



financial section



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, 2019

Christopher P. Morrell

Executive Director/CEO

MESSAGE FROM THE

director of finance



On behalf of the Finance Department, I am pleased to provide an overview of the 2020 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). The principles 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 by contracting audit services.

The City's auditors, MNP LLP were appointed by Council and have expressed that in their opinion these statements present fairly, in all material respects, the financial position of the City and its financial performance. Council accepted the financial statements at the May 10, 2021 Council Meeting.

As at December 31, 2020, the City had an increase in accumulated surplus of \$1.4 million for the year, to a total of \$47.5 million. The accumulated surplus is largely comprised of net investments in tangible capital assets (\$32.7 million), which includes land, park infrastructure, roads, and utility assets.

The City maintains a healthy financial position with very limited amounts of debt. We are committed to providing appropriate physical infrastructure to support a vibrant local economy and offer a well serviced community. The City is continually working on developing an asset management plan in order to ensure sustainable service delivery.

The Finance Department was delighted 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, 2019. 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. This was the ninth year in a row the City received this distinction.

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,

Bernice Crossman, CPA, CGA
Director of Finance



Imagine That! ARTISANS' DESIGNS

SCOTT W. SHEETS
CRIMINAL PERSONAL INJURY
701-0909

REAL TASTE.
BIG TASTE.

STUDIO ON



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 Corporation of the City of Duncan:

Opinion

We have audited the consolidated financial statements of the City of Duncan (the "City"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, changes in net financial assets and cash flows and schedule 1, 2, 3a, 3b, 5, 6, 7, 8 and 14 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2020, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

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 14, has been presented for purposes of additional analysis. The supplementary information in Schedules 1, 2, 3a, 3b, 5, 6, 7, 8 and 14 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.

Other Information

Management is responsible for the other information, consisting of the annual report, which is expected to be made available to us after the date of this auditor's report.

(continued)

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Duncan, British Columbia

May 10, 2021



Chartered Professional Accountants



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Consolidated Statement of Financial Position

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 2,130,689	\$ 853,889
Accounts receivable (Note 4)	1,233,042	1,069,647
Portfolio investments (Note 3)	18,202,770	15,771,822
Deposit - Municipal Finance Authority (Note 5)	18,698	18,321
Loan receivable (Note 6)	80,028	94,900
	<u>21,665,227</u>	<u>17,808,579</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	599,527	835,882
Sick and severance liabilities (Note 13(b))	563,832	517,912
Refundable deposits (Note 8)	429,133	182,065
Deferred revenue (Notes 3 & 9)	2,514,371	2,399,092
Restricted revenue (Notes 3 & 10)	2,240,925	2,148,755
Debenture debt (Note 11)	683,651	782,756
	<u>7,031,438</u>	<u>6,866,462</u>
NET FINANCIAL ASSETS	<u>14,633,789</u>	<u>10,942,117</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 6)	32,771,112	32,536,253
Inventories of supplies	138,028	129,021
Prepaid expenses	26,759	31,117
	<u>32,935,899</u>	<u>32,696,391</u>
ACCUMULATED SURPLUS (Schedule 2)	- \$ 47,569,688	\$ 43,638,508
COMMITMENTS AND CONTINGENCIES (Note 12)		
SIGNIFICANT EVENTS (Note 18)		

Grossman

Director of Finance

See accompanying notes to the consolidated financial statements

Consolidated Statement of Operations

YEAR ENDED DECEMBER 31, 2020

	2020 Budget (Note 14)	2020 Actual	2019 Actual
REVENUE (Schedule 3)			
Taxation and grants in lieu of taxes	\$ 4,312,261	\$ 4,309,070	\$ 4,206,002
Sale of services	4,387,333	4,301,738	4,322,825
Licenses, permits, penalties and fines	765,769	843,494	681,960
Return on investments	92,700	214,287	290,030
Grants	11,000	21,178	12,700
Government transfers	557,000	2,128,793	557,725
Funds contributed from other governments	14,205	14,561	14,205
Gas Tax funds utilized	869,105	339,954	99,218
Developer contributions	-	12,000	63,610
Gain on disposal of tangible capital assets	-	43,416	21,790
Tangible capital assets contributed by developers	-	77,935	675
Increase (decrease) in proportionate share of Joint Utilities Board assets	-	-	211
Total revenue	11,009,373	12,306,426	10,270,951
EXPENSES (Schedule 5)			
General government services	1,421,030	1,426,655	1,367,646
Protective services	960,768	929,828	862,750
Public works & engineering	1,790,107	1,912,815	1,844,395
Environmental health services	282,415	310,710	306,301
Environmental development services	260,150	202,135	179,280
Recreation and cultural services	1,057,463	989,482	1,121,886
Water services	1,770,123	1,785,757	1,747,164
Sewer services	949,286	817,864	902,551
Total expenses (Note 16)	8,491,342	8,375,246	8,331,972
ANNUAL SURPLUS	2,518,031	3,931,180	1,938,979
ACCUMULATED SURPLUS, BEGINNING OF YEAR	43,638,508	43,638,508	41,699,529
ACCUMULATED SURPLUS, END OF YEAR	\$ 46,156,539	\$ 47,569,688	\$ 43,638,508

See accompanying notes to the consolidated financial statements

Consolidated Statement of Change in Net Financial Assets

YEAR ENDED DECEMBER 31, 2020

	2020 Budget (Note 14)	2020 Actual	2019 Actual
ANNUAL SURPLUS	\$ 2,518,031	\$ 3,931,180	\$ 1,938,979
Purchase of tangible capital assets	(6,450,048)	(1,722,792)	(2,335,838)
Tangible capital assets acquired in kind	-	(77,935)	(675)
Amortization of tangible capital assets	1,605,551	1,624,343	1,559,702
Decrease (increase) in proportionate share of Joint Utilities Board tangible capital assets	-	(67,159)	(60,546)
Gain on disposal of tangible capital assets	-	(43,416)	(21,790)
Proceeds of sale of tangible capital assets	-	52,100	30,801
Decrease (increase) in inventory of supplies	-	(9,007)	4,379
Decrease in prepaid expenses	-	4,358	1,482
	<u>(4,844,497)</u>	<u>(239,508)</u>	<u>(822,485)</u>
CHANGE IN NET FINANCIAL ASSETS	(2,326,466)	3,691,672	1,116,494
NET FINANCIAL ASSETS, Beginning of Year	<u>10,942,117</u>	<u>10,942,117</u>	<u>9,825,623</u>
NET FINANCIAL ASSETS, End of Year	<u>\$ 8,615,651</u>	<u>\$ 14,633,789</u>	<u>\$ 10,942,117</u>

See accompanying notes to the consolidated financial statements

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 3,931,180	\$ 1,938,979
Non-cash items included in annual surplus:		
Amortization	1,624,343	1,559,702
Tangible capital assets acquired in-kind	(77,935)	(675)
Increase (decrease) in proportionate share of		
Joint Utilities Board tangible capital assets	(67,159)	(60,546)
Actuarial adjustment on debenture debt	(26,690)	(40,459)
Gain on disposal/write down of tangible capital assets	(43,416)	(21,790)
	<u>5,340,323</u>	<u>3,375,211</u>
Changes in non-cash items:		
Accounts receivable	(163,395)	119,897
Deposit - Municipal Finance Authority	(377)	8,495
Loan receivable	14,872	14,514
Inventory of supplies	(9,007)	4,379
Prepaid expenses	4,358	1,482
Accounts payable and accrued liabilities	(236,356)	128,127
Sick and severance liability	45,920	50,218
Refundable deposits	247,068	39,419
Deferred revenue	115,279	398,149
Restricted revenue	92,170	87,085
	<u>5,450,855</u>	<u>4,226,976</u>
CAPITAL TRANSACTIONS		
Proceeds on disposal of tangible capital assets	52,100	30,801
Purchases of tangible capital assets	(1,722,792)	(2,335,838)
	<u>(1,670,692)</u>	<u>(2,305,037)</u>
INVESTING TRANSACTIONS		
Net increase in portfolio investments	(2,430,948)	(1,614,567)
FINANCING TRANSACTIONS		
Principal repaid - long term debt	(72,415)	(86,337)
INCREASE IN CASH AND CASH EQUIVALENTS	1,276,800	221,035
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	853,889	632,854
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,130,689	\$ 853,889

See accompanying notes to the consolidated financial statements

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 records revenue as it is earned and measurable. The accrual basis of accounting also 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(i). Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay. Budget information has been aggregated to comply with these reporting standards.

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

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 Canadian public sector accounting standards 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 consolidated financial statements. Inter-partnership balances and transactions have been eliminated. The City's proportionate share of the Duncan-North Cowichan Joint Utilities Board fluctuates based on current capacity units being used which is 31.13% for 2020 (2019 - 31.13%).

2. Significant Accounting Policies (continued)

c) Cash and Cash Equivalents

Cash equivalents include short-term highly liquid investments that are cashable on demand or have a term to maturity of 90 days or less at acquisition. Cash equivalents also include investment in the Municipal Finance Authority (MFA) of British Columbia Money Market Funds, which are recorded at cost plus earnings reinvested in the funds.

d) Portfolio Investments

Portfolio investments are long-term investments, with an original maturity date of more than a year. The carrying values of portfolio investments is based on the cost method whereby the cost of the investment is adjusted to reflect investment income, which is accruing. Declines in the market values of investments are considered to be other than temporary when the carrying value exceeds market value for more than three years.

e) Loans and Receivables

Loans and receivables are measured at cost less an appropriate allowance for doubtful receivables. The allowance for doubtful receivables represents the City's estimates of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are based on the ageing of customer balances, specific credit circumstances and the City's historical bad debt experience. Additions to the allowance for doubtful accounts are made by recording charges to bad debt expense reported in operations. Receivables are charged to the allowance for doubtful accounts when an account is deemed to be uncollectible.

f) Inventory

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

g) 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.

h) 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:

2. Significant Accounting Policies (continued)

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

Land	Indefinite
Road surface	10 to 20 years
Road grade	60 years
Sidewalk grade	60 years
Sidewalk surface	20 to 30 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

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.

2. Significant Accounting Policies (continued)

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. The City's Totem collection has been recorded as a capital asset due to its integral relationship to the economic and tourism strategy and identity of the City. The Totem collection has been recorded at cost. Intangibles and crown lands that have not been purchased by the City, such as forests, water and other natural resources are not recognized as tangible capital assets.

i) 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. Interest revenue is recognized as earned. 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.

j) Financial Instruments

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

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 operations in the period in which they become known. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the City is responsible for.

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 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, 2020.

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.

3. Cash, Cash Equivalents and Portfolio Investments

Cash and cash equivalents are comprised of the following:

	<u>2020</u>	<u>2019</u>
Bank Deposits	\$ 2,130,689	\$ 850,604
Municipal Finance Authority - Money Market Fund	<u>3,312</u>	<u>3,285</u>
	<u>\$ 2,130,689</u>	<u>\$ 853,889</u>

Portfolio investments include funds invested in guaranteed investment certificates with Scotia Bank, Island Savings Credit Union, Coast Community Credit Union, Raymond James, Canaccord Genuity and investments held by the Joint Utilities Board. The investments are carried at market value which approximates cost. The Guaranteed Investment Certificates and term deposits mature at various dates between March 10, 2021 and December 12, 2022. Interest rates vary from 0.80% to 1.45% (2019 – 2.15% to 2.55%).

Included in portfolio investments are funds held for deferred and restricted revenues totalling \$4,755,297 (2019 - \$4,547,848) and funds held for statutory reserve funds and reserve accounts totaling \$9,340,725 (2019 -\$7,349,518). Details of the reserve balance can be found on Schedule 8.

4. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Property taxes	\$ 233,466	\$ 199,131
Water and sewer fees	816,140	707,002
Provincial government	21,394	3,730
Federal government	30,295	50,352
Other municipalities and regional governments	42,781	54,547
Other receivables	<u>89,606</u>	<u>55,385</u>
	1,233,682	1,070,147
Less: allowance for doubtful receivables	<u>(640)</u>	<u>(500)</u>
	<u>\$ 1,233,042</u>	<u>\$ 1,069,647</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>2020</u>	<u>2019</u>
Cash deposits	<u>\$ 18,698</u>	<u>\$ 18,321</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.

