

THE CORPORATION OF THE CITY OF DUNCAN

December 31, 2015

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

THE CORPORATION OF THE CITY OF DUNCAN

Consolidated Financial Statements

For the Year Ended December 31, 2015

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**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

See accompanying notes to the financial statements

**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

THE CORPORATION OF THE CITY OF DUNCAN
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>

**THE CORPORATION OF THE CITY OF DUNCAN
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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 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:

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

b) Reporting Entity

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 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.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2015

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.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 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.

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2015

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.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 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	<u>\$ 25,042</u>	<u>\$ 24,418</u>

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 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	<u>233,510</u>	<u>193,502</u>
	<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	<u>41</u>	<u>2</u>
Balance, end of the year	<u>\$ 190,069</u>	<u>\$ 124,704</u>

9. Deferred Revenue

	<u>2014</u>	<u>Receipts & Interest</u>	<u>Recognized as Revenue</u>	<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>

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 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> </u>	<u> </u>
Closing balance of unspent funds	<u>\$ 457,066</u>	<u>\$ 766,553</u>

10. Restricted Revenues

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

Development Cost Charges:

	<u>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> </u>	<u> </u>
Balance, end of the year	<u>\$ 1,926,971</u>	<u>\$ 1,794,223</u>

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> </u>	<u> </u>
	<u>\$ 161,407</u>	<u>\$ 179,341</u>

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 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.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 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.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 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>

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 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.

Recreation and Cultural Services:

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

Water Services:

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

Sewer Services:

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 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	(21,512)	(17,236)
	<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(l), Significant Accounting Policies. There was no effect on the City's financial statements from adopting the above-noted change in accounting policy.

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 1
Audited

	General Capital Assets				Infrastructure				Totals		
	Land	Land Improvements and Parks	Buildings and Leasehold Improvements	Vehicles and Equipment	Storm Water Engineering Structures	Roads & Sidewalks	Water	Sewer	Assets Under Construction	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
	<u>\$ 7,239</u>	<u>\$ 66,000</u>

**THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
Year Ended December 31, 2015**

**SCHEDULE 2
Audited**

	<u>2015</u>	<u>2014</u>
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	<u>4,034,136</u>	<u>5,040,846</u>
Appropriated		
Sewer Utility: Joint Utilities Board Reserve	399,974	357,218
Total Appropriated	<u>399,974</u>	<u>357,218</u>
Total Operating Funds	<u>4,434,110</u>	<u>5,398,064</u>
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	<u>26,381,927</u>	<u>22,978,411</u>
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	<u>6,237,687</u>	<u>6,528,530</u>
Total Accumulated Surplus	<u>\$ 37,053,724</u>	<u>\$ 34,905,005</u>

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015**

**SCHEDULE 3
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>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 3
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><u>3,350,371</u></u>	<u><u>3,481,188</u></u>	<u><u>3,418,316</u></u>

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015**

**SCHEDULE 3
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>

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015**

**SCHEDULE 3
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>

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015**

**SCHEDULE 3
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
	<u>510,000</u>	<u>536,930</u>	<u>345,249</u>
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
	<u>77,630</u>	<u>77,000</u>	<u>18,152</u>
Total Government grants	<u>587,630</u>	<u>613,930</u>	<u>363,401</u>
Other Grants	<u>-</u>	<u>74,724</u>	<u>-</u>
Total Other Income	<u>1,186,354</u>	<u>1,978,616</u>	<u>1,094,438</u>
Total Revenue	<u><u>\$ 8,873,979</u></u>	<u><u>\$ 9,821,848</u></u>	<u><u>\$ 8,776,726</u></u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 4
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>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 4
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>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 4
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>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 4
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>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 4
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>\$ 7,043,278</u>	<u>\$ 7,699,670</u>	<u>\$ 7,191,562</u>

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

SCHEDULE 5
Audited

	General Government		Protective Services		Transportation Services		Environmental Health Services		Environmental Development Services	
	2015	2014	2015	2014	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	218,292	195,486	-	-
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	-	-	-	-	-	-	-	829
Total revenue	\$ 5,385,808	\$ 4,817,629	\$ 747,349	\$ 266,725	\$ 378,799	\$ 304,562	\$ 218,292	\$ 195,486	\$ -	\$ 829
EXPENSES										
Operating expenses										
Payroll	\$ 1,023,439	\$ 1,008,153	\$ 265,217	\$ 246,809	\$ 880,422	\$ 818,252	\$ 71,459	\$ 66,639	\$ 118,030	\$ 117,976
Other	345,877	177,242	284,380	282,619	171,866	252,602	155,610	176,891	14,279	62,598
Total Operating expenses	1,369,316	1,185,395	549,597	529,428	1,052,288	1,070,854	227,069	243,530	132,309	180,574
Capital fund expenses	159,017	29,899	26,085	19,266	159,586	62,368	-	10,394	-	-
Amortization	68,223	58,451	114,182	113,521	485,054	472,034	24,649	24,649	-	-
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	\$ 251,718	\$ 278,573	\$ 132,309	\$ 180,574
Surplus (Deficit)	\$ 3,787,818	\$ 3,542,723	\$ 56,502	\$ (398,288)	\$ (1,318,129)	\$ (1,300,694)	\$ (33,426)	\$ (83,087)	\$ (132,309)	\$ (179,745)

