,010)	(1,437,501)	(221,498)
Transfers from (to) sewer capital fund	(134,000)	-	-
Transfers from (to) water capital fund	-	-	(18,345)
CHANGE IN RESERVE FUND BALANCES	(2,041,303)	(290,843)	758,496
FUND SURPLUS, BEGINNING OF YEAR	<u>6,528,530</u>	<u>6,528,530</u>	<u>5,770,034</u>
FUND SURPLUS, END OF YEAR	<u>\$ 4,487,227</u>	<u>\$ 6,237,687</u>	<u>\$ 6,528,530</u>

Non-Consolidated Schedule of Change in Reserve Fund Balances

YEAR ENDED DECEMBER 31, 2015

Schedule 8 (Excluding Joint Utilities Board Financial Information – Audited)

	2015	2014
	Actual	Actual
SUMMARY OF RESERVE FUND POSITIONS		
Sale of real property	* \$ 213,244	\$ 209,111
Sale of property - Cowichan Place	33,873	43,972
Parking improvement	544,703	537,819
Parking improvement - Restricted	* 115,659	113,418
Machinery and equipment	1,536,244	1,398,902
Operating reserves	482,480	419,115
Capital works and other miscellaneous reserves	277,832	244,367
Public art	9,585	9,399
Pioneer Park	1,348	48,531
Aquannis Centre	27,586	25,320
Municipal Finance Authority debt issue refunds	37,328	36,605
Small communities grant	19,340	-
Fire hall	-	110,053
Storm infrastructure	32,883	42,544
Downtown revitalization	17,287	16,952
Melba Schappert bequest	49,602	48,641
Police bridging capital	1,293,153	1,734,887
General capital cost contributions	1,899	1,862
Water capital cost contributions	337,522	304,289
Water capital reserve	381,704	374,306
Sewer capital cost contributions	141,556	138,812
Sewer capital reserve	682,859	669,625
Total Reserve Fund Equity	\$ 6,237,687	\$ 6,528,530
RESERVES HELD AS LIABILITIES		
Federal Gas Tax funds (Note 9)	* 457,066	766,553
Restricted revenue (Note 10)	* 1,926,971	1,794,223
Total Reserve Funds	\$ 8,621,724	\$ 9,089,306

* Restricted Cash and Temporary Investments (Note 3)

Non-Consolidated Statement of Financial Position – Funds

YEAR ENDED DECEMBER 31, 2015

Schedule 9 (Excluding Joint Utilities Board Financial Information – Unaudited)

	General Fund		Reserve Fund		Waterworks Utility Fund	
	2015	2014	2015	2014	2015	2014
FINANCIAL ASSETS						
Cash and investments	\$ 347,062	\$ 1,287,384	\$ 8,621,724	\$ 9,089,306	\$ 2,769,097	\$ 3,516,478
Accounts receivable (Note 4)	1,276,857	807,186	-	-	142,401	148,373
Deposits - Municipal Finance Authority (Note 5)	16,720	16,303	-	-	-	-
Loan receivable (Note 6)	153,667	-	-	-	-	-
	<u>\$ 1,794,306</u>	<u>\$ 2,110,873</u>	<u>\$ 8,621,724</u>	<u>\$ 9,089,306</u>	<u>\$ 2,911,498</u>	<u>\$ 3,664,851</u>
LIABILITIES						
Accounts payable and accrued liabilities (Note 7)	\$ 845,501	\$ 832,990	\$ -	\$ -	\$ -	\$ -
Sick and severance liabilities (Note 14(b))	423,973	417,713	-	-	-	-
Refundable deposits (Note 8)	190,069	124,704	-	-	-	-
Deferred revenue (Note 9)	450,320	571,619	457,066	766,553	7,063	5,619
Restricted revenue (Note 10)	-	-	1,926,971	1,794,223	-	-
Obligations under capital lease (Note 11)	-	-	-	-	-	-
Debenture debt (Note 12)	-	-	-	-	-	-
	<u>1,909,863</u>	<u>1,947,026</u>	<u>2,384,037</u>	<u>2,560,776</u>	<u>7,063</u>	<u>5,619</u>
NET FINANCIAL ASSETS	<u>\$ (115,557)</u>	<u>\$ 163,847</u>	<u>\$ 6,237,687</u>	<u>\$ 6,528,530</u>	<u>\$ 2,904,435</u>	<u>\$ 3,659,232</u>
NON-FINANCIAL ASSETS						
Tangible capital assets (Schedule 1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory of supplies	102,861	98,445	-	-	-	-
Prepaid expenses	155,662	30,913	-	-	-	-
	<u>258,523</u>	<u>129,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ACCUMULATED SURPLUS	<u>\$ 142,966</u>	<u>\$ 293,205</u>	<u>\$ 6,237,687</u>	<u>\$ 6,528,530</u>	<u>\$ 2,904,435</u>	<u>\$ 3,659,232</u>

Non-Consolidated Statement of Financial Position – Funds (Continued)

YEAR ENDED DECEMBER 31, 2015

Schedule 9 (Excluding Joint Utilities Board Financial Information – Unaudited)

	Sewer Utility Fund		Equity in Capital Assets		2015	2014
	2015	2014	2015	2014	Total	Total
FINANCIAL ASSETS						
Cash and investments	\$ 969,315	\$ 1,061,996	\$ -	\$ -	\$ 12,707,198	\$ 14,955,164
Accounts receivable (Note 4)	9,822	19,023	-	-	1,429,080	974,582
Deposits - Municipal Finance Authority (Note 5)	8,322	8,115	-	-	25,042	24,418
Loan receivable (Note 6)	-	-	-	-	153,667	-
	<u>\$ 987,459</u>	<u>\$ 1,089,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,314,987</u>	<u>\$ 15,954,164</u>
LIABILITIES						
Accounts payable and accrued liabilities (Note 7)	\$ 724	\$ 725	\$ -	\$ -	\$ 846,225	\$ 833,715
Sick and severance liabilities (Note 14(b))	-	-	-	-	423,973	417,713
Refundable deposits (Note 8)	-	-	-	-	190,069	124,704
Deferred revenue (Note 9)	-	-	-	-	914,449	1,343,791
Restricted revenue (Note 10)	-	-	-	-	1,926,971	1,794,223
Obligations under capital lease (Note 11)	-	-	-	13,261	-	13,261
Debenture debt (Note 12)	-	-	1,260,560	1,368,408	1,260,560	1,368,408
	<u>724</u>	<u>725</u>	<u>1,260,560</u>	<u>1,381,669</u>	<u>5,562,247</u>	<u>5,895,815</u>
NET FINANCIAL ASSETS	<u>\$ 986,735</u>	<u>\$ 1,088,409</u>	<u>\$ (1,260,560)</u>	<u>\$ (1,381,669)</u>	<u>\$ 8,752,740</u>	<u>\$ 10,058,349</u>
NON-FINANCIAL ASSETS						
Tangible capital assets (Schedule 1)	\$ -	\$ -	\$ 26,889,825	\$ 23,591,203	\$ 26,889,825	\$ 23,591,203
Inventory of supplies	-	-	-	-	102,861	98,445
Prepaid expenses	-	-	-	-	155,662	30,913
	<u>-</u>	<u>-</u>	<u>26,889,825</u>	<u>23,591,203</u>	<u>27,148,348</u>	<u>23,720,561</u>
ACCUMULATED SURPLUS	<u>\$ 986,735</u>	<u>\$ 1,088,409</u>	<u>\$ 25,629,265</u>	<u>\$ 22,209,534</u>	<u>\$ 35,901,088</u>	<u>\$ 33,778,910</u>

