

2017 Annual Report

For the Year Ended December 31, 2017



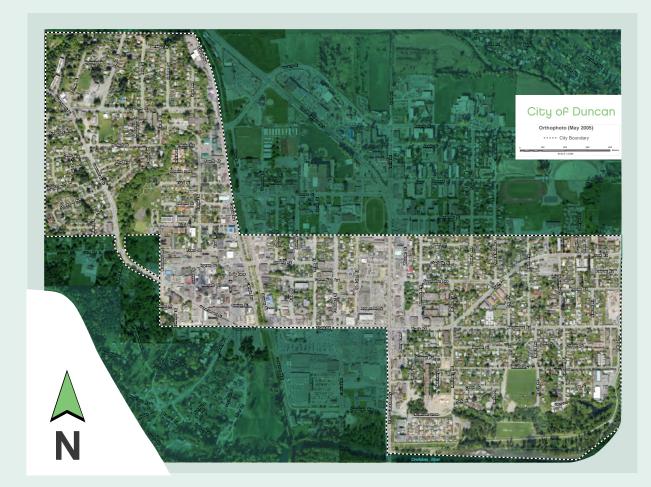


Corporation of the City of Duncan British Columbia

2017 Annual Report

Fiscal Year Ended December 31, 2017

This Annual Report has been prepared by the Finance Department Telephone: 250-746-6126 Fax: 250-746-6129 finance@duncan.ca www.duncan.ca



Back Cover

City of Duncan 2013 Centennial Pole Carver: Calvin Hunt **Photo Credits**

City of Duncan Phil Ives



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



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mayor & council

In November 2014, the current Council For the City of Duncan was elected, consisting of the Mayor and six Councillors.



Mayor Phil Kent

City of Duncan Committee Appointments

The Mayor is an ex-officio member on all City Committees

External Appointments (Voting Member)

Cowichan Valley Regional District Board (Alternate)

External Appointments (Non-Voting Members) • Cowichan Tribes Liaison

mayor@duncan.ca

The Council has statutory authority to provide services, set budgets, levy taxes, and establish policies of the City for the benefit and protection of its citizens.

Strategic Plan

Council sets out the City's objectives through their strategic plan which defines the business of the organization, clarifies its preferred future and identifies strategic priorities.

councillors

Councillor

City of Duncan

Appointments

Environment &

Sustainability

Committee (Chair)

• Tourism Committee

Totem Sub-Committee

External Appointments

Regional District Board

Island Savings Centre

External Appointments

(Non-Voting Members)

Cowichan Community

(Voting Members)

Cowichan Valley

Commission

Advisory Committee on

Disability Issues (Chair)

Committee

Sharon Jackson

Councillor Michelle Bell



City of Duncan Committee Appointments

 Advisory Committee on Disability Issues

External Appointments (Voting Member)

- Island Savings Centre Commission (Alternate)
- North Cowichan Parks and Recreation Advisory Committee

External Appointments (Non-Voting Members)

 Valley Seniors' Organization

mbell@duncan.ca

Councillor Roger Bruce



External Appointments (Non-Voting Members) • Cowichan Sportsplex

rbruce@duncan.ca



Councillor

Tom Duncan

City of Duncan Committee Appointments

- Environment & Sustainability Committee
 - Tourism Committee (Chair)

External Appointments (Voting Members)

- Island Savings Centre Commission
- Vancouver Island Regional Library Board
- CVRD Community Safety Advisory Committee (Alternate)

External Appointments (Non-Voting Members)

- Cowichan Exhibition
 Society
- Duncan-Cowichan Summer Festival
- Island Corridor Foundation Liaison Committee

tomduncan@duncan.ca

Councillor John Horgan



City of Duncan Committee Appointments

Tourism Committee

Totem Sub-Committee

External Appointments (Voting Members)

- CVRD Community Safety Advisory Committee
- Duncan/North Cowichan Joint Utilities Board
 Vancouver Island
- Regional Library Board (Alternate)

External Appointments (Non-Voting Members)

 Chamber of Commerce
 Cowichan Historical Society

jhorgan@duncan.ca

Cowichan Tribes Liaison siackson@dung

Kitchens

sjackson@duncan.ca

Councillor Michelle Staples



City of Duncan Committee Appointments

- Advisory Design Panel (Non-Voting)
- Totem Sub-Committee

External Appointments (Voting Members)

Duncan/North Cowichan
 Joint Utilities Board

External Appointments (Non-Voting Members)

- Cowichan Tribes Liaison
- Downtown Duncan Business Improvement Area Society
- Valley Seniors' Organization

mstaples@duncan.ca

message from the Mayor

Thank you for taking the time to review Council's Annual Report for the 2017 fiscal year. I would like to acknowledge the City staffs' efforts in preparing this report. They have worked diligently to produce award winning reports year after year, our genuine thanks!

2017 has seen an incredible amount of activity for the City with respect to policy development and infrastructure. With the development and public engagement on a modern updated Zoning Bylaw, to policy regarding marijuana legalization, Council and staff have been proactive on the delivery of our Official Community Plan goals.