Notes to the Consolidated Financial Statements *(continued)*

YEAR ENDED DECEMBER 31, 2020

6. Loan Receivable

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

	<u>2020</u>	<u>2019</u>
Other municipalities and regional governments	<u>\$ 80,028</u>	<u>\$ 94,900</u>

7. Accounts Payable and Accrued Liabilities

	<u>2020</u>	<u>2019</u>
Trade accounts and accrued liabilities	\$ 183,558	341,537
Contractor holdbacks	-	339,301
Salaries and wages	119,725	83,232
Other municipalities and regional governments	<u>296,244</u>	<u>71,812</u>
	<u>\$ 599,527</u>	<u>\$ 835,882</u>

8. Refundable Deposits

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 182,065	\$ 142,646
Deposits received	475,673	187,743
Deposits and interest refunded/recognized as revenue	(227,395)	(149,635)
Increase (decrease) in interest payable	<u>(1,210)</u>	<u>1,311</u>
Balance, end of the year	<u>\$ 429,133</u>	<u>\$ 182,065</u>

9. Deferred Revenue

	<u>2019</u>	Receipts & Interest	Recognized as Revenue	<u>2020</u>
Federal Gas Tax agreement funds	\$ 937,933	282,254	(339,954)	\$ 880,233
Prepaid property taxes	557,913	622,209	(557,913)	622,209
Grants	-	49,000	(3,678)	45,322
Other revenue prepaid	<u>903,246</u>	<u>298,933</u>	<u>(235,572)</u>	<u>966,607</u>
	<u>\$ 2,399,092</u>	<u>\$ 1,252,396</u>	<u>\$ (1,137,117)</u>	<u>\$ 2,514,371</u>

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 agreement. These amounts are recognized as revenue in the period in which the corresponding expenditures are incurred.

Federal Gas Tax Continuity:

	<u>2020</u>	<u>2019</u>
Opening balance of unspent funds	\$ 937,933	\$ 484,271
Less: Gas Tax Funds utilized	(339,954)	(99,218)
Add: amount received during the year	263,327	536,283
Add: interest earned during the year	18,927	16,597
	<u>880,233</u>	<u>937,933</u>
Closing balance of unspent funds	<u>\$ 880,233</u>	<u>\$ 937,933</u>

10. Restricted Revenue

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>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 2,148,755	\$ 2,061,670
Contributions from developers	52,025	35,518
Return on investments	40,145	51,567
	<u>2,240,925</u>	<u>2,148,755</u>
Balance, end of the year	<u>\$ 2,240,925</u>	<u>\$ 2,148,755</u>

11. Debenture Debt

General Fund:

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

	<u>2020</u>	<u>2019</u>
	<u>\$ 683,651</u>	<u>\$ 782,756</u>

11. Debenture Debt (continued)

Principal payments in the next five years are as follows:

2021	\$ 683,651
------	------------

Interest expense includes \$47,125 (2019 - \$47,125) with respect to these obligations.

12. Commitments and Contingencies

a) Commitment

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

b) Contingent Liabilities

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

As at December 31, 2020 there existed claims against the City. In the opinion of management and legal counsel, the outcome of the claims, now pending, is not determinable. As the outcome is not determinable at this time, no amount has been accrued in the financial statements. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

c) Reciprocal Insurance Exchange Agreement

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

13. Retirement Benefits

a) Pension Liability

The City of Duncan and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2019, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$207,358 (2019 - \$196,797) for employer contributions to the plan in fiscal 2020 while employees contributed \$184,749 (2019 - \$175,420) to the plan in fiscal 2020.

The next valuation will be as at December 31, 2021, with results available in 2022.

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

b) Sick Leave and Severance Liability

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

- annual inflation rate is 2% (2019 - 2.0%)
- discount rate is 3% (2019 - 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, 2020 is \$563,832 (2019 - \$517,912).

14. Budget Figures

Budget figures represent the Financial Plan Bylaw No. 3207 adopted by Council on May 4, 2020. 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	72,415
Transfers to reserves	1,132,174
Capital expenditures	6,450,048
Less:	
Budgeted transfers from accumulated surplus	
General	(304,683)
Sewer	(134,522)
Water	(1,091,600)
Capital	-
Budgeted transfers from own reserves	
General	
Sewer	-
Water	-
Capital	(2,000,250)
Amortization	<u>(1,605,551)</u>
Adjusted Annual Surplus	<u><u>\$ 2,518,031</u></u>

15. Segmented Information

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

Public Works & Engineering

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

Environmental Health Services

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

Environmental Development Services

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

Recreation and Cultural Services

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

Water Services

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

Sewer Services

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

16. Operating Expenses By Object

	<u>2020</u>	<u>2019</u>
Amortization	\$ 1,624,343	\$ 1,559,702
Capital fund expenses	288,746	316,332
Contract services	973,510	932,029
Fuel	65,538	72,561
Goods and services	993,320	1,137,384
Grants in aid	106,468	86,643
Hydro	368,037	392,110
Insurance	127,693	119,177
Interest	49,544	54,470
Leases	42,681	8,003
Professional fees	119,646	110,883
Travel, conference and training	58,413	128,838
Wages and benefits	3,583,843	3,453,894
Write down of account receivable to net realizable value	154	405
Actuarial adjustment to debt	<u>(26,690)</u>	<u>(40,459)</u>
	<u><u>\$ 8,375,246</u></u>	<u><u>\$ 8,331,972</u></u>

17. Environmental Regulations

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

18. Significant Events

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on municipalities through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, municipal operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the City of Duncan as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, office closures and disruptions, and quarantine/isolation measures that are currently, or maybe be put, in place by Canada and other countries to fight the virus.

Non-Consolidated Schedule of Tangible Capital Assets

YEAR ENDED DECEMBER 31, 2020

Schedule 1 (Audited)

(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	2020	2019
Cost											
Opening costs	\$ 2,339,585	\$ 4,113,519	\$ 8,180,284	\$ 6,468,251	\$ 4,061,275	\$ 15,331,614	\$ 16,317,203	\$ 3,429,018	\$ 836,618	\$ 61,077,366	\$ 58,990,825
Additions during the year	10,673	63,840	98,399	650,659	92,880	385,095	469,496	17,009	12,676	1,800,727	2,336,513
Disposals and write-downs				(274,993)	(979)	(49,316)	(310)			(325,598)	(249,973)
Closing cost	2,350,258	4,177,359	8,278,683	6,843,917	4,153,176	15,667,393	16,786,389	3,446,027	849,294	62,552,495	61,077,365
Accumulated Amortization											
Opening accumulated amortization	-	2,057,289	3,816,563	3,773,942	1,889,671	10,474,360	5,597,358	1,902,673	-	29,511,856	28,221,090
Amortization:											
General government			35,805	91,151	50	715				127,720	121,250
Protective services			37,327	132,955						170,283	168,896
Public works and engineering		18,671	13,313	154,736	63,201	393,498		1,298		644,717	583,178
Environmental health				25,386						25,386	24,895
Recreation and culture		174,594	58,603	4,288		7,676				245,161	244,115
Water		677	47,552	5,182			289,162			342,573	340,578
Sewer							77	40,453		40,530	48,816
Total amortization	-	193,942	192,600	413,698	63,251	401,889	289,239	41,751	-	1,596,370	1,531,728
Disposals and write-downs				(274,993)	(979)	(40,633)	(310)			(316,916)	(240,962)
Closing accumulated amortization	-	2,251,231	4,009,163	3,912,647	1,951,943	10,835,616	5,886,287	1,944,424	-	30,791,310	29,511,856
Net Book Value of Tangible Capital Assets											
	\$ 2,350,258	\$ 1,926,128	\$ 4,269,520	\$ 2,931,270	\$ 2,201,233	\$ 4,831,777	\$ 10,900,102	\$ 1,501,603	\$ 849,294	\$ 31,761,184	\$ 31,565,511

Contributed Assets

Storm	\$	13,408	\$	-
Sewer	\$	14,348		
Roads & Sidewalks	\$	50,179	\$	675
	\$	77,935	\$	675

Consolidated Schedule of Accumulated Surplus

YEAR ENDED DECEMBER 31, 2020

Schedule 2 (Audited)

	<u>2020</u>	<u>2019</u>
OPERATING FUNDS		
Unappropriated		
General	\$ 1,041,699	\$ 483,211
Waterworks utility	2,213,677	1,732,081
Sewer utility	2,286,065	1,767,259
Total Unappropriated	<u>5,541,441</u>	<u>3,982,551</u>
Appropriated		
Sewer utility: Joint Utilities Board Reserve	<u>600,061</u>	<u>552,942</u>
Total Appropriated	<u>600,061</u>	<u>552,942</u>
Total Operating Funds	<u>6,141,502</u>	<u>4,535,493</u>
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Net book value tangible capital assets (Schedule 6)	32,771,112	32,536,253
Less: Long term debt	<u>(683,651)</u>	<u>(782,756)</u>
Total Net Investment in Tangible Capital Assets	<u>32,087,461</u>	<u>31,753,497</u>
RESERVE FUNDS		
Sale of real property	223,828	230,238
Underground utilities	28,911	28,385
Parking improvement	224,119	239,139
Parking improvement - Restricted	128,115	125,786
Municipal Finance Authority debt issue refunds	27,287	26,790
Operating reserves	398,114	365,612
Machinery and equipment	1,730,857	1,793,208
Capital works and other miscellaneous reserves	1,574,250	274,436
General capital	7,662	7,523
Police bridging capital	3,133,548	2,438,608
Downtown revitalization	19,149	18,801
Melba Schappert bequest	20,145	19,779
Pioneer Park	-	1,466
Public art	10,618	10,424
Waterworks utility	1,059,419	1,028,342
Sewer utility	<u>754,703</u>	<u>740,981</u>
Total Reserve Funds	<u>9,340,725</u>	<u>7,349,518</u>
Total Accumulated Surplus	<u>\$ 47,569,688</u>	<u>\$ 43,638,508</u>

Non-Consolidated Schedule of Revenues

YEAR ENDED DECEMBER 31, 2020

Schedule 3 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
Taxation (Schedule 3a)	<u>4,759,546</u>	<u>4,754,682</u>	<u>4,645,168</u>
Grants in Lieu of Taxation:			
Federal government	<u>10,500</u>	<u>12,173</u>	<u>10,353</u>
Collection for Other Governments			
School authorities levy	1,815,000	1,467,520	1,814,953
Provincial policing levy	311,842	347,415	311,842
Cowichan Valley Regional District levy	1,648,534	1,648,534	1,557,064
Regional Hospital District levy	<u>533,000</u>	<u>622,363</u>	<u>560,476</u>
	4,308,376	4,085,832	4,244,335
Joint boards and commissions:			
Municipal Finance Authority levy	220	242	222
British Columbia Assessment Authority levy	<u>46,900</u>	<u>53,905</u>	<u>46,884</u>
	47,120	54,147	47,106
Less: Transfers to other governments and others	<u>(4,355,496)</u>	<u>(4,139,979)</u>	<u>(4,291,441)</u>
Less: Transfers to BIA	<u>(215,000)</u>	<u>(215,000)</u>	<u>(210,000)</u>
Less: Transfers to VIRL	<u>(242,785)</u>	<u>(242,785)</u>	<u>(239,520)</u>
Total Taxation and Grants in Lieu of Taxes	<u>4,312,261</u>	<u>4,309,070</u>	<u>4,206,002</u>

Non-Consolidated Schedule of Revenues *(continued)*

YEAR ENDED DECEMBER 31, 2020

Schedule 3 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
Sale of Services			
General Revenue Fund			
Garbage and recycling fees	224,448	224,163	221,093
Cowichan Tribes fire protection	113,032	102,337	110,272
CVRD - Eagle Heights fire protection	221,702	213,135	222,288
Other - fire protection	1,000	2,300	1,400
Administration recoveries	11,500	41,524	35,101
Public Works miscellaneous recoveries	12,500	15,400	8,825
Cowichan Tribes roads contribution	400	358	299
Sports field user fees	9,000	2,434	10,142
	<u>593,582</u>	<u>601,651</u>	<u>609,420</u>
Waterworks Utility Revenue Fund			
Sale of water	2,435,493	2,334,813	2,348,489
Service charges	20,000	9,385	23,689
Water studies	2,000	200	2,600
	<u>2,457,493</u>	<u>2,344,398</u>	<u>2,374,778</u>
Sewer Utility Revenue Fund			
Sewer fees	1,336,158	1,312,223	1,249,108
Service charges	100	-	-
	<u>1,336,258</u>	<u>1,312,223</u>	<u>1,249,108</u>
Capital Connection Fees			
General Capital	-	14,192	7,704
Water Capital	-	27,064	68,919
Sewer Capital	-	2,210	12,896
	<u>-</u>	<u>43,466</u>	<u>89,519</u>
Total Sale of Services	<u>4,387,333</u>	<u>4,301,738</u>	<u>4,322,825</u>

Non-Consolidated Schedule of Revenues *(continued)*

YEAR ENDED DECEMBER 31, 2020

Schedule 3 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
Licences, Permits, Rentals and Penalties			
Trade licences	84,000	91,510	84,282
Delivery vehicle licences	-	1,281	1,108
Building permits and other fees	37,700	55,054	72,250
Dog licences	10,000	8,141	7,638
	<u>131,700</u>	<u>155,986</u>	<u>165,278</u>
Equipment charges less operating costs	273,643	209,737	147,044
Parking and bylaw infraction fines	23,400	18,085	20,527
Parking permits and revenues	67,600	53,478	64,148
Rentals	180,516	180,281	178,555
Penalties and interest on taxes	44,000	47,000	49,590
	<u>589,159</u>	<u>508,581</u>	<u>459,864</u>
Donations and contributions	-	125,000	2,750
Other revenues and fees	44,910	53,927	54,069
	<u>44,910</u>	<u>178,927</u>	<u>56,819</u>
Total Licences, Permits, Rentals and Penalties	<u><u>765,769</u></u>	<u><u>843,494</u></u>	<u><u>681,961</u></u>