Statement of General Revenue Fund Operations

YEAR ENDED DECEMBER 31, 2015

Schedule 10 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
REVENUE			
Taxes	\$ 3,759,306	\$ 3,752,924	\$ 3,664,408
Grants in lieu of taxes	9,400	7,999	9,380
Sale of services	525,149	524,423	492,777
Government transfers - unconditional	510,000	535,164	343,523
Government transfers - conditional	19,000	18,370	18,152
Gas Tax Funds utilized	-	-	829
Investment income	40,000	16,635	34,821
Other revenue from own sources	568,548	601,121	590,184
Total revenue	<u>5,431,403</u>	<u>5,456,636</u>	<u>5,154,074</u>
EXPENSES			
General government	1,105,930	1,369,316	1,185,395
Protective services	571,081	549,597	529,428
Transportation services	1,022,219	1,052,288	1,070,854
Environmental health services	254,013	227,069	243,530
Environmental development services	238,426	132,309	180,574
Recreation and cultural services	662,765	721,356	694,967
Interest	48,425	49,542	51,084
Total expenses	<u>3,902,859</u>	<u>4,101,477</u>	<u>3,955,832</u>
NET REVENUES	1,528,544	1,355,159	1,198,242
TRANSFERS			
Transfers to general capital fund	(581,384)	(379,490)	(641,996)
Transfers to reserve fund	(978,707)	(996,652)	(722,908)
Transfers to sewer revenue fund - parcel tax	(43,560)	(43,580)	(43,440)
Long term debt repayment	(85,737)	(85,676)	(103,223)
NET INCREASE (DECREASE) IN FUND	(160,844)	(150,239)	(313,325)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>293,205</u>	<u>293,205</u>	<u>606,530</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 132,361</u>	<u>\$ 142,966</u>	<u>\$ 293,205</u>

Statement of Waterworks Utility Revenue Fund Operations

YEAR ENDED DECEMBER 31, 2015

Schedule 11 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
REVENUE			
Sale of water	\$ 1,870,296	\$ 1,921,459	\$ 1,861,387
Water studies	1,200	-	1,200
Service charges	25,916	21,457	24,115
Investment income	55,342	69,500	78,953
Total revenue	<u>1,952,754</u>	<u>2,012,416</u>	<u>1,965,655</u>
EXPENSES			
Administration	571,866	554,088	516,671
Transmission and distribution	347,150	406,940	318,654
Pumping	256,000	232,451	218,980
Total expenses	<u>1,175,016</u>	<u>1,193,479</u>	<u>1,054,305</u>
NET REVENUES	777,738	818,937	911,350
TRANSFERS			
Transfers to waterworks utility capital fund	<u>(2,403,371)</u>	<u>(1,573,734)</u>	<u>(624,556)</u>
NET INCREASE (DECREASE) IN FUND	(1,625,633)	(754,797)	286,794
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>3,659,232</u>	<u>3,659,232</u>	<u>3,372,438</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 2,033,599</u>	<u>\$ 2,904,435</u>	<u>\$ 3,659,232</u>

Statement of Sewer Utility Revenue Fund Operations

YEAR ENDED DECEMBER 31, 2015

Schedule 12 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
REVENUE			
Sewer fees	\$ 927,610	\$ 946,921	\$ 921,245
Service charges	200	-	220
Investment income	15,416	21,197	22,385
Total revenue	<u>943,226</u>	<u>968,118</u>	<u>943,850</u>
EXPENSES			
Administration	260,688	241,113	217,361
Collection and disposal	162,783	176,509	158,880
Cost sharing - municipal government	(20,000)	(18,431)	(23,490)
Joint Utilities Board	404,420	317,091	299,866
Interest on debenture debt	8,820	8,820	10,663
Total expenses	<u>816,711</u>	<u>725,102</u>	<u>663,280</u>
NET REVENUES	126,515	243,016	280,570
TRANSFERS			
Transfers to sewer capital fund	(718,400)	(374,347)	(143,593)
Transfers from general revenue fund - parcel tax	43,560	43,580	43,440
Long-term debt repayment	(13,923)	(13,923)	(13,923)
NET INCREASE (DECREASE) IN FUND	(562,248)	(101,674)	166,494
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,088,409	1,088,409	921,915
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 526,161</u>	<u>\$ 986,735</u>	<u>\$ 1,088,409</u>

Statement of Capital Fund Operations

YEAR ENDED DECEMBER 31, 2015

Schedule 13 (Excluding Joint Utilities Board Financial Information – Unaudited)

	2015 Budget	2015 Actual	2014 Actual
REVENUE			
Connection fees			
General Capital	\$ -	\$ 8,920	\$ 23,541
Water Capital	-	49,525	49,581
Sewer Capital	-	8,483	44,250
Grants	58,630	133,354	-
Gain (Loss) on disposal of tangible capital assets	-	(7,875)	39,457
Assets Constructed by Developers			
General Capital	-	7,239	32,410
Water Capital	-	-	33,590
Funds Contributed by other governments	-	458,154	-
Gas Tax Funds utilized	487,966	576,872	214,887
Total revenue	546,596	1,234,672	437,716
EXPENSES (not capitalized) (Schedule 5)			
General government services	-	159,017	29,899
Protective services	-	26,085	19,266
Transportation services	-	159,586	62,368
Environmental health services	-	-	10,394
Recreation and cultural services	-	182	137,183
Water services	-	36,280	45,865
Sewer services	-	114,246	59,181
Total expenses	-	495,396	364,156
NET REVENUES	546,596	739,276	73,560
TRANSFERS			
Transfers from (to) general operating fund	581,384	379,490	641,996
Transfers from (to) water operating fund	2,403,371	1,573,734	624,556
Transfers from (to) sewer operating fund	718,400	374,347	143,593
Transfers from (to) general reserve funds	2,886,010	1,437,501	221,498
Transfers from (to) water reserve funds	-	-	18,345
Transfers from (to) sewer reserve funds	134,000	-	-
Tangible capital asset purchases	(7,269,761)	(4,504,984)	(1,700,091)
Tangible capital assets acquired in-kind	-	(7,239)	(66,000)
Net book value of disposed of tangible capital assets	-	7,875	42,543
NET INCREASE (DECREASE) IN FUND	-	-	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-	-
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ -	\$ -

DUNCAN - NORTH COWICHAN JOINT UTILITIES BOARD Statement of Responsibility

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

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

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

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



Dave Devana
Chief Administrative Officer
May 3, 2016

Independent Auditor's Report

YEAR ENDED DECEMBER 31, 2015

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD



INDEPENDENT AUDITOR'S REPORT

To the Duncan - North Cowichan Joint Utilities Board,

Report on Financial Statements

We have audited the accompanying financial statements of the Duncan - North Cowichan Joint Utilities Board, which comprise the statement of financial position as at December 31, 2015, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Duncan - North Cowichan Joint Utilities Board as at December 31, 2015 and its operations for the year then ended in accordance with Canadian public sector accounting standards.

Duncan, BC
May 2, 2016

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

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

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

Duncan: 888.746.4406 | Nanaimo: 888.754.9551 | Victoria: 855.383.8994

Statement of Financial Position

AS AT DECEMBER 31, 2015

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

	<u>2015</u>	<u>2014</u>
Financial Assets		
Investments (Notes 3 and 6)	\$ <u>1,226,162</u>	\$ <u>1,095,088</u>
Net Financial Assets	<u>1,226,162</u>	<u>1,095,088</u>
Non-financial assets		
Tangible capital assets (Schedule I)	<u>2,307,362</u>	<u>2,357,072</u>
Accumulated surplus	\$ <u><u>3,533,524</u></u>	\$ <u><u>3,452,160</u></u>


M. Frame,
Director of Finance

See accompanying notes to the financial statements.