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

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

SCHEDULE 5
Audited

	Recreation and Cultural Services		Water Services		Sewer Services		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE								
Taxation and grants in lieu of taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,760,923	\$ 3,673,788
Sale of services	11,065	10,248	1,992,441	1,936,283	955,404	965,715	3,481,188	3,418,316
Grants	14,993	14,581	-	-	-	-	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 JUB assets	-	-	-	-	-	7,085	-	7,085
Funds contributed by other governments	-	-	-	-	-	-	458,154	-
Gas Tax funds utilized	-	-	-	-	-	-	576,872	215,716
Total revenue	\$ 26,058	\$ 24,829	\$ 2,088,941	\$ 2,178,566	\$ 976,601	\$ 995,185	\$ 9,821,848	\$ 8,783,811
EXPENSES								
Operating expenses								
Payroll	\$ 235,527	\$ 245,071	\$ 324,819	\$ 222,753	\$ 87,818	\$ 70,239	\$ 3,006,731	\$ 2,795,892
Other	485,829	449,896	868,660	831,552	585,708	540,666	2,912,209	2,774,066
Total Operating expenses	721,356	694,967	1,193,479	1,054,305	673,526	610,905	5,918,940	5,569,958
Capital fund expenses								
Amortization	182	137,183	36,280	45,865	114,246	59,181	495,396	364,156
Interest	263,643	264,224	206,325	195,757	59,867	58,804	1,221,943	1,187,440
Actuarial adjustment to debt	47,125	47,125	-	-	8,820	10,663	58,362	61,747
	(9,042)	(5,909)	-	-	(12,470)	(11,327)	(21,512)	(17,236)
Total expenses	\$ 1,023,264	\$ 1,137,590	\$ 1,436,084	\$ 1,295,927	\$ 843,989	\$ 728,226	\$ 7,673,129	\$ 7,166,065
Surplus (Deficit)	\$ (997,206)	\$ (1,112,761)	\$ 652,857	\$ 882,639	\$ 132,612	\$ 266,959	\$ 2,148,719	\$ 1,617,746

THE CORPORATION OF THE CITY OF DUNCAN
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

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 7
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>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 8
Audited

	2015 Budget	2015 Actual	2014 Actual
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	6,528,530	6,528,530	5,770,034
FUND SURPLUS, END OF YEAR	\$ 4,487,227	\$ 6,237,687	\$ 6,528,530

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 8
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)

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION - FUNDS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 9
Unaudited

	General Fund		Reserve Fund		Waterworks Utility Fund		Sewer Utility Fund		Equity in Capital Assets		2015	2014
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	Total	Total
FINANCIAL ASSETS												
Cash and investments	\$ 347,062	\$ 1,287,384	\$ 8,621,724	\$ 9,089,306	\$ 2,769,097	\$ 3,516,478	\$ 969,315	\$ 1,061,996	\$ -	\$ -	\$ 12,707,198	\$ 14,955,164
Accounts receivable (Note 4)	1,276,857	807,186	-	-	142,401	148,373	9,822	19,023	-	-	1,429,080	974,582
Deposits - Municipal Finance Authority (Note 5)	16,720	16,303	-	-	-	-	8,322	8,115	-	-	25,042	24,418
Loan receivable (Note 6)	153,667	-	-	-	-	-	-	-	-	-	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>	<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)	\$ 845,501	\$ 832,990	\$ -	\$ -	\$ -	\$ -	\$ 724	\$ 725	\$ -	\$ -	\$ 846,225	\$ 833,715
Sick and severance liabilities (Note 14(b))	423,973	417,713	-	-	-	-	-	-	-	-	423,973	417,713
Refundable deposits (Note 8)	190,069	124,704	-	-	-	-	-	-	-	-	190,069	124,704
Deferred revenue (Note 9)	450,320	571,619	457,066	766,553	7,063	5,619	-	-	-	-	914,449	1,343,791
Restricted revenue (Note 10)	-	-	1,926,971	1,794,223	-	-	-	-	-	-	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>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>	<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>\$ (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>	<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	-	-	-	-	-	-	-	-	102,861	98,445
Prepaid expenses	155,662	30,913	-	-	-	-	-	-	-	-	155,662	30,913
	<u>258,523</u>	<u>129,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<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>\$ 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>	<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>

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF GENERAL REVENUE FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 10
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>

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF WATERWORKS UTILITY REVENUE FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 11
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>

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF SEWER UTILITY REVENUE FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 12
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	<u>1,088,409</u>	<u>1,088,409</u>	<u>921,915</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 526,161</u>	<u>\$ 986,735</u>	<u>\$ 1,088,409</u>

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF CAPITAL FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2015

SCHEDULE 13
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	\$ -	\$ -	\$ -