Non-Consolidated Schedule of Revenues *(continued)*

YEAR ENDED DECEMBER 31, 2020

Schedule 3 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
Other Income			
Return on Investments			
General Fund	30,700	13,925	52,360
Waterworks Fund	30,000	30,717	28,276
Sewer Fund	32,000	32,378	36,443
Reserve Fund	-	137,268	172,951
	<u>92,700</u>	<u>214,287</u>	<u>290,030</u>
Asset Disposal			
Gain(Loss) on Disposal of Tangible Capital Assets	-	43,416	21,790
Assets Contributed by Developers			
General Capital	-	77,935	675
Funds Contributed from Other Governments			
Joint Parks	14,205	14,561	14,205
Capital Contributions from Developers			
Water Infrastructure	-	12,000	63,610
Gas Tax Funds Utilized	869,105	339,954	99,218
Government Transfers (Schedule 3b)	557,000	2,128,793	557,726
Grants	11,000	21,178	12,700
Total Other Income	<u>1,544,010</u>	<u>2,852,124</u>	<u>1,059,954</u>
Total Revenue	<u>\$ 11,009,373</u>	<u>\$ 12,306,426</u>	<u>\$ 10,270,741</u>

* Government Transfers detail found on Schedule 3b

Non-Consolidated Schedule of Revenues *(continued)*

YEAR ENDED DECEMBER 31, 2020

Schedule 3a (Audited)

Excluding Joint Utilities Board Financial Information

	<u>2020 Budget</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
Taxation			
Property taxes - general	\$ 4,149,967	4,146,661	\$ 4,043,347
Special assessments			
Business Improvement Area (BIA)	215,000	215,000	210,000
Vancouver Island Regional Library (VIRL)	242,785	242,785	239,520
Utilities	107,134	105,356	107,641
Frontage and parcel taxes	44,660	44,880	44,660
	<u>609,579</u>	<u>608,021</u>	<u>601,821</u>
Taxation	<u>4,759,546</u>	<u>4,754,682</u>	<u>4,645,168</u>

Non-Consolidated Schedule of Expenses

YEAR ENDED DECEMBER 31, 2020

Schedule 3b (Audited)

Excluding Joint Utilities Board Financial Information

	<u>2020 Budget</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
Government Transfers			
Unconditional Transfers from Other Governments			
Provincial revenue sharing	<u>552,000</u>	<u>554,869</u>	<u>552,167</u>
Conditional Transfers from Other Governments			
Federal government	-	-	1,764
Provincial government	<u>5,000</u>	<u>1,573,924</u>	<u>3,795</u>
	<u>5,000</u>	<u>1,573,924</u>	<u>5,559</u>
Total Government Transfers	<u><u>557,000</u></u>	<u><u>2,128,793</u></u>	<u><u>557,726</u></u>

Non-Consolidated Schedule of Expenses

YEAR ENDED DECEMBER 31, 2020

Schedule 4 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
General Government Services			
Legislative	\$ 171,047	\$ 163,222	\$ 185,604
General administration:			
Salaries and benefits	940,900	939,683	897,628
Advertising	5,400	5,237	6,107
Accounting and audit	21,000	20,449	19,950
City Hall maintenance and operation	63,850	62,932	73,915
Communications and consulting	87,725	71,665	95,742
Computer services	91,372	94,911	84,914
Insurance	53,418	56,871	50,534
Legal	27,000	44,592	23,600
Office supplies and miscellaneous	26,975	29,246	24,377
Sick leave and severance expense	50,000	90,747	50,218
Telephone, internet and postage	13,650	13,805	15,329
Travel, conference, training	38,682	32,268	44,637
Internal recoveries	(517,357)	(517,357)	(499,225)
	<u>902,615</u>	<u>945,049</u>	<u>887,726</u>
Other:			
Grants to organizations	120,800	54,394	18,494
Margaret Moss building	6,713	1,512	1,275
Operation and maintenance	4,202	3,906	4,661
Elections and Amalgamation Referendum	-	-	-
Sundry	6,800	2,769	5,096
Tourism	69,667	36,135	69,130
Write down of account receivable to net realizeable value	-	154	405
	<u>208,182</u>	<u>98,870</u>	<u>99,060</u>
Total General Government Services	<u>1,281,844</u>	<u>1,207,141</u>	<u>1,172,390</u>

Non-Consolidated Schedule of Expenses

YEAR ENDED DECEMBER 31, 2020

Schedule 4 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
Protective Services			
Fire:			
Chief and officers' honorarium	29,700	28,379	27,832
Call pay	135,750	132,859	149,632
Wages and benefits - clerical staff	20,706	6,152	12,378
Training	49,750	19,437	58,951
Insurance	7,100	6,643	6,808
Telephone and radio alarm system	9,850	8,902	7,923
Fire hall maintenance and operation	38,235	34,463	34,694
Vehicle maintenance and operation	35,121	34,984	31,742
Fire investigation and prevention	42,700	33,253	22,249
Hydrant rental	19,000	19,125	19,083
Other	89,935	80,519	86,373
	<u>477,847</u>	<u>404,716</u>	<u>457,665</u>
Other protection:			
Animal control	22,100	21,118	20,572
Building inspection:			
Salaries and benefits	74,000	88,132	84,277
Other	(569)	(1,253)	(1,283)
Security patrols	201,000	212,502	104,935
	<u>296,531</u>	<u>320,499</u>	<u>208,501</u>
Total Protective Services	<u>774,378</u>	<u>725,215</u>	<u>666,166</u>

Non-Consolidated Schedule of Expenses

YEAR ENDED DECEMBER 31, 2020

Schedule 4 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
Public Works & Engineering			
Common services:			
Public works administration salaries and benefits	338,800	325,875	323,197
Other administration costs	82,640	70,560	66,082
Operation and maintenance of workshop and yard	53,820	54,789	66,412
Small tools and equipment	6,855	2,632	5,072
Engineering	325,730	339,258	246,311
Public works administration recoveries	(450,758)	(450,757)	(421,514)
	<u>357,087</u>	<u>342,357</u>	<u>285,560</u>
Street maintenance	72,850	72,478	66,750
Sidewalk maintenance	69,000	30,166	24,045
Drainage	68,330	52,319	105,807
Flood control and storm water quality testing	7,000	9,281	4,139
Street sweeping	56,300	44,582	71,726
Snow removal	48,900	104,090	111,851
Boulevard and median maintenance	64,100	64,410	82,247
Tree maintenance	33,500	12,763	41,283
Totem maintenance	20,593	22,263	18,907
Traffic lines and signs	83,000	75,624	83,032
Street lighting	98,950	109,588	121,837
Traffic light maintenance and control	39,275	56,053	67,909
Off street free parking lots	10,820	11,409	10,946
Other	3,420	5,805	6,755
	<u>676,038</u>	<u>670,831</u>	<u>817,234</u>
Parking:			
Parking control	51,800	45,736	49,817
Off street paid parking lots	6,550	24,081	10,089
	<u>58,350</u>	<u>69,817</u>	<u>59,906</u>
Other:			
Bylaw enforcement	64,904	81,458	93,687
	<u>64,904</u>	<u>81,458</u>	<u>93,687</u>
Total Public Works & Engineering	<u>1,156,379</u>	<u>1,164,463</u>	<u>1,256,387</u>

Non-Consolidated Schedule of Expenses

YEAR ENDED DECEMBER 31, 2020

Schedule 4 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
Environmental Health Services			
Solid waste collection and disposal	224,448	243,520	238,694
Comfort stations	32,115	41,669	37,975
Environmental programs	1,000	-	-
	<u>257,563</u>	<u>285,189</u>	<u>276,669</u>
Environmental Development Services			
Planning salaries and benefits	206,000	183,177	164,852
Materials and contracted services	54,150	18,958	14,428
	<u>260,150</u>	<u>202,135</u>	<u>179,280</u>
Recreation and Cultural Services			
Parks and playgrounds	451,879	478,215	499,624
Joint Parks contributions	6,000	6,041	5,899
Joint Cowichan Aquatic Centre contributions	274,486	220,121	275,576
Senior Citizens' Activity Centre	6,774	9,878	5,598
Museum	10,250	9,631	9,905
	<u>749,389</u>	<u>723,886</u>	<u>796,602</u>
Interest			
Interest in General Fund			
General government	2,500	2,419	3,660
Recreation and cultural services	47,125	47,125	47,125
	<u>49,625</u>	<u>49,544</u>	<u>50,785</u>
Interest in Sewer Fund			
	-	-	3,685
	<u>49,625</u>	<u>49,544</u>	<u>54,470</u>
Water and Sewer Services			
Waterworks	1,490,819	1,409,283	1,356,180
Sewer	865,644	836,271	846,140
	<u>2,356,463</u>	<u>2,245,554</u>	<u>2,202,320</u>

Non-Consolidated Schedule of Expenses

YEAR ENDED DECEMBER 31, 2020

Schedule 4 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
Amortization			
General government services	136,686	127,720	121,250
Protective services	186,390	170,283	168,960
Transportation services	633,728	644,717	583,608
Environmental health services	24,852	25,386	24,895
Recreation and cultural services	260,949	245,161	244,115
Water services	279,304	342,573	340,192
Sewer services	83,642	40,530	48,709
	<u>1,605,551</u>	<u>1,596,370</u>	<u>1,531,729</u>
Other			
Capital expense	-	288,746	316,332
Actuarial debt adjustment	-	(26,690)	(40,459)
	<u>-</u>	<u>262,056</u>	<u>275,873</u>
Total Expenses	<u>\$ 8,491,342</u>	<u>\$ 8,461,553</u>	<u>\$ 8,411,886</u>

Consolidated Statement of Operations by Program

YEAR ENDED DECEMBER 31, 2020

Schedule 5 (Audited)

	General Government		Protective Services		Public Works & Engineering		Environmental Health Services		Environmental Development Services	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
REVENUE										
Taxation and grants in lieu of taxes	\$ 4,309,070	\$ 4,206,002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of services	\$ 41,524	35,101	317,772	333,960	29,950	16,828	224,163	221,093	-	-
Licenses, permits, penalties and fines	\$ 562,194	450,242	-	-	281,300	231,719	-	-	-	-
Return on investments	\$ 151,193	225,311	-	-	-	-	-	-	-	-
Grants	\$ 3,678	12,700	-	-	-	-	-	-	-	-
Government transfers	\$ 2,128,793	557,725	-	-	-	-	-	-	-	-
Funds contributed from other governments	\$ 14,561	14,205	-	-	-	-	-	-	-	-
Gas Tax funds utilized	\$ -	-	339,954	99,218	-	-	-	-	-	-
Developer contributions	\$ -	-	-	-	-	-	-	-	-	-
Gain(Loss) on disposal of assets	\$ -	-	-	-	43,416	21,790	-	-	-	-
Assets contributed by developers	\$ -	-	-	-	77,935	675	-	-	-	-
Increase (decrease) in proportionate share of JUB assets	\$ -	-	-	-	-	-	-	-	-	-
Total revenue	\$ 7,211,013	\$ 5,501,286	\$ 657,726	\$ 433,178	\$ 432,601	\$ 271,012	\$ 224,163	\$ 221,093	\$ -	\$ -
EXPENSES										
Operating expenses										
Payroll	\$ 1,275,053	\$ 1,177,023	\$ 396,734	\$ 361,606	\$ 1,042,589	\$ 1,041,015	\$ 24,797	\$ 23,721	\$ 183,177	\$ 164,818
Other	(67,912)	(4,633)	328,481	304,560	121,874	215,372	260,392	252,948	18,958	14,462
Total operating expenses	1,207,141	1,172,390	725,215	666,166	1,164,463	1,256,387	285,189	276,669	202,135	179,280
Capital fund expenses	89,375	70,346	34,330	27,624	103,635	4,400	135	4,737	-	-
Amortization	127,720	121,250	170,283	168,960	644,717	583,608	25,386	24,895	-	-
Interest	2,419	3,660	-	-	-	-	-	-	-	-
Actuarial adjustment to debt	-	-	-	-	-	-	-	-	-	-
Total expenses	\$ 1,426,655	\$ 1,367,646	\$ 929,828	\$ 862,750	\$ 1,912,815	\$ 1,844,395	\$ 310,710	\$ 306,301	\$ 202,135	\$ 179,280
Surplus (Deficit)	\$ 5,784,357	\$ 4,133,640	\$ (272,102)	\$ (429,572)	\$ (1,480,214)	\$ (1,573,383)	\$ (86,547)	\$ (85,208)	\$ (202,135)	\$ (179,280)

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

continued on next page

Consolidated Statement of Operations by Program *(continued)*

YEAR ENDED DECEMBER 31, 2020

Schedule 5 (Audited)