Our Annual Report reviews the activities for the year, as well as what can be expected going forward for 2018 and beyond. Also included are our 2017 Financial Statements and Annual Audit. You will see that we have achieved a very strong fiscal position that can ensure stable delivery of services to meet your needs.

On June 23rd, 2018, you will be asked to participate in an Amalgamation Referendum to determine whether you support, or not support, the merger of the City of Duncan with the District of North Cowichan. I encourage you to review the Citizens' Assembly Report and Technical Study materials to inform yourself in your deliberations. I also encourage every citizen to ask questions and engage your neighbours in discussions on the potential costs or benefits of an amalgamation. This is your home, You Decide. You can register to receive information and view relevant information at YOUDECIDE.CA until June 23rd.

Sincerely,

Phil Kent, Mayor



THE CORPORATION OF THE CITY OF DUNCAN RESTORATION OF OLD POST OFFICE BUILDING AS THE CITY HALL, OPENED IN NOVEMBER, 1975 CITY COUNCIL 1974./5 MAYOR MR, K. PASKIN ALDERMEN MR. J. HOMEF MR. M. LUKAITIS MR. M. CALJOUW MR. M. COLEMAN MR. J.L. MOLEOD MR. B. F. FOX G.M. BERRY, R.C.I.S. ADMINISTRATOR ARCHITECT MR. FETER COTTON MR.ALC.

Mayors of Duncan Since 1912

K.F. Duncan 1912 - 1913 O.T. Smythe 1914 – 1916, 1923 E.F. Miller T. Pitt 1919 - 1921 J.I. Mutter 1924 – 1928 H.F. Prevost 1929 - 1935 J. Grieg 1936 - 1939 E.W. Lee 1940 - 1942 G.H. Savage 1943 - 1946

J.C. Wragg 1947 - 1955 J.T. Dobson 1956 - 1967 1917 – 1918, 1922 J.W. Quaife 1968 - 1973 K. Paskin 1974 - 1979 M.G. Coleman 1980 - 1982 D.W. Barker 1983 - 1986 M.G. Coleman 1987 - 2005 P.J. Kent 2006 - Present

Freeman Designations

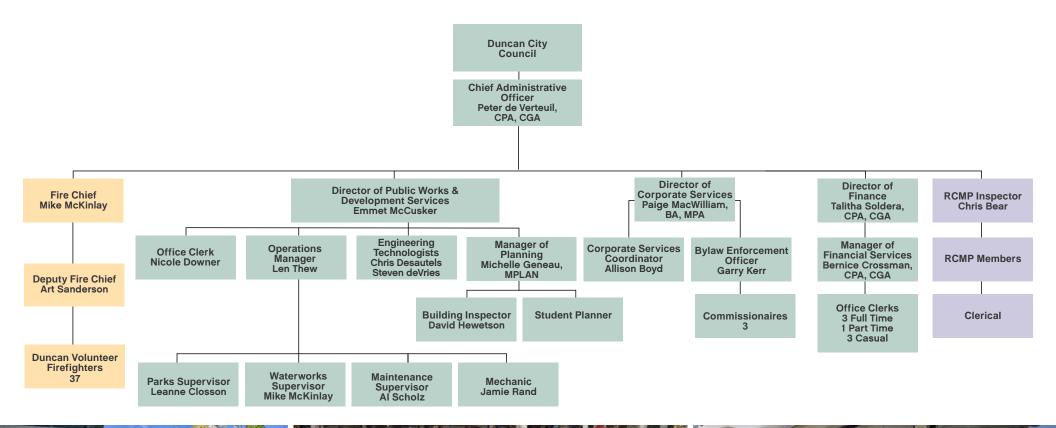
histor

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

Scroll of Honour Recipients

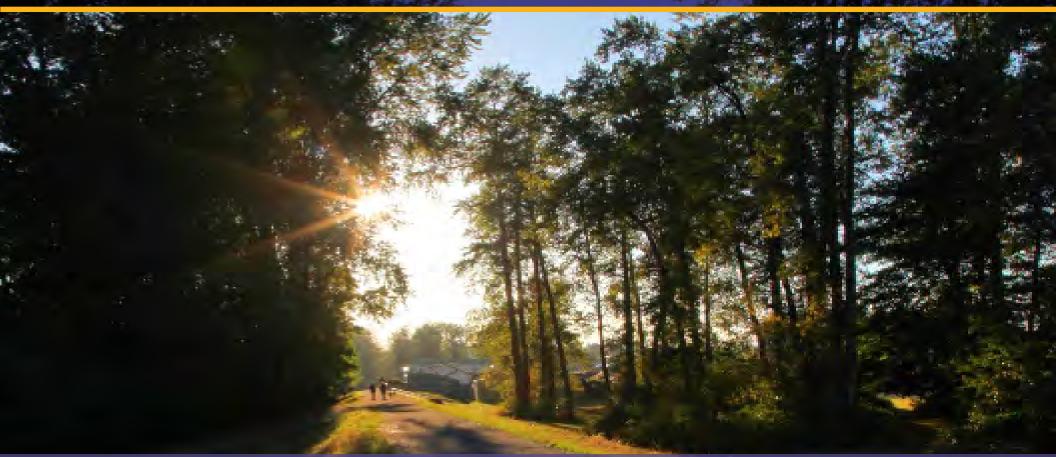
Shellagh Mallard	1977	Phillip Moody	1991	Debbie Williams
Mabel Sanderson	1978	Barbara Coleman	1992	Betty Anne Devitt
Albert Dirom	1981	John Sanders	1992	Betty James
Jack Dobson	1983	Mary Wadsworth	1993	Lori lannidinardo
Robert W. Young	1983	Cam Drew	1994	Bob James
Jack Fleetwood	1985	Mary Newington	1995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