Statement of Operations

FOR THE YEAR ENDED DECEMBER 31, 2015

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

	2015 <u>Budget</u>	<u>2015</u>	<u>2014</u>
Revenue			
Contributions from:			
The Corporation of the District of North Cowichan	\$ 1,368,228	\$ 530,618	\$ 498,420
The Corporation of the City of Duncan	812,802	325,518	305,968
Cowichan Valley Regional District	336,554	160,285	152,306
Cowichan Tribes	46,939	18,171	17,265
Interest received	9,000	15,873	12,670
	<u>2,573,523</u>	<u>1,050,466</u>	<u>986,629</u>
Expenses			
Administration	38,500	42,492	39,960
Amortization	-	49,710	49,710
Sewer lagoon operation and maintenance	963,823	876,901	818,799
	<u>1,002,323</u>	<u>969,103</u>	<u>908,469</u>
Annual Surplus	1,571,200	81,363	78,160
Accumulated surplus, beginning of year	<u>3,452,160</u>	<u>3,452,160</u>	<u>3,374,000</u>
Accumulated surplus, end of year	<u>\$ 5,023,360</u>	<u>\$ 3,533,523</u>	<u>\$ 3,452,160</u>

See accompanying notes to the financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2015

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

1. Summary of Operations

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

2. Significant Accounting Policies

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

a) Basis of Accounting

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

b) Revenue Recognition

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

c) Cash and Cash Equivalents

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

d) Use of Estimates

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

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

2. Significant Accounting Policies (continued)

e) Non-Financial Assets

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

f) Tangible Capital Assets

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

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

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

3. Investments

Investments are carried at cost, which at December 31, 2015, would approximate market value. The balance of investments has been internally restricted by the Board and is to be expended in accordance with the terms of the reserve for capital expenditure.

4. Operating Lease

The Board leased the sewage lagoon lands under a forty-nine year operating lease with the lease expiring July 31, 2060. Future minimum lease payments are \$310,894 per annum with an estimated annual increase of 2.2%

5. Financial Instruments

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

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

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

6. Capital Reserve Funds

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

	<u>2015</u>	<u>2014</u>
Balances, beginning of year	\$1,095,088	\$967,218
Add: transfer from current operations	\$131,074	\$127,870
Balance, end of year	<u>\$1,226,162</u>	<u>\$1,095,088</u>

7. Listing of Operating Expenditures by Object Type

The following provides a summary of operating expenses by object:

	<u>2015</u>	<u>2014</u>
Salaries, wages and benefits	\$118,898	\$118,673
Contract services	151,755	101,267
Amortization	49,710	49,710
Materials and supplies	337,846	334,618
Land Rent	310,894	304,201
Total Expense	<u>\$969,103</u>	<u>\$908,469</u>

8. Statement of Cash Flows

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

Tangible Capital Assets

FOR THE YEAR ENDED DECEMBER 31, 2015

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

Schedule 1

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance		Balance		Balance		Balance			
	December 31, 2014	2015 Additions	2015 Disposals	December 31, 2015	December 31, 2014	2015 Additions	2015 Disposals	December 31, 2015	2014	2015
Engineering Structures	\$ 2,485,490	-	-	\$ 2,485,490	\$ 128,418	\$ 49,710	-	\$ 178,128	\$ 2,357,072	\$ 2,307,362



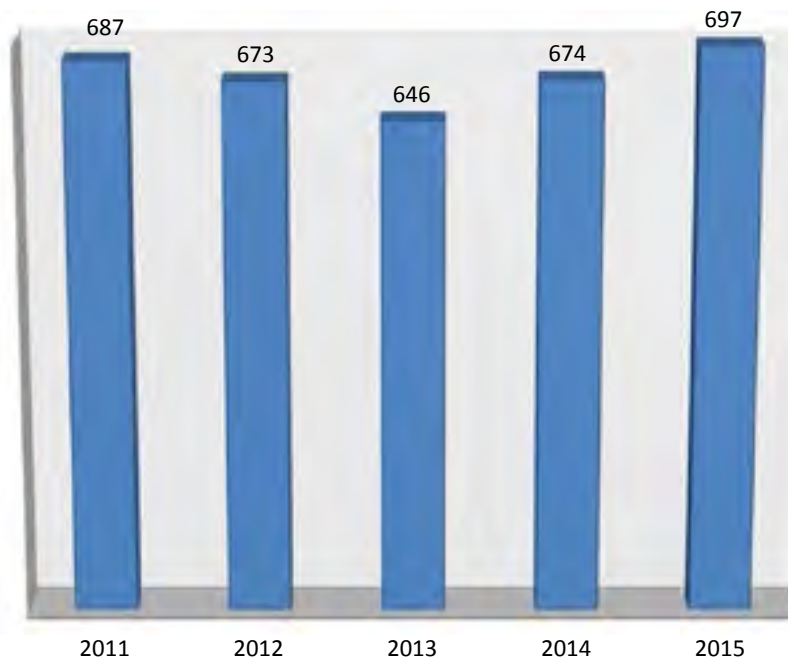
Statistical Information

Population Demographics

	2011	2012	2013	2014	2015
Total Population Estimates	4,932	4,939	4,790	4,761	4,663
% Change from Prior Year	-1.10%	0.14%	-3.02%	-0.61%	-2.06%
Population Density Per Square Km	2,383	2,386	2,314	2,300	2,253