	Recreation and Cultural Services		Water Services		Sewer Services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
REVENUE								
Taxation and grants in lieu of taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,309,070	\$ 4,206,002
Sale of services	2,434	10,142	2,371,462	2,443,696	1,314,433	1,262,004	4,301,738	4,322,824
Licenses, permits, penalties and fines	-	-	-	-	-	-	843,494	681,961
Return on investments	-	-	30,717	28,276	32,378	36,443	214,288	290,030
Grants	-	-	-	-	17,500	-	21,178	12,700
Government transfers	-	-	-	-	-	-	2,128,793	557,725
Funds contributed from other governments	-	-	-	-	-	-	14,561	14,205
Gas Tax funds utilized	-	-	-	-	-	-	339,954	99,218
Developer contributions	-	-	12,000	63,610	-	-	12,000	63,610
Gain(Loss) on disposal of assets	-	-	-	-	-	-	43,416	21,790
Assets contributed by developers	-	-	-	-	-	-	77,935	675
Increase (decrease) in proportionate share of JUB assets	-	-	-	-	-	211	-	211
Total revenue	\$ 2,434	\$ 10,142	\$ 2,414,179	\$ 2,535,582	\$ 1,364,311	\$ 1,298,658	\$ 12,306,426	\$ 10,270,951
EXPENSES								
Operating expenses								
Payroll	\$ 316,444	\$ 334,553	\$ 292,774	\$ 296,448	\$ 74,036	\$ 74,529	3,605,604	\$ 3,473,713
Other	407,442	462,049	1,116,509	1,059,732	647,955	663,724	2,833,699	2,968,214
Total operating expenses	723,886	796,602	1,409,283	1,356,180	721,991	738,253	6,439,303	6,441,927
Capital fund expenses	-	56,922	33,901	50,793	27,370	101,512	288,746	316,332
Amortization	245,161	244,115	342,573	340,192	68,503	76,682	1,624,343	1,559,702
Interest	47,125	47,125	-	-	-	3,685	49,544	54,470
Actuarial adjustment to debt	(26,690)	(22,878)	-	-	-	(17,581)	(26,690)	(40,459)
Total expenses	\$ 989,482	\$ 1,121,886	\$ 1,785,757	\$ 1,747,165	\$ 817,864	\$ 902,551	\$ 8,375,246	\$ 8,331,972
Surplus (Deficit)	\$ (987,048)	\$ (1,111,744)	\$ 628,422	\$ 788,417	\$ 546,447	\$ 396,107	\$ 3,931,180	\$ 1,938,979

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

Consolidated Details and Reconciliation to Core Government Results

YEAR ENDED DECEMBER 31, 2020

Schedule 6 (Audited)

	The Corporation of the City of Duncan		Joint Utilities Board (JUB) Proportionate Share		Total	
	2020	2019	2020	2019	2020	2019
STATEMENT OF FINANCIAL POSITION						
Portfolio investments (Note 3)	\$ 16,829,622	\$ 14,419,567	\$ 1,373,148	\$ 1,352,255	\$ 18,202,770	\$ 15,771,822
Deferred revenue (Note 9)	\$ 1,741,284	\$ 1,599,778	\$ 773,087	\$ 799,314	\$ 2,514,371	\$ 2,399,092
Tangible capital assets (Schedule 1)	\$ 31,761,184	\$ 31,565,511	\$ 1,009,928	\$ 970,742	\$ 32,771,112	\$ 32,536,253
Prepaid expenses	\$ 26,759	\$ 31,117	\$ -	\$ -	\$ 26,759	\$ 31,117
Equity in tangible capital assets (Schedule 7)	\$ 31,077,533	\$ 30,782,755	\$ 1,009,928	\$ 970,742	\$ 32,087,460	\$ 31,753,496
Accumulated surplus (Schedule 9)	\$ 45,959,698	\$ 42,114,824	\$ 1,609,989	\$ 1,523,683	\$ 47,569,687	\$ 43,638,507
INVESTMENT IN TANGIBLE CAPITAL ASSETS						
Acquisition of tangible capital assets (Schedule 1)	\$ 1,800,727	\$ 2,336,513	\$ (67,159)	\$ (60,546)	\$ 1,733,568	\$ 2,275,967
STATEMENT OF OPERATIONS						
Increase (decrease) in share of JUB assets	\$ -	\$ -	\$ -	\$ 211	\$ -	\$ 211
Total revenues (Schedule 3)	\$ 12,306,426	\$ 10,270,741		\$ 211	\$ 12,306,426	\$ 10,270,952
Sewer services expenses (Schedule 4)	\$ 836,271	\$ 846,140	\$ (114,280)	\$ (107,887)	\$ 721,991	\$ 738,253
Sewer services amortization (Schedule 4)	\$ 40,530	\$ 48,709	\$ 27,973	\$ 27,973	\$ 68,503	\$ 76,682
Total expenses (Schedule 4)	\$ 8,461,553	\$ 8,411,886	\$ (86,307)	\$ (79,914)	\$ 8,375,246	\$ 8,331,972

Non-Consolidated Schedule of Equity in Tangible Capital Assets

YEAR ENDED DECEMBER 31, 2020

Schedule 7 (Audited)

	<u>2020</u>	<u>2019</u>
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Net Investment in Tangible Capital Assets (beginning of year)	\$ 30,782,755	\$ 29,860,185
Add: Purchase of tangible capital assets	1,722,792	2,335,838
Tangible capital assets acquired in-kind	77,935	675
Debt repayment	72,415	86,338
Actuarial adjustment to debt	26,690	40,459
Less: Amortization	(1,596,370)	(1,531,729)
Net book value of disposed of tangible capital assets	(8,684)	(9,011)
Net Investment in Tangible Capital Assets	<u>\$ 31,077,533</u>	<u>\$ 30,782,755</u>

Non-Consolidated Schedule of Change in Reserve Fund Balances

YEAR ENDED DECEMBER 31, 2020

Schedule 8 (Audited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
REVENUE			
Investment income	\$ -	\$ 137,268	\$ 172,951
Water capital contributions from developers	-	12,000	63,610
NET REVENUES	-	149,268	236,561
TRANSFERS			
Transfers from operating fund	1,132,174	2,507,144	1,166,908
Transfers to general capital fund	(2,000,250)	(665,205)	(1,140,785)
CHANGE IN RESERVE FUND BALANCES	(868,076)	1,991,207	262,684
FUND SURPLUS, BEGINNING OF YEAR	7,349,518	7,349,518	7,086,834
FUND SURPLUS, END OF YEAR	\$ 6,481,442	\$ 9,340,725	\$ 7,349,518

Individual reserve fund balances are detailed on the next page.

Non-Consolidated Schedule of Change in Reserve Fund Balances *(continued)*

YEAR ENDED DECEMBER 31, 2020

Schedule 8 (Audited)

Excluding Joint Utilities Board Financial Information

	2020	2019
	<u>Actual</u>	<u>Actual</u>
SUMMARY OF RESERVE FUND POSITIONS		
Sale of real property	*	223,828
Underground Utilities		28,911
Parking improvement		224,119
Parking improvement - Restricted	*	128,115
Municipal Finance Authority debt issue refunds		27,287
Operating reserves		398,114
Machinery and equipment		1,730,857
Capital works and other miscellaneous reserves		1,574,250
General capital cost contributions		7,662
Police bridging capital		3,133,548
Downtown revitalization		19,149
Melba Schappert bequest		20,145
Pioneer Park		-
Public Art		10,618
Water capital cost contributions		635,742
Water capital reserve		423,677
Sewer capital cost contributions		16,508
Sewer capital reserve		738,195
Total Reserve Fund Equity	\$ 9,340,725	\$ 7,349,518
RESERVES HELD AS LIABILITIES		
Federal Gas Tax funds (Note 9)	*	880,233
Restricted revenue (Note 10)	*	2,240,925
Total Reserve Funds	\$ 12,461,883	\$10,436,207

* Restricted cash and portfolio investments

Non-Consolidated Statement of Financial Position – Funds

YEAR ENDED DECEMBER 31, 2020

Schedule 9 (Unaudited)

Excluding Joint Utilities Board Financial Information

	General Fund		Reserve Fund		Waterworks Utility Fund		Sewer Utility Fund		Equity in Capital Assets		2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	Total	Total
FINANCIAL ASSETS												
Cash and cash equivalents (Note 3)	\$ 2,130,689	\$ 853,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,130,689	\$ 853,889
Accounts receivable (Note 4)	961,471	943,427	-	-	246,943	107,284	24,628	18,936	-	-	1,233,042	1,069,647
Portfolio investments (Note 3)	78,039	576,251	12,461,883	10,436,207	2,010,386	1,658,699	2,279,314	1,748,410	-	-	16,829,622	14,419,567
Deposits - Municipal Finance Authority (Note 5)	18,698	18,321	-	-	-	-	-	-	-	-	18,698	18,321
Loan receivable (Note 6)	80,028	94,900	-	-	-	-	-	-	-	-	80,028	94,900
	<u>\$ 3,268,925</u>	<u>\$ 2,486,788</u>	<u>\$ 12,461,883</u>	<u>\$ 10,436,207</u>	<u>\$ 2,257,329</u>	<u>\$ 1,765,983</u>	<u>\$ 2,303,942</u>	<u>\$ 1,767,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,292,079</u>	<u>\$ 16,456,324</u>
LIABILITIES												
Accounts payable and accrued liabilities (Note 7)	\$ 599,527	\$ 835,882	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 599,527	\$ 835,882
Sick and severance liabilities (Note 13(b))	563,832	517,912	-	-	-	-	-	-	-	-	563,832	517,912
Refundable deposits (Note 8)	429,133	182,065	-	-	-	-	-	-	-	-	429,133	182,065
Deferred revenue (Note 9)	799,522	627,855	880,233	937,934	43,652	33,902	17,877	87	-	-	1,741,284	1,599,778
Restricted revenue (Note 10)	-	-	2,240,925	2,148,755	-	-	-	-	-	-	2,240,925	2,148,755
Debt (Note 11)	-	-	-	-	-	-	-	-	683,651	782,756	683,651	782,756
	<u>2,392,014</u>	<u>2,163,714</u>	<u>3,121,158</u>	<u>3,086,689</u>	<u>43,652</u>	<u>33,902</u>	<u>17,877</u>	<u>87</u>	<u>683,651</u>	<u>782,756</u>	<u>6,258,352</u>	<u>6,067,149</u>
NET FINANCIAL ASSETS	<u>\$ 876,911</u>	<u>\$ 323,074</u>	<u>\$ 9,340,725</u>	<u>\$ 7,349,518</u>	<u>\$ 2,213,677</u>	<u>\$ 1,732,081</u>	<u>\$ 2,286,065</u>	<u>\$ 1,767,259</u>	<u>\$ (683,651)</u>	<u>\$ (782,756)</u>	<u>\$ 14,033,727</u>	<u>\$ 10,389,175</u>
NON-FINANCIAL ASSETS												
Tangible capital assets (Schedule 1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,761,184	\$ 31,565,511	\$ 31,761,184	\$ 31,565,511
Inventory of supplies	138,028	129,021	-	-	-	-	-	-	-	-	138,028	129,021
Prepaid expenses	26,759	31,117	-	-	-	-	-	-	-	-	26,759	31,117
	<u>164,787</u>	<u>160,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,761,184</u>	<u>31,565,511</u>	<u>31,925,971</u>	<u>31,725,649</u>
ACCUMULATED SURPLUS	<u>\$ 1,041,699</u>	<u>\$ 483,212</u>	<u>\$ 9,340,725</u>	<u>\$ 7,349,518</u>	<u>\$ 2,213,677</u>	<u>\$ 1,732,081</u>	<u>\$ 2,286,065</u>	<u>\$ 1,767,259</u>	<u>\$ 31,077,533</u>	<u>\$ 30,782,755</u>	<u>\$ 45,959,698</u>	<u>\$ 42,114,824</u>

Statement of General Revenue Fund Operations

YEAR ENDED DECEMBER 31, 2020

Schedule 10 (Unaudited)

	2020 Budget	2020 Actual	2019 Actual
REVENUE			
Taxation	\$ 4,301,761	\$ 4,296,897	\$ 4,195,648
Grants in lieu of taxes	10,500	12,173	10,353
Sale of services	593,582	601,651	609,420
Other revenue from own sources	765,769	843,494	681,961
Return on investments	30,700	13,925	52,360
Grants	-	3,678	-
Government transfers	557,000	2,128,793	557,726
Funds contributed from other governments	14,205	14,561	14,205
Total revenue	<u>6,273,517</u>	<u>7,915,172</u>	<u>6,121,673</u>
EXPENSES			
General government	1,281,844	1,207,141	1,172,390
Protective services	774,378	725,215	666,166
Public works & engineering	1,156,379	1,164,463	1,256,387
Environmental health services	257,563	285,189	276,669
Environmental development services	260,150	202,135	179,280
Recreation and cultural services	749,389	723,886	796,602
Interest	49,625	49,544	50,785
Total expenses	<u>4,529,328</u>	<u>4,357,573</u>	<u>4,398,279</u>
NET REVENUES	1,744,189	3,557,599	1,723,394
TRANSFERS			
Transfers to general capital fund	(799,623)	(374,653)	(522,700)
Transfers to reserve fund	(1,132,174)	(2,507,144)	(1,166,908)
Transfers to sewer revenue fund - parcel tax	(44,660)	(44,900)	(44,660)
Long term debt repayment	(72,415)	(72,415)	(72,415)
NET INCREASE (DECREASE) IN FUND	(304,683)	558,487	(83,289)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>483,212</u>	<u>483,212</u>	<u>566,500</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 178,529</u>	<u>\$ 1,041,699</u>	<u>\$ 483,212</u>

Statement of Waterworks Utility Revenue Fund Operations

YEAR ENDED DECEMBER 31, 2020

Schedule 11 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
REVENUE			
Sale of water	\$ 2,435,493	\$ 2,334,813	\$ 2,348,489
Water studies	2,000	200	2,600
Service charges	20,000	9,385	23,689
Return on investments	30,000	30,717	28,276
Total revenue	<u>2,487,493</u>	<u>2,375,115</u>	<u>2,403,054</u>
EXPENSES			
Administration	764,862	691,304	718,720
Transmission and distribution	465,017	468,610	378,741
Pumping	260,940	249,369	258,719
Total expenses	<u>1,490,819</u>	<u>1,409,283</u>	<u>1,356,180</u>
NET REVENUES	996,674	965,832	1,046,874
TRANSFERS			
Transfers to waterworks utility capital fund	<u>(2,088,274)</u>	<u>(484,236)</u>	<u>(590,702)</u>
NET INCREASE (DECREASE) IN FUND	(1,091,600)	481,596	456,172
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>1,732,081</u>	<u>1,732,081</u>	<u>1,275,909</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 640,481</u>	<u>\$ 2,213,677</u>	<u>\$ 1,732,081</u>

Statement of Sewer Utility Revenue Fund Operations

YEAR ENDED DECEMBER 31, 2020

Schedule 12 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
REVENUE			
Sewer fees	\$ 1,336,158	\$ 1,312,223	\$ 1,249,108
Service charges	100	-	-
Return on investments	32,000	32,378	36,443
Total revenue	<u>1,368,258</u>	<u>1,344,601</u>	<u>1,285,551</u>
EXPENSES			
Administration	318,334	295,622	280,718
Collection and disposal	175,110	167,461	160,608
Cost sharing - municipal government	(27,800)	(29,039)	(26,863)
Joint Utilities Board	400,000	402,227	431,677
Interest on debenture debt	-	-	3,685
Total expenses	<u>865,644</u>	<u>836,271</u>	<u>849,825</u>
NET REVENUES	502,614	508,330	435,726
TRANSFERS			
Transfers to sewer capital fund	(681,796)	(34,424)	(165,745)
Transfers from general revenue fund - parcel tax	44,660	44,900	44,660
Long-term debt repayment	-	-	(13,923)
NET INCREASE (DECREASE) IN FUND	(134,522)	518,806	300,718
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>1,767,259</u>	<u>1,767,259</u>	<u>1,466,541</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 1,632,737</u>	<u>\$ 2,286,065</u>	<u>\$ 1,767,259</u>

Statement of Capital Fund Operations

YEAR ENDED DECEMBER 31, 2020

Schedule 13 (Unaudited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
REVENUE			
Connection fees			
General Capital	\$ -	\$ 14,192	\$ 7,704
Water Capital	-	27,064	68,919
Sewer Capital	-	2,210	12,896
Grants	11,000	17,500	12,700
Gas Tax Funds utilized	869,105	339,954	99,218
Gain (Loss) on disposal of tangible capital assets	-	43,416	21,790
Assets constructed by Developers			
General Capital	-	77,935	675
Total revenue	<u>880,105</u>	<u>522,271</u>	<u>223,903</u>
EXPENSES (not capitalized) (Schedule 5)			
General government services	-	89,375	70,346
Protective services	-	34,330	27,624
Transportation services	-	103,635	4,400
Environmental health services	-	135	4,737
Recreation and cultural services	-	-	56,922
Water services	-	33,901	50,793
Sewer services	-	27,370	101,511
Total expenses	<u>-</u>	<u>288,746</u>	<u>316,332</u>
NET REVENUES	880,105	233,525	(92,430)
TRANSFERS			
Transfers from general operating fund	799,623	374,653	522,700
Transfers from water operating fund	2,088,274	484,236	590,702
Transfers from sewer operating fund	681,796	34,424	165,745
Transfers from general reserve funds	2,000,250	665,205	1,140,785
Transfers from water reserve funds	-	-	-
Transfers from sewer reserve funds	-	-	-
Tangible capital asset purchases	(6,450,048)	(1,722,792)	(2,335,838)
Tangible capital assets acquired in-kind	-	(77,935)	(675)
Net book value of disposed of tangible capital assets	-	8,684	9,011
NET INCREASE (DECREASE) IN FUND	-	0	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-	-
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ -</u>

COVID-19 Safe Restart Grant Continuity Schedule

YEAR ENDED DECEMBER 31, 2020

Schedule 14 (Audited)

Excluding Joint Utilities Board Financial Information

	2020 Budget	2020 Actual	2019 Actual
FUNDS RECEIVED	\$ -	\$ 1,570,000	\$ -
FUNDS SPENT			
Revenue shortfalls	-	(97,433)	-
Facility reopening and operating	-	(86,515)	-
Emergency planning and response	-	(1,450)	-
Bylaw enforcement and protective services	-	(66,156)	-
Computers and other IT	-	(2,750)	-
Other related costs	-	(64,149)	-
Total spending	-	(318,453)	-
INTEREST EARNED	-	1,786	-
BALANCE, end of year	-	\$ 1,253,333	-

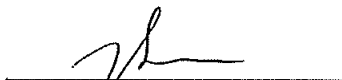
Statement of Responsibility

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

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

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

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



Talitha Soldera
Director, Financial Services
May 13, 2021



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

Other Matter – Comparative Information

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 6, 2020.



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Victoria, Canada
May 12, 2021

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2020

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

	<u>2020 Actual</u>	<u>2019 Actual</u>
Financial Assets		
Investments (Notes 3 and 5)	\$ 4,410,600	\$ 4,343,491
Financial Liabilities		
Unearned revenue	<u>2,483,177</u>	<u>2,567,422</u>
Net Financial Assets	<u>1,927,423</u>	<u>1,776,069</u>
Non-Financial Assets		
Tangible capital assets (Schedule I)	<u>3,243,928</u>	<u>3,118,061</u>
Accumulated Surplus	<u>\$ 5,171,351</u>	<u>\$ 4,894,130</u>

Approved by:



T. Soldera

Director, Financial Services

See accompanying notes to the financial statements.

Statement of Operations

FOR THE YEAR ENDED DECEMBER 31, 2020

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

	2020 Budget	2020 Actual	2019 Actual
Revenues			
Contributions from:			
The Corporation of the District of North Cowichan	\$ 921,110	\$ 676,435	\$ 757,977
The Corporation of the City of Duncan	548,295	395,448	447,810
Cowichan Valley Regional District	229,874	201,710	221,087
Cowichan Tribes	33,639	27,008	30,402
Return on investments	-	36,154	37,385
Grants and government transfers	667,000	272,700	-
	<u>2,399,918</u>	<u>1,609,455</u>	<u>1,494,661</u>
Expenses			
Administration	50,860	59,181	59,764
Amortization	-	89,849	89,849
Sewer lagoon operations and maintenance	1,050,093	1,183,204	1,088,121
	<u>1,100,953</u>	<u>1,332,234</u>	<u>1,237,734</u>
Annual Surplus	\$ 1,298,965	277,221	256,927
Accumulated surplus, beginning of year	<u>4,894,130</u>	<u>4,894,130</u>	<u>4,637,203</u>
Accumulated surplus, end of year	<u>\$ 6,193,095</u>	<u>\$ 5,171,351</u>	<u>\$ 4,894,130</u>

See accompanying notes to the financial statements

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

1. SUMMARY OF OPERATIONS

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

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 Board's significant policies:

a) Basis of Accounting

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

b) Revenue recognition

- i) Contributions from partners are recognized when invoiced.
- ii) Government transfers are recognized in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability. Transfers received for which expenses are not yet incurred are included in deferred revenue.

c) Cash and cash equivalents

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

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

d) Non-Financial Assets

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

e) Tangible Capital Assets

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

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

e) Tangible Capital Assets continued

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

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

f) 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.

3. INVESTMENTS

Investments are carried at cost, which at December 31, 2020, 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 an operating lease which expires July 31, 2060. Future minimum lease payments are \$400,300 per annum with an estimated annual increase of 2.2%.

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>2020</u>	<u>2019</u>
Balances, beginning of year	\$ 1,776,069	\$ 1,623,485
Add: transfers from current operations	<u>151,354</u>	<u>152,584</u>
Balance, end of year	<u>\$ 1,927,423</u>	<u>\$ 1,776,069</u>

7. LISTING OF OPERATING EXPENSES BY OBJECT TYPE

The following provides a summary of operating expenses by object:

	<u>2020</u>	<u>2019</u>
Salaries, wages and benefits	\$ 236,577	\$ 210,870
Contract services	48,192	37,420
Amortization	89,849	89,849
Materials and supplies	569,807	520,133
Land rent	<u>387,809</u>	<u>379,461</u>
Total expense	<u>\$ 1,332,234</u>	<u>\$ 1,237,733</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.

SUPPLEMENTAL STATEMENT DUNCAN – NORTH COWICHAN JOINT UTILITIES BOARD

Schedule 1

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE		
	Balance December 31, 2019	2020 Additions	2020 Disposals	2020 Write-downs	Balance December 31, 2020	Balance December 31, 2019	2020 Additions	2020 Disposals	Balance December 31, 2020	2019	2020
Buildings	\$ 192,388	\$ -	\$ -	\$ -	\$ 192,388	\$ 10,020	\$ 4,810	\$ -	\$ 14,830	\$ 182,368	\$ 177,558
Engineering Structures	2,485,490	-	-	-	2,485,490	376,966	49,711	-	426,677	2,108,524	2,058,813
Machinery & Equipment	706,581	-	-	-	706,581	73,602	35,329	-	108,931	632,979	597,650
Work In Progress	194,191	215,716	-	-	409,907	-	-	-	-	194,191	409,907
	<u>\$ 3,578,650</u>	<u>\$ 215,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,794,366</u>	<u>\$ 460,588</u>	<u>\$ 89,849</u>	<u>\$ -</u>	<u>\$ 550,438</u>	<u>\$ 3,118,062</u>	<u>\$ 3,243,928</u>



statistical information

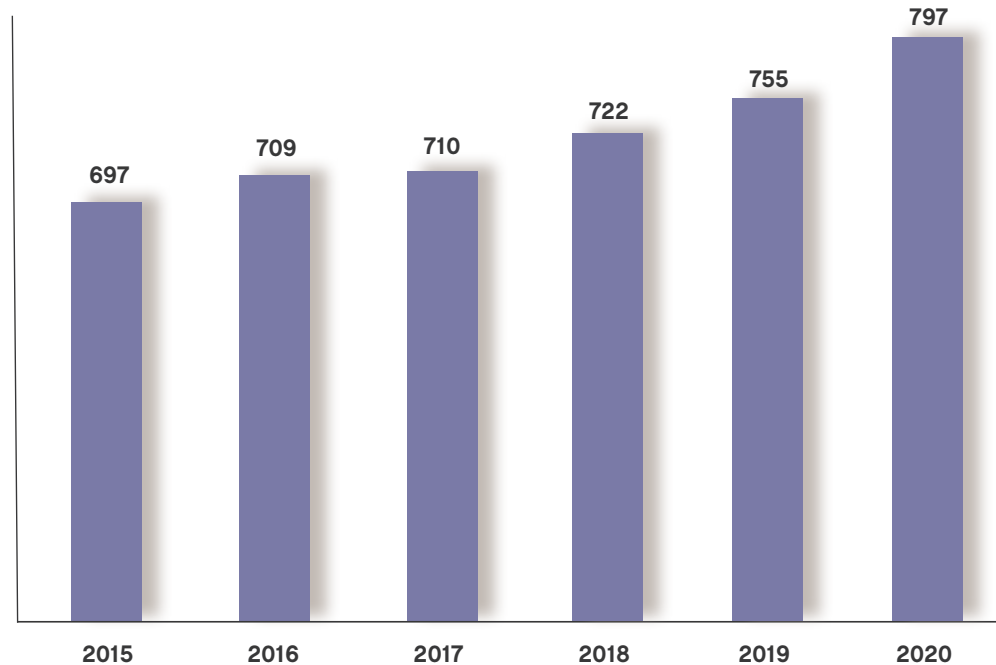
Population Demographics

	2016	2017	2018	2019	2020
Total Population Estimates	4,944	5,040	5,241	5,342	5,124
% Change from Prior Year	-0.60%	6.03%	0.02%	1.93%	-4.08%
Population Density Per Square Km	2,388	2,435	2,532	2,581	2,475