Source: 2011 Statistics Canada, 2012 - 2015 BC Stats

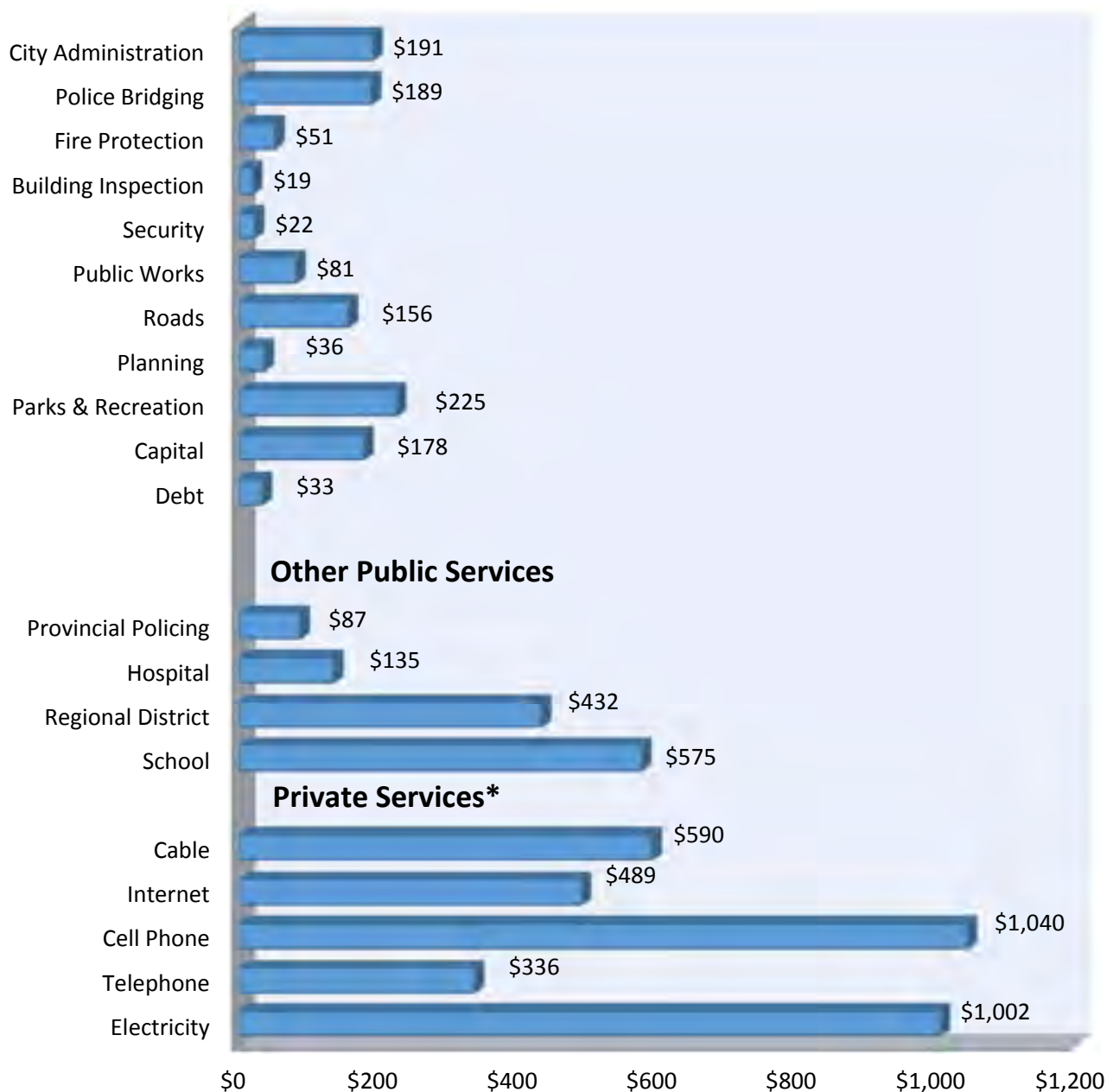
Active Business Licences



Standard Household Annual Costs, 2015

Detailing the average household cost of City services (average assessment of \$249,223) compared to other common household costs.

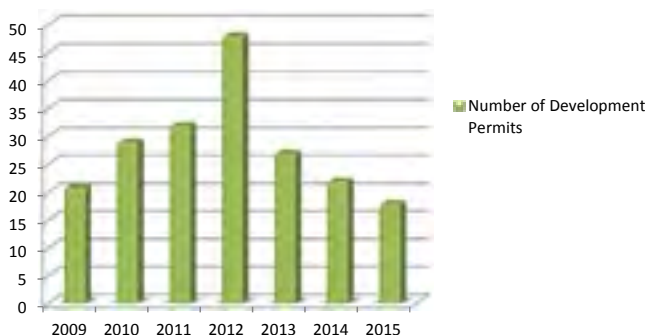
2015 City Services - Total \$1,181



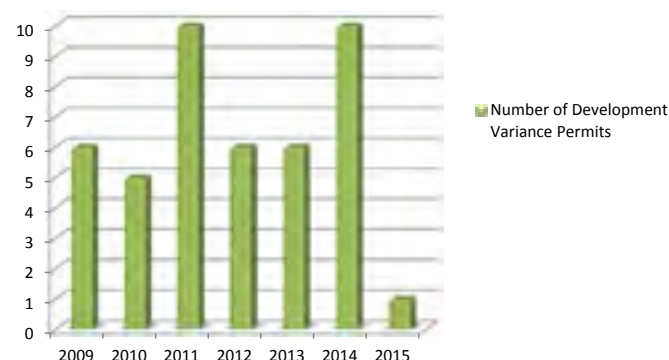
*Average household expenditure according to Statistics Canada 2013

Development Permits and Variance Permits

Development Permits



Development Variance Permits



New Construction

	2011	2012	2013	2014	2015
Building Permits Issued	73	90	86	51	61
Construction Value	4,433,737	4,714,191	5,593,251	4,425,756	8,003,880

Major Property Taxpayers

This listing includes the largest tax contributing 'folios'. There may be some properties that would have appeared on this list if they were combined into single folios.

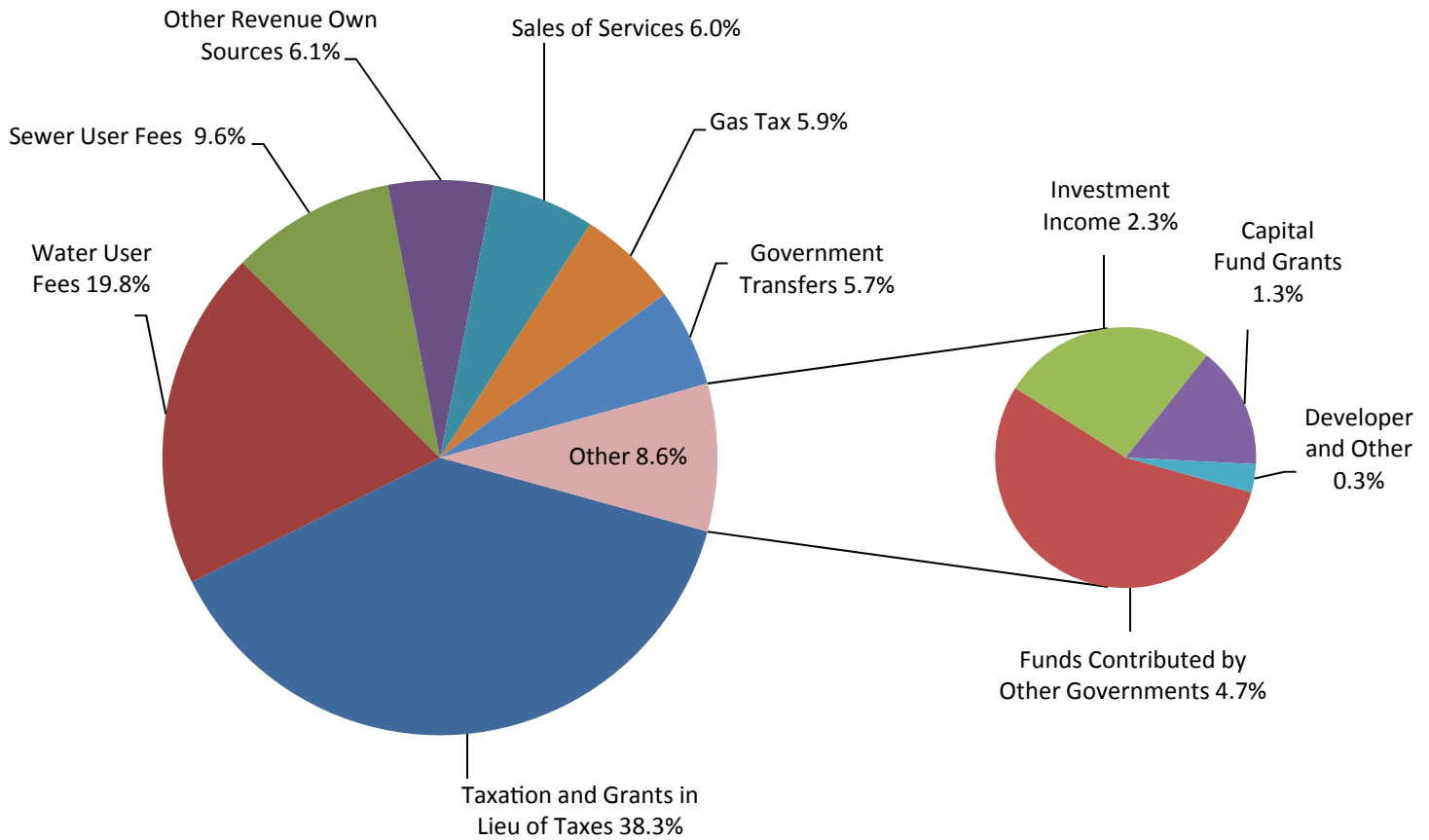
Property Owner	Industry	Tax Contribution
1 TNC Coronation Mall Ltd.	Retail Mall	166,207
2 Coronation Properties Ltd.	Seniors Residential Complex	92,861
3 0984369 BC Ltd.	Office Building	61,052
4 0975183 BC Ltd.	Court House Property	60,550
5 BC Telephone Company	Building and Yard	42,995
6 Cowichan Hospitality Group Ltd.	Hotel	41,438
7 0693523 BC Ltd.	Seniors Residential Complex	35,781
8 Little Eagle Holdings Ltd.	Car Dealership	32,080
9 First West Credit Union	Financial Institution	30,825
10 F. Kranz	Residential Apartments	30,378
11 DD 1020-1030 Government Apartments Ltd.	Residential Apartments	27,565
12 Royal Bank of Canada	Financial Institution	22,745
13 0851777 BC Ltd.	Medical Building	21,394
Total from Major Property Tax Contributors		665,871
Total Municipal Tax		3,809,496
Proportion of Municipal Tax Paid by Major Property Tax Contributors		17%

The above listing includes the largest tax contributing 'folios'. There may be some properties that would have appeared on this list if they were combined into single folios.