Source: 2011 – 2020 BC Stats, 2020 Statistics Canada

Land Area (Square Km)	2.07
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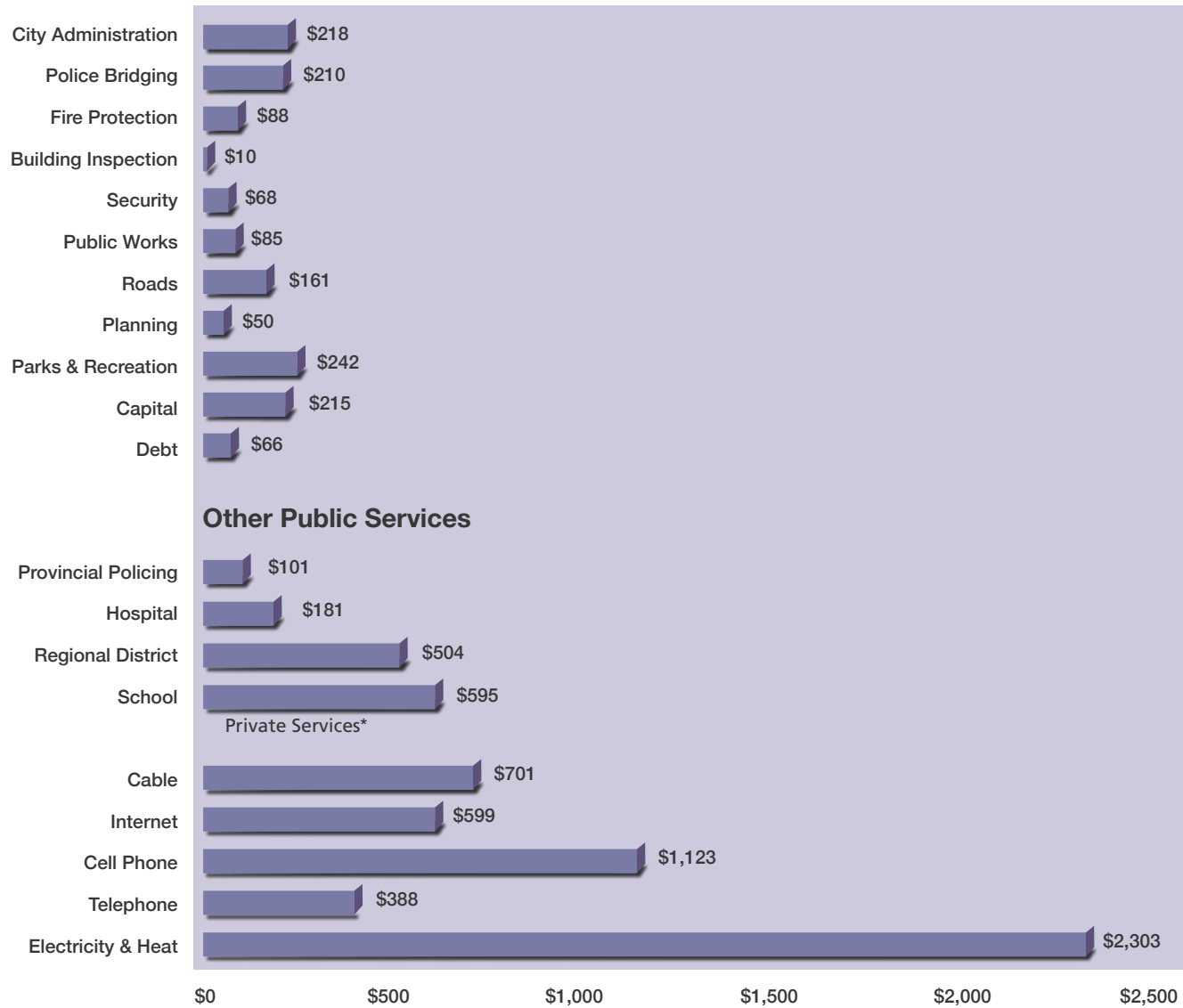
Active Business Licences



Standard Household Annual Costs

Detailing the average household cost of City services (average assessment of \$356,721) compared to other common household costs.

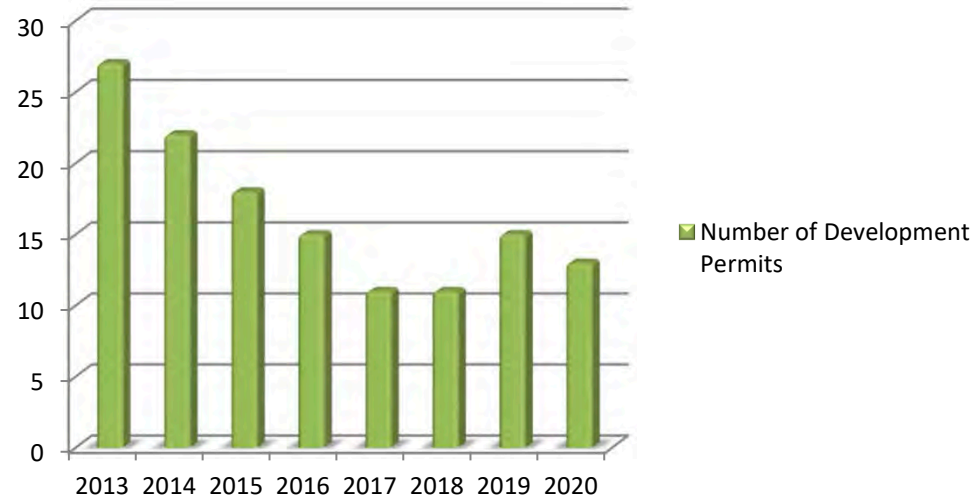
2020 City Services – Total \$1,116 per year



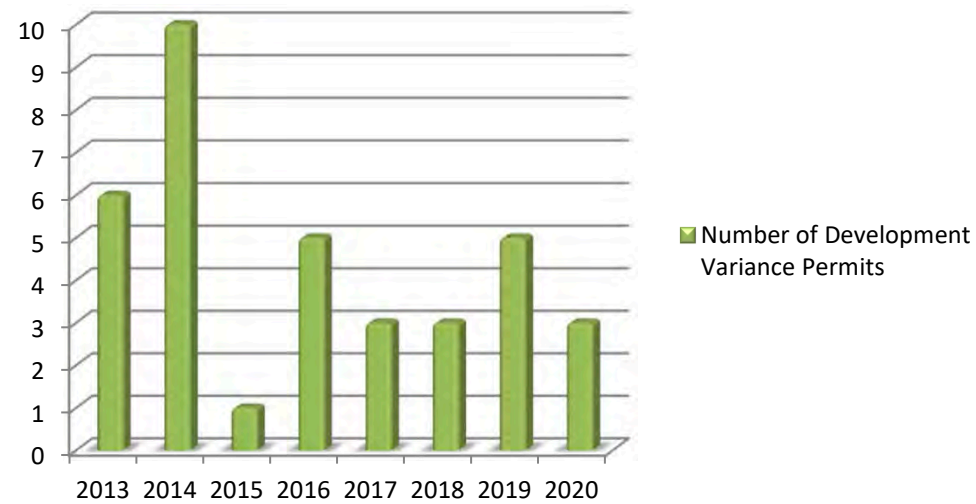
* Average household expenditure according to Statistics Canada 2016 with annual CPI

Development Permits and Variance Permits

Development Permits



Development Variance Permits



New Construction

	2016	2017	2018	2019	2020
Building Permits Issued	38	51	42	43	46
Construction Value	1,213,202	3,966,455	1,906,117	10,330,052	6,966,987

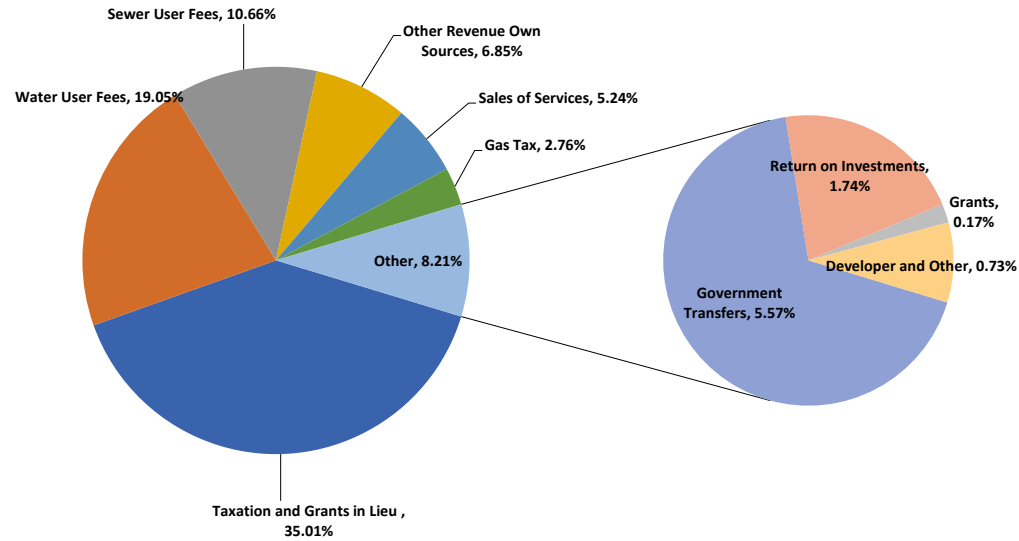
Major Property Taxpayers (greater than \$20,000)

Property Owner	Industry	Tax Contribution
1 Coronation Mall Ltd.	Retail Mall	148,506
2 Coronation Properties Ltd.	Seniors Residential Complex	87,489
3 0984369 BC LTD	Office Building	80,210
4 1096429 BC LTD	Court House Property	62,744
5 BC Telephone Company	Building and Yard	58,573
6 Cowichan Hospitality Group Ltd.	Hotel	52,451
7 0693523 BC LTD	Seniors Residential Complex	35,881
8 First West Credit Union	Financial Institution	33,273
9 F. Kranz	Residential Apartments	32,660
10 DD 1020-1030 Government Apartments Ltd.	Residential Apartments	31,734
11 Duncan Automotive Real Estate LTD	Car Dealership	31,082
12 Royal Bank of Canada	Financial Institution	27,261
Total from Major Property Tax Contributors		681,866
Total Municipal Tax		4,392,737
Proportion of Municipal Tax Paid by Major Property Tax Contributors		16%

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.

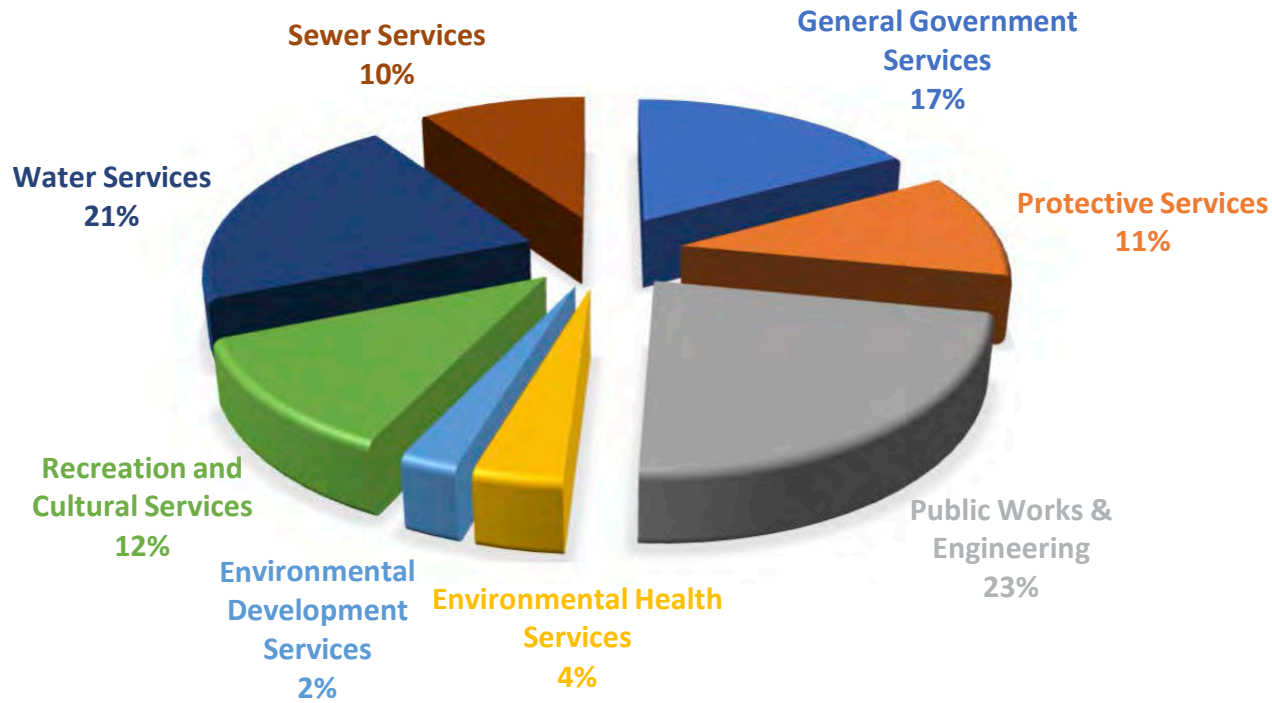
2020 Revenue by Source

Detailing the City's own source revenues by proportion in 2020.