2015 Revenue by Source

Detailing the City's own source revenues by proportion in 2015.

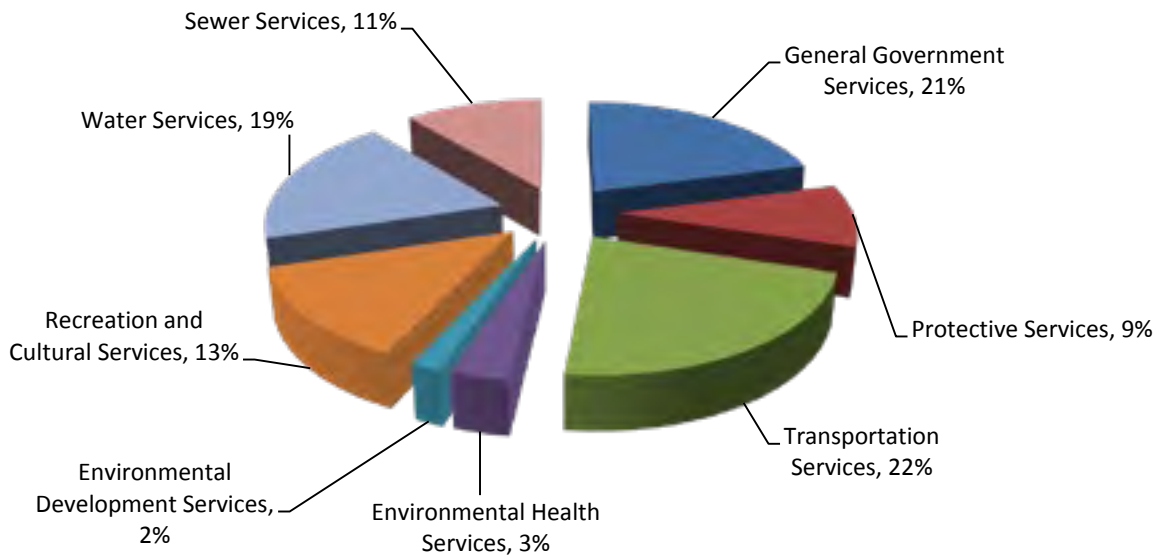
Revenue Proportions



Revenue by Source

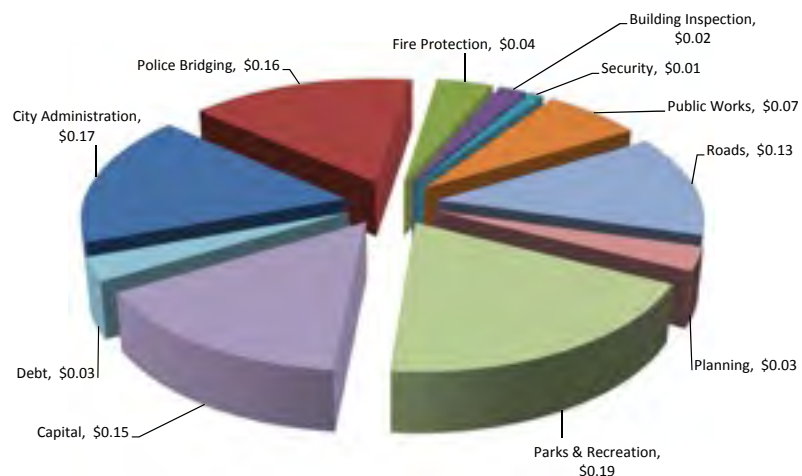
	2011	2012	2013	2014	2015
Taxation	3,720,844	3,520,220	3,579,152	3,664,408	3,752,924
Grants in Lieu of Taxes	12,695	11,715	9,894	9,380	7,999
Sales of Services	566,250	590,512	555,311	610,149	591,351
Water User Fees	1,606,778	1,660,827	1,738,551	1,886,702	1,942,916
Sewer User Fees	748,336	819,250	875,382	921,465	946,921
Developer and Other	712,130	578,528	268,519	195,740	34,239
Other Revenue Own Sources	545,501	598,776	583,260	590,184	601,121
Investment Income	247,964	238,713	238,905	280,124	228,572
Gas Tax	392,010	42,653	345,903	215,716	576,872
Capital Fund Grants	829,548	812,078	212,691	-	133,354
Gain (Loss) on Disposal of Assets	(42,142)	(27,630)	(39,585)	39,457	(7,875)
Increase in Share of Joint Utilities Board Assets	-	-	42,229	7,085	-
Funds Contributed by Other Governments	-	-	-	-	458,154
Unconditional Transfers - Other Governments	722,635	2,092,727	348,594	345,249	536,930
Conditional Transfers - Other Governments	81,779	151,815	21,208	18,152	18,370
Total	10,144,328	11,090,184	8,780,014	8,783,811	9,821,848

2015 Expenses by Function



	2011	2012	2013	2014	2015
General Government Services	993,861	1,143,527	1,177,869	1,274,906	1,597,990
Protective Services	1,508,865	794,110	608,176	665,013	690,847
Transportation Services	1,781,195	1,660,480	1,932,881	1,605,256	1,696,928
Environmental Health Services	221,549	207,255	208,327	278,573	251,718
Environmental Development Services	135,975	201,435	139,490	180,574	132,309
Recreation and Cultural Services	819,236	1,037,429	1,017,338	1,137,590	1,023,264
Water Services	1,058,829	1,071,669	1,148,079	1,295,927	1,436,084
Sewer Services	738,870	664,434	632,036	728,226	843,989
Total	7,258,380	6,780,339	6,864,196	7,166,065	7,673,129

Spending of \$1 of Municipal Tax in 2015



2015 Expenses by Object

	2011	2012	2013	2014	2015
Amortization	970,430	1,076,854	1,188,880	1,187,440	1,221,943
Capital fund expenses	600,653	501,562	557,087	364,156	495,396
Contract services	1,617,302	1,056,121	814,499	953,809	890,697
Fuel	84,298	91,245	86,140	81,902	68,020
Goods and services	819,199	888,776	874,632	941,517	918,606
Grants in Aid	83,250	84,922	142,084	96,235	77,896
Hydro	246,148	303,208	301,270	322,622	318,520
Insurance	117,136	98,577	108,791	138,063	129,498
Interest	71,884	68,706	64,480	61,746	58,362
Leases	15,914	11,698	8,477	8,508	3,514
Professional fees	130,426	77,472	110,953	147,154	116,687
Travel, conference and training	78,348	91,602	94,756	84,257	99,396
Wages and benefits	2,419,820	2,417,022	2,525,277	2,795,892	3,006,732
Decrease in proportionate share of Joint Utilities Board assets	-	6,624	-	-	-
Write down of account receivable to net realizable value	-	-	-	-	289,374
Actuarial adjustment to debt	(38,570)	(21,680)	(13,130)	(17,236)	(21,512)
	<u>7,216,238</u>	<u>6,752,709</u>	<u>6,864,196</u>	<u>7,166,065</u>	<u>7,673,129</u>