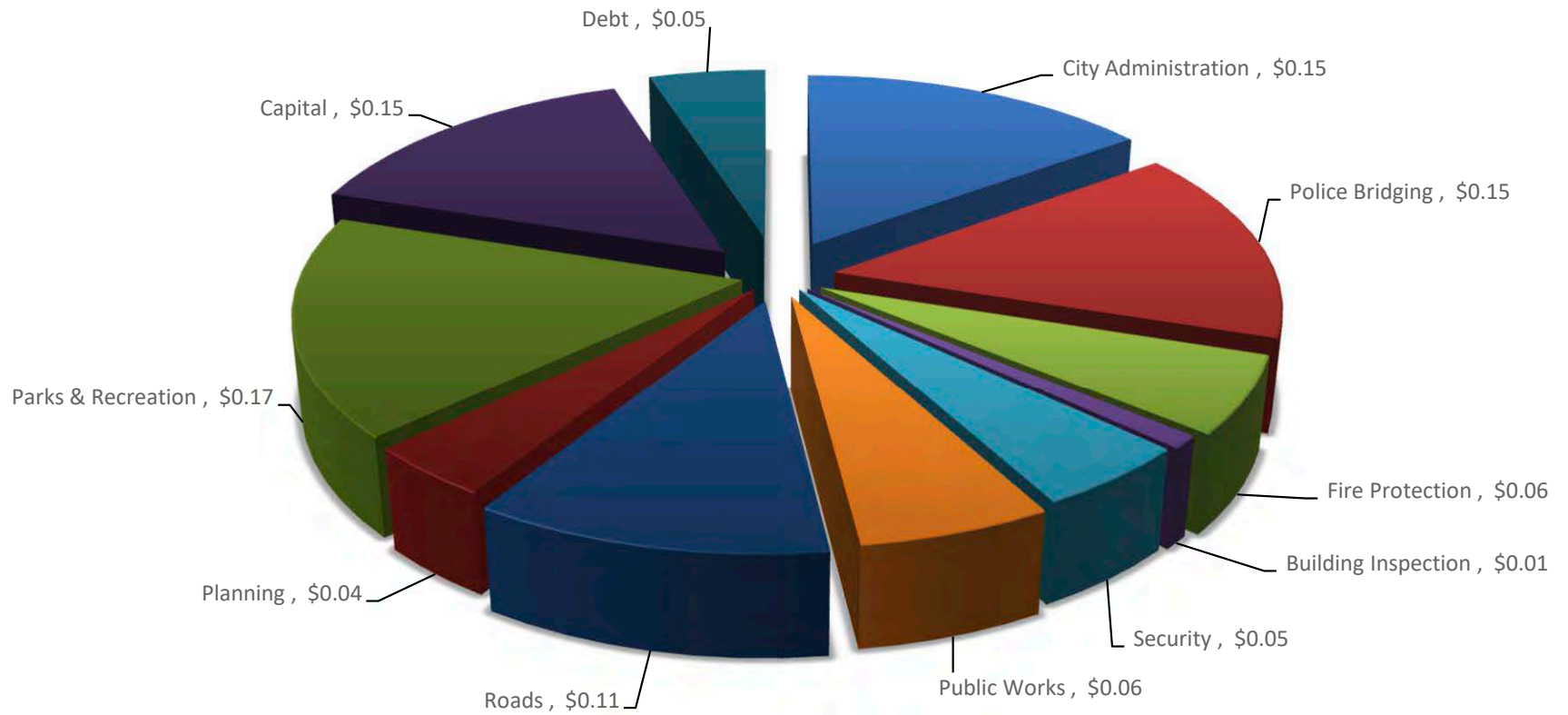
	2016	2017	2018	2019	2020
Taxation	3,864,072	3,948,103	4,086,823	4,195,649	4,296,897
Grants in Lieu of Taxes	7,834	12,894	12,643	10,353	12,173
Sales of Services	553,821	735,990	662,476	698,939	645,117
Water User Fees	2,070,998	2,172,053	2,373,794	2,374,778	2,344,398
Sewer User Fees	1,011,682	1,083,134	1,185,948	1,249,108	1,312,223
Other Revenue Own Sources	578,544	554,573	597,124	681,961	843,494
Return on Investments	201,816	206,573	232,038	290,030	214,287
Grants	10,120	8,181	10,200	12,700	21,178
Government Transfers	522,766	616,738	584,345	557,724	2,128,793
Funds Contributed from (to) Other Governments	(5,539)	51,084	13,872	14,205	14,561
Development Cost Charge Funds	16,580	-	-	-	-
Gas Tax Funds	518,272	74,115	202,796	99,218	339,954
Developer and Other	141,954	558,489	234,763	64,285	89,935
Gain (Loss) on Disposal of Assets	3,469	(100,470)	(12,880)	21,790	43,416
Increase (decrease) in Share of Joint Utilities Board Assets	(31,802)	8,309	(58,645)	211	-
	9,464,587	9,929,766	10,125,297	10,270,951	12,306,426

2020 Expenses by Function



	2016	2017	2018	2019	2020
General Government Services	2,128,964	1,935,573	1,256,946	1,367,646	1,426,655
Protective Services	730,522	766,282	752,184	862,750	929,828
Public Works & Engineering	1,687,545	1,772,584	1,654,207	1,844,395	1,912,815
Environmental Health Services	268,171	276,655	264,866	306,301	310,710
Environmental Development Services	177,416	305,158	178,670	179,280	202,135
Recreation and Cultural Services	1,064,574	1,058,829	1,097,460	1,121,886	989,482
Water Services	1,562,783	1,652,616	1,749,424	1,747,164	1,785,757
Sewer Services	730,874	655,681	1,145,861	902,551	817,864
Total	8,350,849	8,423,378	8,099,618	8,331,972	8,375,245

Spending of \$1 of Municipal Tax in 2020



2020 Expenses by Object

	2016	2017	2018	2019	2020
Amortization	1,379,828	1,412,292	1,500,078	1,559,702	1,624,343
Capital fund expenses	1,108,436	1,170,238	615,675	316,332	288,746
Contract services	939,213	666,176	976,276	932,029	973,510
Fuel	57,387	63,457	74,468	72,561	65,538
Goods and services	998,932	1,076,758	1,045,578	1,137,384	993,320
Grants in Aid	81,279	97,138	87,404	86,643	106,468
Hydro	344,353	368,837	389,673	392,110	368,037
Insurance	134,191	128,738	111,274	119,177	127,693
Interest	56,813	56,828	57,934	54,470	49,544
Leases	1,892	1,928	1,970	8,003	42,681
Professional fees	85,124	119,358	85,326	110,883	119,646
Travel, conference and training	100,668	98,009	90,723	128,838	58,413
Wages and benefits	3,088,697	3,168,186	3,107,214	3,453,894	3,583,843
Write down of account receivable to net realizable value	-	26,036	(8,545)	405	154
Actuarial adjustment to debt	(25,964)	(30,601)	(35,430)	(40,459)	(26,690)
	<u>8,350,849</u>	<u>8,423,378</u>	<u>8,099,618</u>	<u>8,331,972</u>	<u>8,375,246</u>

2020 Capital Expenditures & Sources of Financing

	2016	2017	2018	2019	2020
Capital Expenditures					
Acquisition of Tangible Capital Assets	1,990,039	3,184,050	3,333,523	2,275,967	1,733,568
Capital Fund Expenditures (Not Capitalized)	1,108,436	1,170,238	615,675	316,332	288,746
	<u>3,098,475</u>	<u>4,354,288</u>	<u>3,949,198</u>	<u>2,592,299</u>	<u>2,022,314</u>
Source of Financing					
Operating Funds	1,617,150	2,578,237	2,463,602	1,279,147	893,313
Reserve Funds	899,081	884,803	1,080,892	1,140,785	665,205
Grants	8,990	7,300	9,800	12,700	17,500
Government Transfers	-	-	-	-	-
Connections Fees and Donations	31,361	85,880	104,195	89,519	43,466
Investment Income	-	-	-	-	-
Development Cost Charges	16,580	-	-	-	-
Federal Gas Tax Funds	518,272	74,115	202,796	99,218	339,954
Developer/Other Contribution	22,000	417,734	92,862	675	77,935
Sales of Assets	5,807	13,805	20,500	30,801	52,100
Increase (Decrease) in Share of Joint Utilities Board Tangible Capital Assets	(20,766)	292,414	(25,449)	(60,546)	(67,159)
	<u>3,098,475</u>	<u>4,354,288</u>	<u>3,949,198</u>	<u>2,592,299</u>	<u>2,022,314</u>

2020 Annual Development Cost Charges Reserve Fund Report

Development Cost Charges Reserve Fund	Water	Sewer	Storm Drainage	Roads	Parks	Total DCCs
Balance in reserve fund as of January 1, 2020	\$611,105	\$863,314	\$173,495	\$497,062	\$3,779	\$2,148,755
Funds received (refunded) in 2020	\$19,734	\$4,799	\$13,407	\$9,998	\$4,088	\$52,026
Expenditures from Reserve in 2020	0.00	0.00	0.00	0.00	0.00	0.00
Interest earned on account for 20	\$11,459	\$16,022	\$3,297	\$9,268	\$99	\$40,145
Balance in reserve fund as of December 31, 2020	\$642,298	\$884,135	\$190,199	\$516,328	\$7,966	\$2,240,926

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).

2020 Annual Off Street Parking Reserve Fund Report

	Statutory Reserve	Non-Statutory Reserve	Total Parking Reserve
Balance in reserve fund as of January 1, 2020	\$125,786	\$239,139	\$364,925
Funds received in 2020	0	0	0.00
Expenditures from reserve in 2020	0	-\$19,448	-\$19,448
Interest earned on account for 2020	\$2,329	\$4,428	\$6,757
Balance in reserve fund as of December 31, 2020	\$128,115	\$224,119	\$352,234

	2016	2017	2018	2019	2020
Legislated Liability Servicing Limit*	2,193,948	2,310,639	2,352,430	2,513,299	2,555,865
Actual Annual Liability Servicing Costs	143,151	143,166	144,271	140,807	121,959
Unused Liability Servicing Capacity	2,050,797	2,167,473	2,208,159	2,372,492	2,433,906

*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

	2016	2017	2018	2019	2020
Reserve Funds					
Sale of Real Property	217,399	221,678	226,276	230,238	223,828
Sale of Property - Cowichan Place	18,381	8,610	5	-	-
Parking Improvement	301,303	307,233	237,619	239,139	224,119
Parking Improvement - Restricted	117,913	120,234	122,728	125,786	128,115
MFA Debt Issue Refunds	24,318	24,797	25,311	26,790	27,287
Operating	436,767	325,892	367,842	365,612	398,114
Machinery and Equipment	1,851,493	2,203,374	1,695,322	1,793,208	1,730,857
Capital Works and Miscellaneous	300,257	216,581	262,892	274,436	1,574,250
General Capital	3,575	7,190	7,340	7,523	7,662
Police Bridging Capital	1,498,297	1,705,897	2,400,941	2,438,608	3,133,548
Downtown Revitalization	17,624	17,971	18,344	18,801	19,149
Melba Schappert Bequest	28,351	28,909	19,298	19,779	20,145
Public Art	9,771	9,963	10,170	10,424	10,618
Pioneer Park	1,374	1,401	1,431	1,466	-
Waterworks Utility	854,383	809,296	969,660	1,056,727	1,088,330
Sewer Utility	822,088	838,267	721,655	740,981	754,703
	<u>6,503,294</u>	<u>6,847,293</u>	<u>7,086,834</u>	<u>7,349,518</u>	<u>9,340,725</u>
Reserves Held As Liabilities					
DCC Restricted Reserves	1,944,088	1,996,382	2,061,670	2,148,755	2,240,925
Federal Gas Tax Funds	209,470	404,214	484,272	937,934	880,233
	<u>2,153,558</u>	<u>2,400,596</u>	<u>2,545,942</u>	<u>3,086,689</u>	<u>3,121,158</u>
Interest Earned, All Reserves	118,955	121,451	140,971	172,951	137,268

Taxable Assessments of Land & Improvements

	2016	2017	2018	2019	2020
Residential	463,593,050	499,997,600	582,562,450	650,543,800	685,075,675
Utilities	899,400	1,094,600	1,265,900	1,331,500	1,775,600
Supportive Housing	2	-	-	-	-
Major Industry	-	-	-	-	-
Light Industry	100,100	103,500	123,900	123,500	-
Business & Other	140,010,100	147,205,800	170,878,800	177,275,450	201,223,300
Managed Forest	-	-	-	-	-
Recreation	319,100	198,600	232,300	240,200	654,200
Farm	6,967	6,967	6,967	6,967	6,967
	<u>604,928,719</u>	<u>648,607,067</u>	<u>755,070,317</u>	<u>829,521,417</u>	<u>888,735,742</u>