2015 Capital Expenditures & Sources of Financing

	2011	2012	2013	2014	2015
Capital Expenditures					
Acquisition of Tangible Capital Assets	2,825,626	3,588,966	2,969,907	1,771,145	4,512,223
Capital Fund Expenditures (Not Capitalized)	600,653	501,562	557,087	364,156	495,396
	<u>3,426,279</u>	<u>4,090,528</u>	<u>3,526,994</u>	<u>2,135,301</u>	<u>5,007,619</u>
Source of Financing					
Operating Funds	738,288	1,417,456	1,279,829	1,410,145	2,327,571
Reserve Funds	1,015,833	1,299,568	1,347,408	239,843	1,437,501
Grants	829,548	812,078	212,691	-	133,354
Connections Fees and Donations	145,084	182,833	123,310	117,372	66,928
Investment Income	30,017	-	36,020	-	-
Development Cost Charges	229,535	-	65,196	-	-
Federal Gas Tax/Public Transit Funds	372,524	3,076	343,515	214,887	576,872
Developer/Other Contribution	19,936	341,312	73,353	66,000	465,393
Sales of Assets	45,514	34,205	14,229	82,000	-
Increase in Share of Joint Utilities Board Tangible Capital Assets	-	-	31,443	5,054	-
	<u>3,426,279</u>	<u>4,090,528</u>	<u>3,526,994</u>	<u>2,135,301</u>	<u>5,007,619</u>

2015 Annual Development Cost Charges Reserve Fund Report

In accordance with Section 937.01 of the *Local Government Act*:

- (1) Before June 30 in each year, a local government must prepare and consider a report in accordance with this section respecting the previous year.
- (2) The report must include the following, reporting for each purpose under subsections (2) and (2.1) of section 933 for which the local government imposed the development cost charge in the applicable year:
 - (a) the amount of development cost charges received;
 - (b) the expenditures from the development cost charge reserve funds;
 - (c) the balance in the development cost charge reserve funds at the start and at the end of the applicable year;
 - (d) any waivers and reductions under section 933.1 (2)
- (3) The local government must make the report available to the public from the time it considers the report until June 30 in the following year.

Development Cost Charges Reserve Fund	Water	Sewer	Storm Drainage	Roads	Total DCCs
Balance in reserve fund as of January 1, 2015	\$514,994.54	\$715,438.15	\$140,238.77	\$423,601.37	\$1,794,222.83
Funds received in 2015	32,220.30	59,142.73	665.00	4,609.50	96,637.53
Expenditures from Reserve in 2015	0.00	0.00	0.00	0.00	0.00
Interest earned on account for 2015	10,394.62	14,536.09	2,775.76	8,403.71	36,110.08
Balance in reserve fund as of December 31, 2015	\$557,559.46	\$789,116.97	\$143,679.53	\$436,614.58	\$1,926,970.54

In some instances a developer will undertake work that would otherwise be done by the Municipality and funded by DCC's. When this occurs, the amount of DCCs related to those works may be forgiven. There were no waivers or reductions of Development Cost Charges under section 933.1 (2).

2015 Annual Off Street Parking Reserve Fund Report

	Statutory Reserve	Non-Statutory Reserve	Total Parking Reserve
Balance in reserve fund as of January 1, 2015	\$113,417.88	\$537,819.36	\$651,237.24
Funds received in 2015	0.00	0.00	0.00
Expenditures from Reserve in 2015	0.00	3,745.65	3,745.65
Interest earned on account for 2015	2,241.60	10,629.49	12,871.09
Balance in reserve fund as of December 31, 2015	\$115,659.48	\$544,703.20	\$660,362.68

No off-street parking projects are included in the 2015-2020 Financial Plan.

Liability Servicing

	2011	2012	2013	2014	2015
Legislated Liability Servicing Limit*	2,055,155	2,233,742	2,008,004	2,080,008	2,170,865
Actual Annual Liability Servicing Costs	138,387	205,924	181,017	178,893	157,959
Unused Liability Servicing Capacity	1,916,768	2,027,818	1,826,987	1,901,115	2,012,906

*Section 174 of the *Community Charter* governs limits on borrowing and other liabilities. Liability servicing limits provide a clear picture of the amounts of revenue required to pay for past transactions and events as well as proposed liabilities, and assist in the financial planning process. The limit is based on a percentage of certain municipal revenues, which is considered a good indicator of a municipality's ability to pay.

Reserve Fund Balances

	2011	2012	2013	2014	2015
Reserve Funds					
Sale of Real Property	326,397	333,993	218,300	209,111	213,244
Sale of Property - Cowichan Place	287,329	214,729	150,267	43,972	33,873
Parking Improvement	512,873	512,658	524,879	537,819	544,703
Parking Improvement - Restricted	74,982	93,029	110,689	113,418	115,659
Machinery and Equipment	1,153,703	977,897	1,074,142	1,398,902	1,536,244
Operating	347,752	409,025	471,919	419,115	482,480
Capital Works and Miscellaneous	203,420	117,249	157,657	244,367	277,832
Public Art	27,553	35,637	26,251	9,399	9,585
Pioneer Park	45,507	46,566	47,363	48,531	1,348
Aquannis Centre	19,549	21,605	23,026	25,320	27,586
MFA Debt Issue Refunds	26,037	26,643	35,724	36,605	37,328
Small Communities Grant	188,635	398,902	199,855	-	19,340
Fire Hall	-	122,119	124,210	110,053	-
Storm Infrastructure	-	23,773	51,876	42,544	32,883
Downtown Revitalization	-	16,266	16,544	16,952	17,287
Melba Schappert Bequest	-	33,603	47,470	48,641	49,602
Police Bridging Capital	-	1,126,806	1,146,703	1,734,887	1,293,153
General Capital	-	1,786	1,817	1,862	1,899
Waterworks Utility	1,009,173	804,700	552,357	678,595	719,226
Sewer Utility	756,611	775,703	788,985	808,437	824,415
Temporary Use By Capital Fund	(222,251)	-	-	-	-
	<u>4,757,270</u>	<u>6,092,689</u>	<u>5,770,034</u>	<u>6,528,530</u>	<u>6,237,687</u>
Reserves Held As Liabilities					
DCC Restricted Reserves	1,618,736	1,681,903	1,750,620	1,794,223	1,926,971
Federal Gas Tax Funds	699,530	858,169	711,485	766,553	457,066
	<u>2,318,266</u>	<u>2,540,072</u>	<u>2,462,105</u>	<u>2,560,776</u>	<u>2,384,037</u>
Annual Interest Earned, All Reserves	103,175	116,387	100,731	143,965	121,240

Taxable Assessments of Land & Improvements

	2011	2012	2013	2014	2015
Residential	482,990,700	483,645,400	470,415,100	451,479,375	449,563,475
Utilities	914,300	914,200	916,000	916,900	898,500
Supportive Housing	2	2	2	2	2
Major Industry	-	-	-	-	-
Light Industry	-	-	18,600	22,900	100,100
Business	128,178,300	129,841,500	129,448,200	133,440,600	137,065,200
Managed Forest	-	-	-	-	-
Recreation	488,000	482,200	313,400	313,400	319,100
Farm	6,878	6,967	6,967	6,967	6,967
	<u>612,578,180</u>	<u>614,890,269</u>	<u>601,118,269</u>	<u>586,180,144</u>	<u>587,953,344</u>

Tax Rates

	2011	2012	2013	2014	2015
General (per \$1,000)(Includes Library)					
Residential	3.1500	3.2461	3.4334	3.6999	3.8346
Utilities	29.9501	30.1370	32.3896	32.4429	32.3344
Light Industry	-	-	10.1597	10.0271	9.9256
Business	9.7366	9.8092	9.9258	9.7761	9.6618
Recreation	4.3939	4.5311	3.4334	3.6999	3.8346
Farm	3.1500	3.2461	3.4334	3.6999	3.8346
Police Municipal (per \$1,000)					
Residential	1.0567	0.7562	0.8063	0.8737	0.9090
Utilities	10.0496	7.0176	7.6068	7.6615	7.6652
Light Industry	-	-	2.3860	2.3681	2.3529
Business	3.2653	2.2838	2.3311	2.3087	2.2904
Recreation	1.4689	1.0587	0.8063	0.8737	0.9090
Farm	1.0567	0.7562	0.8063	0.8737	0.9090

Tax Revenue By Property Class

(Includes Library)

	2011	2012	2013	2014	2015
Residential	2,032,220	1,935,441	1,992,421	2,064,886	2,132,549
Utilities	36,572	33,967	36,637	36,772	35,940
Light Industry	-	-	233	284	1,229
Business	1,666,561	1,570,173	1,586,634	1,612,603	1,638,231
Recreation	2,861	2,695	1,329	1,433	1,514
Farm	29	28	30	32	33
	<u>3,738,243</u>	<u>3,542,304</u>	<u>3,617,284</u>	<u>3,716,010</u>	<u>3,809,496</u>

Taxes Collected For Other Agencies

	2011	2012	2013	2014	2015
School	1,998,003	1,990,658	1,964,112	1,934,505	1,928,244
Provincial Policing	-	247,617	267,237	273,652	278,942
Cowichan Valley Regional District	1,065,062	1,155,841	1,244,898	1,252,777	1,402,075
Cowichan Regional Hospital District	235,583	247,617	361,515	404,678	438,324
BC Assessment Authority	57,448	56,037	55,399	54,430	53,020
Duncan Business Improvement Area	165,000	170,000	175,000	180,000	185,000
Vancouver Island Regional Library	168,284	177,992	185,708	198,968	203,204
Municipal Finance Authority	165	166	163	161	163
	<u>3,689,545</u>	<u>4,045,928</u>	<u>4,254,032</u>	<u>4,299,171</u>	<u>4,488,972</u>

Debt & Debt Per Capita

	2011	2012	2013	2014	2015
General Purposes	1,587,641	1,451,853	1,346,343	1,237,211	1,142,494
Sewer	216,974	193,864	169,707	144,458	118,066
	<u>1,804,615</u>	<u>1,645,717</u>	<u>1,516,050</u>	<u>1,381,669</u>	<u>1,260,560</u>
Population*	4,932	4,939	4,790	4,761	4,663
Debt Per Capita	365.90	333.21	316.50	290.21	270.33

* Source: 2011 Statistics Canada, 2012 - 2015 BC Stats

General Comparative Statistics

	2011	2012	2013	2014	2015
Annual Surplus	2,928,090	4,337,475	1,915,818	1,617,746	2,148,719
Accumulated Surplus	27,033,966	31,371,441	33,287,259	34,905,005	37,053,724
Net Financial Assets	7,279,218	9,176,629	9,324,801	10,415,567	9,152,714

Statement of 2015 Permissive Property Tax Exemptions

Legal Description	Civic Address	Organization	Municipal Taxes Foregone
224(2)(a) Not-for-Profit			
Lot A, Plan 24353	5650 Club Rd	Duncan Day Care Centre	2,291
Lot A, Plan 44627	198 Government St	Valley Seniors Organization	6,012
Lot 1, Plan 23647	820 Wharncliffe Rd	Cowichan Pre-School	83
Lot PT4, Block 8, Plan 12568	760 Government St	Cowichan Lawn Bowling	158
Lease area of Lot 1, Plan 29453	280 First St	Cowichan Lawn Bowling	765
Lot A, Plan 40864	200 Craig St	Cowichan Volunteer Society	553
Lot 5-8 & 11, Block 1, Plan 1935	520-540 Cairnsmore St	SD # 79 Growing Together	500
Top Floor of Building at Lot 1, Plan 17515	145 Station St	Duncan Elks	498
Lot 24 & 25, Plan 01182	321/331 Cairnsmore St	Girl Guide Association	1,179
Undisclosed	Undisclosed	CWAgainst Violence Society	1,684
1.223 Km mainline	No address	Island Corridor Foundation (ICF)	652
Portion shown Red on DD615, except Plan 260BL, (Railway RW Mile 39.16 to Mile 39.92 Victoria Sub)	No address	Island Corridor Foundation (ICF)	2,324
26.67% of the Land and Building Assessment for Lot 6, Block 3, Plan 798	121 First St	Cowichan Independent Living Resource Society	437
224(2)(b) Local Authorities			
Part of Sec. 17, Rg 6, Quamichan Land District, Plan DD615 -Lease # GCMK 102-0301 R/W Land	Portion of Canada Ave Parking Lots and Charles Hoey Park	ICF - Leased to City ICF - Leased to City - Sublet to Cowichan Historical Society	1,661
Station Grounds & Buildings	Train Station	Cowichan Historical Society	2,333
100% of Lot A of Lot 12, Block 7, Plan 2070	148 Kenneth St	Duncan Elks - Leased to City	2,283
100% of land assessment of Lot B of Lot 12, Block 7, Plan 17515	145 Station St	Duncan Elks - Leased to City	611
224(2)(f) Buildings for Public Worship			
Lot 8,9,10, Block 12 Plan 2070	281 Jubilee St	Duncan United Church	3,083
Lot 11, Block 12, Plan 2070	254 Ingram St	Duncan United Church	745
Lot 1&2, Block 1, Plan 798 and Lot 14, Block 17, Plan 2070	486 Jubilee St	Anglican Synod	1,777
Lot 3, Block 1, Plan 798	162 First St	Anglican Synod	1,067
Lot C, Block 4, Plan 1063	463 Ypres St	Bethel Baptist Church	2,991
Lot 13, Block 4, Plan 1063	483 Ypres St	Bethel Baptist Church	493
Lot 2, Plan 43297	321 Brae Rd	Christian Bretheren	1,785
Lot 7, Block 2, Plan 5868	931 Trunk Rd	Pentecostal Assembly	1,390
Only the portion of Lot 1, Plan VIP 76282 that was Lot 1 Plan 30307	531 Herbert St	St. Andrews Presbyterian	1,307
Lot A, Plan 12199	1071-1077 Canada Ave	C.V. Jehovah's Witnesses	2,954
Lot B, Plan VIP60906	930 Trunk Rd	Duncan Christian Reformed Church	12,691
224(2)(h) Seniors Homes, Hospitals, Private Schools			
Lot 1, Plan 2610	660 Brownsey Ave	Queen Margaret's School	904
Lot 1, Plan 3773	660 Brownsey Ave	Queen Margaret's School	557
Lot A, Plan 83377	660 Brownsey Ave	Queen Margaret's School	2,928
Lot 15, Plan 1175, Lot A 25100	770 Trunk Rd	Kiwanis Village Society	5,629
25% of the non leased area Land and Building assessment for Lot 1, Plan 29453	280 First St	Duncan Housing Society	6,040
			\$ 70,365