Tax Rates

	2015	2017	2018	2019	2020
General (per \$1,000)(Includes Library)					
Residential	3.8318	3.6688	3.2545	2.9913	2.8943
Utilities	32.1844	32.2159	32.1014	31.185	31.431
Light Industry	9.9375	9.509	8.4483	8.4140	7.3960
Business	9.6721	9.2612	8.2143	8.1961	7.396
Recreation	3.8318	3.6688	3.2545	2.9913	2.8943
Farm	3.8318	3.6688	3.2545	2.9913	2.8943
Police Municipal (per \$1,000)					
Residential	0.9305	0.8865	0.8008	0.7325	0.7086
Utilities	7.8156	7.7839	7.8986	7.6360	7.6954
Light Industry	2.4132	2.2976	2.0787	2.0602	1.8108
Business	2.3488	2.2377	2.0212	2.0069	1.8108
Recreation	0.9305	0.8865	0.8008	0.7325	0.7086
Farm	0.9305	0.8865	0.8008	0.7325	0.7086

Tax Revenue by Property Class (these taxes will be used for municipal purposes)

(Includes Library)

	2015	2017	2018	2019	2020
Residential	2,207,769	2,277,640	2,362,466	2,422,495	2,468,259
Utilities	35,976	43,784	50,636	51,690	69,473
Light Industry	1,236	1,222	1,304	1,294	-
Business	1,683,047	1,692,705	1,749,030	1,808,741	1,852,623
Adjustment-Business				(2,273)	-
Recreation	1,520	905	942	894	2,357
Farm	33	32	28	26	25
	<u>3,929,581</u>	<u>4,016,288</u>	<u>4,164,406</u>	<u>4,282,867</u>	<u>4,392,737</u>
Property Taxes Gen	3,716,797	3,799,114	3,936,682	4,043,347	4,149,952
Add Library	212,784	217,174	227,724	239,520	242,785
	<u>3,929,581</u>	<u>4,016,288</u>	<u>4,164,406</u>	<u>4,282,867</u>	<u>4,392,737</u>

Taxes Collected for Other Agencies (these taxes are distributed to other entities)

	2016	2017	2018	2019	2020
School	1,872,544	1,788,360	1,861,216	1,814,953	1,467,520
Provincial Policing	282,746	280,335	306,319	311,842	347,415
Cowichan Valley Regional District	1,359,941	1,459,130	1,529,620	1,557,064	1,648,534
Cowichan Regional Hospital District	472,941	486,344	532,703	560,476	622,363
BC Assessment Authority	50,449	45,479	48,057	46,884	53,905
Downtown Duncan Business Improvement Area	190,000	195,000	205,000	210,000	215,000
Vancouver Island Regional Library	212,784	217,172	227,724	239,520	242,785
Municipal Finance Authority	167	179	207	222	242
	<u>4,441,572</u>	<u>4,471,999</u>	<u>4,710,846</u>	<u>4,740,961</u>	<u>4,597,764</u>

Debt & Debt Per Capita

	2016	2017	2018	2019	2020
General Purposes	1,057,779	969,675	878,048	782,756	683,651
Sewer	90,479	61,644	31,504	-	-
	<u>1,148,258</u>	<u>1,031,319</u>	<u>909,552</u>	<u>782,756</u>	<u>683,651</u>
Population*	5,164	5,234	5,241	5,342	5,124
Debt Per Capita	222.36	197.04	173.55	146.53	133.42

* Source: 2011 - 2020 BC Stats, 2020 Statistics Canada

General Comparative Statistics

	2016	2017	2018	2019	2020
Annual Surplus	1,113,738	1,506,388	2,025,679	1,938,979	3,931,180
Accumulated Surplus	38,167,462	39,673,850	41,699,529	43,638,508	47,569,688
Net Financial Assets	9,498,831	9,617,848	9,825,623	10,942,117	14,633,789

Statement of 2020 Permissive Property Tax Exemptions

Legal Description	Civic Address	Organization	Taxes Foregone
224(2)(a) Not-for-Profit			
Lot A, Plan 24353	5650 Club Rd	Duncan Day Care Centre	2,562
Lot A, Plan 44627	198 Government St	Valley Seniors Organization	5,119
Leased area of Lot 1, Plan 23647	820 Wharnccliffe Rd	Cowichan Pre-School	82
Lot PT4, Block 8, Plan 12568	760 Government St	Cowichan Lawn Bowling	169
Leased area of Lot 1, Plan 29453	280 First St	Cowichan Lawn Bowling	440
Leased area of Lot A, Plan 40864	200 Craig St	Cowichan Volunteer Society	209
Lots 5-8 & 11, Block 1, Plan 1935	520-540 Cairnsmore St	SD # 79 Growing Together	571
Top Floor of Building at Lot 1, Plan 17515	145 Station St	Duncan Elks Association	1,063
Lots 24 & 25, Plan 1182	321/331 Cairnsmore St	Girl Guide Association	1,383
Undisclosed	Undisclosed	CW Against Violence Society	2,165
50% of the commercial portion of Lot A, Plan 2070	246 Evans St.	CW Against Violence Society	3,397
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)	4,108
1.223 Km Mainline	No address	Island Corridor Foundation (ICF)	700
Lot 3, Section 16, Range 7, Plan VIP6913	552 Trunk Road	Cowichan Valley Youth Services	4,530
Lot 9, Block 6, Section 18, Range 6, Plan VIP798	625 Jubilee	Habitat for Humanity	764
52% of Lot 1, Block B, Section 17, Range 7, Plan 1583	490 TCH	Duncan/North Cowichan Highway Corridor Safety Office	3,069
224(2)(h) Seniors Homes, Hospitals			
Lot 15, Plan 1175/Lot A Plan 25100	770 Trunk Rd	Duncan Kiwanis Village Society	2,115
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	1,676
Station Grounds & Buildings	110 Canada Ave Train Station	ICF - Leased to City - Sublet to Cowichan Historical Society	1,925
224(2)(f) Buildings for Public Worship			
Lot B, Plan VIP60906	930 Trunk Rd	First Christian Reformed Church	1,493
Lot 8,9,10, Block 12 Plan 2070	281 Jubilee St	Duncan United Church	1,794
Lot 11, Block 12, Plan 2070	254 Ingram St	Duncan United Church	739
Lot 1&2, Block 1, Plan 798 and Lot 14, Block 17, Plan 2070	486 Jubilee St	Anglican Synod	1,345
Lot 3, Block 1, Plan 798	162 First St	Anglican Synod	1,059
Lot C, Block 4, Plan 1063	463 Ypres St	Bethel Baptist Church	1,047
Lot 13, Block 4, Plan 1063	483 Ypres St	Bethel Baptist Church	612
Lot 2, Plan 43297	321 Brae Rd	Christian Bretheren	1,319
Lot 7, Block 2, Plan 5868	931 Trunk Rd	Pentecostal Assembly	1,005
Only the portion of Lot 1, Plan VIP 76282 that was Lot 1 Plan 30307	531 Herbert St	St. Andrews Presbyterian	178
Lot A, Plan 12199	1071-1077 Canada Ave	C.V. Jehovah's Witnesses	1,485
			\$ 48,123

Schedule of Suppliers Paid Over \$25,000

Statement Of Financial Information 2020 As Per *The Financial Information Act*

AON REED STENHOUSE INC	38,105	SUPERIOR EXCAVATING LTD.	134,652
BC HYDRO & POWER AUTHORITY	369,091	VALLEY TRAFFIC SYSTEMS INC.	30,853
BERK'S INTERTRUCK LTD	27,354	VANCOUVER ISLAND REGIONAL LIBRARY	242,785
BLACKBIRD SECURITY INC	157,785	VISA - MISCELLANEOUS	39,034
BROTHERS JANITORIAL SERVICES	66,378	WASTE CONNECTIONS OF CANADA INC	29,825
CENTRALSQUARE CANADA SOFTWARE INC.	29,439	WEST COAST PRE FAB	34,889
COMMUNITECTURE INC	47,999	WESTVIEW POWER LTD	43,575
CUPE LOCAL 358	37,247	WORKSAFE BC	74,380
DUNCAN DODGE	78,133	WSP CANADA INC	45,907
DUNCAN PAVING COMPANY	250,148	YOUNG ANDERSON	30,500
DUNCAN VOLUNTEER FIRE DEPT.	26,411		
EDWARD JONES	44,826	Subtotal - Aggregate Payments Exceeding \$25,000	6,252,428.94
FINELINE ROAD MARKING LTD	44,348		
FINNING (CANADA) A DIVISION OF FINNING	239,240	Payments to Suppliers for Grants and Contributions Exceeding \$25,000	
GUILLEVIN INTERNATIONAL INC.	27,660	DUNCAN BUSINESS IMPROVEMENT AREA SOCIETY	258,359.00
ICONIX WATERWORKS LP	126,072		
ISLAND CHEVROLET BUICK GMC	56,745	Total Paid to Suppliers who received	6,576,082.91
JOHNSON CONTRACTING INCORPORATED	87,614	Aggregate Payments of \$25,000 or less	<hr/>
JSK TRAFFIC CONTROL SERVICES INC.	75,461		
KTI LIMITED	32,294	Total Paid to Suppliers	13,086,870.85
LEUCO CONSTRUCTION INC	146,844		
MATHERS ROY	30,907	Less: Expenses Paid on Behalf of Elected Officials/Employees	-45,238.00
MCELHANNEY CONSULTING SERVICES LTD	105,270		
MINISTER OF FINANCE	630,752	Total Expenses per Schedule 4 of Consolidated Financial Statements	<hr/> 8,461,553.00
MUNICIPAL INSURANCE ASSOC OF B. C.	42,814	Variance	<hr/> 4,580,079.85
MUNICIPAL PENSION PLAN	391,931		
NORTH COWICHAN DISTRICT MUNICIPALITY OF	904,119	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.	
P & R TRUCK CENTRE LTD	249,818		
PACIFIC BLUE CROSS	161,417		
RAYLEC POWER LP	35,875	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.	
RBS MANAGED IT SERVICES INC	81,949		
RECEIVER GENERAL FOR CANADA	790,937		
SHUR-POWER ELECTRIC LTD.	32,513		
SIMSON MAXWELL	36,486		
SUNCOR ENERGY PRODUCTS PA	42,048		

Schedule of Remuneration & Expenses for Elected Officials & Employees

Statement Of Financial Information 2020 As Per *The Financial Information Act*

1 Elected Officials

<u>Name</u>	<u>Position</u>	<u>Benefits</u>	<u>Remuneration</u>	<u>Expenses</u>
Michelle Staples	Councillor/Mayor	\$ 3,510.21	\$ 32,595.11	\$ 579.00
Tom Duncan	Councillor	\$ 1,428.48	\$ 17,571.28	\$ 70.63
Bob Brooke	Councillor	\$ 3,510.21	\$ 16,848.66	\$ 650.45
Garry Bruce	Councillor	\$ 2,418.33	\$ 17,571.27	\$ -
Jennifer Capps	Councillor	\$ 1,428.48	\$ 16,680.36	\$ 475.00
Stacy Middlemiss	Councillor	\$ 3,510.21	\$ 16,680.36	\$ 350.00
Carol Newington	Councillor	\$ 1,428.48	\$ 17,571.28	\$ 350.00
Total - Elected Officials		\$ 17,234.40	\$ 135,518.32	\$ 2,475.08

2 Employees

<u>Name</u>	<u>Remuneration</u>	<u>Expenses</u>
Peter de Verteuil	\$ 139,354.49	\$ 2,211.02
Leonard Thew	109,788.43	80.07
Bernice Crossman	105,284.30	1,545.00
Emmet McCusker	100,127.93	80.07
Paige MacWilliam	96,830.36	618.00
John Pite	94,790.99	1,608.95
Claudia McMahon	89,728.69	3,285.00
Michelle Pressman	82,812.31	1,190.19
Micheal McKinlay	81,338.84	3,056.22
Patrick Williams	81,200.25	1,092.84
Chris Desautels	80,451.19	2,300.79
Jamie Rand	80,321.13	80.07
Leanne Closson	75,398.24	2,933.84
Subtotal	1,217,427.15	20,082.08
Consolidated total of employees with remuneration of \$75,000 or less	1,599,243.09	22,681.40
Total - Employees	\$ 2,816,670.24	\$ 42,763.49

Schedule of Remuneration & Expenses for Elected Officials & Employees *(continued)*

Statement Of Financial Information 2020 As Per *The Financial Information Act*

3 Reconciliation

Total remuneration and benefits - elected officials	\$ 152,752.72
Total remuneration - employees	<u>2,816,670.24</u>
Subtotal	2,969,422.96
Total Wages & Benefits per Note 16 of the Consolidated Financial Statements	<u>3,605,604.00</u>
	<u><u>\$ 636,181.04</u></u>

Notes:

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.

The remuneration reported in Section 2 includes wages and taxable benefits at the employee's base rate. In addition, remuneration can also include overtime (for unionized employees), retirement allowances, banked time payouts and remuneration paid for the municipal elections. Other factors such as start dates of new employees and maternity leaves can also affect the remuneration levels of an employee from year to year.

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 employee.

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