Schedule of Suppliers Paid Over \$25,000

Statement Of Financial Information 2015 As Per The *Financial Information Act*

			BALANCE FORWARD	\$ 8,233,649.59
AON REED STENHOUSE INC	38,342.80	RECEIVER GENERAL FOR CANADA		687,705.78
BC ASSESSMENT AUTHORITY	53,129.59	REVENUE SERVICES OF BC		44,379.00
BC HYDRO & POWER AUTHORITY	312,588.70	SHUR-POWER ELECTRIC LTD.		70,607.11
BROTHERS JANITORIAL SERVICES	40,941.60	STONE PACIFIC CONTRACTING LTD		25,449.14
BRUNNELL CONSTRUCTION LTD	682,784.30	TECTONICA MANAGEMENT INC		318,495.25
CANADIAN CORPS OF COMMISSIONAIRES	97,767.75	VANCOUVER ISLAND REGIONAL LIBRARY		203,204.00
CHEVRON CANADA LIMITED	60,619.99	WEST COAST EXTERIOR CONTRACTING		65,995.02
CORIX UTILITIES INC	156,284.36	WESTERN TRAFFIC LTD		37,362.14
CORIX WATER PRODUCTS LP	195,847.91	WINDLEY CONTRACTING (2010) LTD		1,579,112.61
COWICHAN HISTORICAL SOCIETY	28,660.38	WORKSAFE BC		67,347.48
COWICHAN VALLEY REGIONAL HOSPITAL DISTRICT	439,212.50			
COWICHAN VALLEY REGIONAL DISTRICT	1,859,536.40	Subtotal - Aggregate Payments Exceeding \$25,000		11,333,307.12
CUPE LOCAL 358	31,812.60			
D.K.I. SERVICES LTD	25,007.69	Payments to Suppliers for Grants and Contributions Exceeding \$25,000		\$25,000
DUNCAN PAVING COMPANY	512,302.37			
DUNCAN VOLUNTEER FIRE DEPARTMENT	28,569.50	DUNCAN BUSINESS IMPROVEMENT AREA SOCIETY		203,698.22
DYNAMIC HR SOLUTIONS INC	26,772.39	DUNCAN COWICHAN CHAMBER OF COMMERCE		30,000.00
FINELINE ROAD MARKING LTD	73,885.31			
FREEMAN CONSTRUCTION LTD	67,544.49	Total Paid to Suppliers who received Aggregate Payments of \$25,000 or less		1,665,924.69
GM MASONRY INC	40,512.15			
HEROLD ENGINEERING LTD	133,876.50	Total Paid to Suppliers		13,232,930.03
HOUSE CALLS	35,484.75			
LANSON'S DRYWALL SYSTEMS LTD	38,455.38	Less: Expenses Paid on Behalf of Elected Officials/Employees		(93,405.43)
LIDSTONE & COMPANY	41,400.03			
MERCURY REFRIGERATION PRODUCTS & SERVICES LTD	35,550.23	Total Expenses per Schedule 4 of Consolidated Financial Statements		7,699,670.00
METRO MOTORS LTD	144,901.12			
MILNER GROUP/CA	442,031.11	Variance		\$ 5,439,854.60
MINISTER OF FINANCE	1,082,034.76			
MONK OFFICE	29,803.56			
MUNICIPAL INSURANCE ASSOCIATION OF BC	43,915.39			
MUNICIPAL PENSION PLAN	353,834.83			
NORTH COWICHAN DISTRICT MUNICIPALITY OF	545,498.07			
NUCOR ENVIRONMENTAL SOLUTIONS LTD	68,504.10			
OPUS DAYTONKNIGHT CONSULTANTS LTD	76,446.37			
PACIFIC BLUE CROSS	182,718.56			
PACIFIC PLUMBING & HEATING A DIV. OF 572927 BC LTD	46,448.61			
PARKER JOHNSON INDUSTRIES LTD	87,913.35			
PROLINE ELECTRICAL SYSTEMS LTD	37,223.06			
RBS MANAGED IT SERVICES INC	35,487.03			
Subtotal	8,233,649.59			

The City prepares this schedule of payments based on actual disbursements processed through its Accounts Payable system. This provides assurance on completeness as the reported amounts are reconciled to the financial system cheque register and electronic funds transfer records.

The schedule of payments is a "cash basis" listing. This figure will differ significantly from the expenses in the consolidated financial statements which are reported on an accrual basis, resulting in timing differences. Furthermore, there are disbursements on the above listing which are not considered expenditures, including payments made to other taxing authorities, employee payroll deductions, debt principal repayments and payments for the acquisition of tangible capital assets. Conversely, there are expenses which do not involve an actual disbursement. These include amortization expense and expense accruals. It is not practical to reconcile these sets of data.

Schedule of Remuneration & Expenses for Elected Officials & Other Employees

Statement Of Financial Information 2015 As Per The *Financial Information Act*

I Elected Officials

Name	Position	Benefits	Remuneration	Expenses
Kent, Philip	Mayor	\$ 2,607.72	\$ 22,548.67	\$ 5,956.20
Bell, Michelle	Councillor	2,607.72	12,524.35	3,249.71
Bruce, Roger	Councillor	2,607.72	12,524.35	141.90
Duncan, Thomas	Councillor	2,607.72	12,524.35	1,344.30
Horgan, John	Councillor	2,477.53	12,480.72	2,943.89
Jackson, Sharon	Councillor	1,047.93	12,524.35	524.00
Staples, Michelle	Councillor	2,607.72	12,524.35	3,381.56
Total - Elected Officials		\$ 16,564.06	\$ 97,651.14	\$ 17,541.56

2 Other Employees

Name	Remuneration	Expenses
de Verteuil, Peter	\$ 131,387.04	\$ 8,068.59
Desautels, Chris	77,716.74	171.43
Farahbakhsh, Abbas	78,423.13	335.00
Geneau, Michelle	85,908.29	2,463.55
Hewetson, David	86,309.56	1,684.01
Massingham, Kevin	78,963.46	2,663.19
McKinlay, Michael	86,033.15	5,652.91
Paitson, Marisa	81,877.61	1,916.49
Rand, Jamie	75,841.58	171.43
Robertson, Karen	107,897.86	1,558.65
Soldera, Talitha	107,974.14	2,289.74
Thew, Leonard	102,094.95	134.09
Subtotal	1,100,427.51	27,109.08
Consolidated total of other employees with remuneration of \$75,000 or less	1,327,276.93	48,754.79
Total - Other Employees	\$ 2,427,704.44	\$ 75,863.87

Schedule of Remuneration & Expenses for Elected Officials & Other Employees

Statement Of Financial Information 2015 As Per The *Financial Information Act*

3 Reconciliation

Total remuneration and benefits - elected officials	\$ 114,215.20
Total remuneration - other employees	<u>2,427,704.44</u>
Subtotal	2,541,919.64
Total Wages & Benefits per Note 17 of the Consolidated Financial Statements	<u>3,006,732.00</u>
	<u>\$ 464,812.36</u>

The variance between the remuneration schedules and the wages and benefits reported in the consolidated financial statements of the City are attributable to a number of factors, including that the remuneration schedule is based on actual payments made during the year, while the financial statements are prepared on an accrual basis.

In addition, wages and benefits disclosed in Note 16 of the consolidated financial statements include only those relating to operating expenses, not capital items. Finally, wages and benefits in the financial statements include the employer cost of benefits not considered taxable to employees.

Remuneration includes taxable benefits which are recorded at full cost in the financial statements. It can also include overtime (for unionized employees), retirement allowances, banked time payouts and remuneration paid for the municipal elections.

2015 included 27 bi-weekly pay periods for City of Duncan employees. This occurs every 11 years, due to the fact that there are either 365 or 366 days in a calendar year, whereas 26 pay periods account for 364 days (26 x 14 = 364). As a result, the amount of remuneration recorded for each employee appears higher than the actual amount earned in 2015.

Expenses include travel expenses, memberships, tuition, vehicle reimbursements and registration fees paid directly to an employee or a third party on behalf of an elected official or other employee.



Duncan City Hall
200 Craig Street
Duncan, B.C. V9L 1W3
Phone 250-746-6126
Fax 250-746-6129
www.duncan.ca