organizational Structure





our COre values



- We approach projects with a focus on sustainability
- We provide Duncan's citizens with timely, efficient and friendly service in a cost effective manner
- We value green space and urban forests
- We will enhance and maintain a vibrant downtown core

- We value retaining our historical and cultural uniqueness
- We provide safe and comfortable transportation alternatives to those that live in or visit our City
- We consider the interests of our neighbours when making key City decisions

department info



Chief Administrative Officer

The Chief Administrative Officer (CAO) of the City of Duncan is appointed by, and reports to, City Council. The CAO oversees the overall administration of the City, its officers and employees, including day to day operations. The CAO leads the senior management team and sets the overall direction to ensure achievement of Council's Strategic Plan.

In addition, the CAO is charged with keeping Council up to date on corporate matters and ensuring that Council policies are implemented and bylaws are enforced in conformity with the Community Charter, the Local Government Act and other relevant legislation.

Valuing a familial corporate culture, the CAO strives for a high level of inter-departmental communications as well as external communications with residents, businesses and the development community. Administrative policies and procedures support a strong, professional customer focus.

message From the chief administrative officer

I am very pleased to present our residents and taxpayers with the 2017 Annual Report. The Annual Report is an opportunity to highlight the City's operations and describe our strong financial position. We welcome comments on the content and form of this report as we strive to improve communications with our residents about our community.

In addition to our ongoing focus on effective and efficient municipal service delivery, City staff pursue the strategic priorities and directives of City Council. The long awaited Zoning Bylaw update is nearing completion and serves to implement the community's vision in the Official Community Plan (OCP) in a progressive manner.

With the completion of the Zoning Bylaw, and updates to the City's Development Permit Area (DPA) guidelines and Works and Services Bylaw, the City will be poised to facilitate a smooth development process that is respectful of the community vision. In addition, the groundwork for establishing a robust asset management plan for City infrastructure is well underway and the City has never been more financially sustainable.

It has been an uncertain time this past year, and even more so now with the upcoming amalgamation referendum vote set for June 23, 2018; yet all City staff should be commended for their continued professionalism and extremely high level of personal service for City taxpayers that has always been the City's number one focus while keeping taxes competitive.

There are many other accomplishments contained in this report that Council and staff are proud to highlight, such as the online payment system that is now up and running and has been very well received. I invite you to take the time to read the full document and provide us with any feedback to make this document and your City better.

Our doors and ears are always open,

Peter de Verteuil Chief Administrative Officer City of Duncan

department information COPPOPATE SERVICES

Corporate Services is the communications link between Council and other municipal departments and the general public, providing assistance and advice to citizens with respect to Council/Committee processes, reporting procedures and decisions.

Corporate Services is responsible for:

- » drafting bylaws, resolutions and agreements for the City;
- maintaining minutes and overseeing record keeping for all council and committee meetings;
- ensuring access to all public records (Freedom of Information: FOI);
- » overseeing general bylaw enforcement;
- administering, monitoring and seeking compliance with the bylaws enacted by the Mayor and Council to regulate the conduct of affairs in the City;

- facilitating internal and external communications, providing legislative service, administering oaths and taking affirmations, affidavits and declarations;
- » overseeing policy development; and
- » administering the municipal elections.

The Corporate Services Department provides service to four Committees in addition to Council and the Committee of the Whole: Advisory Committee on Disability Issues, Environment and Sustainability Committee, Tourism Committee and Totem Sub-Committee. They also provide administrative services to the Advisory Design Panel. Each of these committees has a Terms of Reference that governs their operation.



department information Financial services

The Finance Department is responsible for maintaining the financial health of the City through safeguarding the City's financial assets and planning for the future.

Each year the Finance Department prepares a detailed budget identifying all revenues and sources of funding for operating and capital expenditures, including projections for the next six years. In addition to the annual report and other statutory reporting, periodic financial reports are provided to Council and other departments to aid them in their duties.

Finance staff calculate and levy property taxes, water, sewer and garbage/recycling fees as well as processing all other payments made to the City. All purchasing requirements such as tendering and purchase orders are coordinated through this department.

The Finance Department manages a portfolio of over \$13 million in various securities and oversees the collection of \$8 million in property taxes, \$3 million in utilities as well as developer contributions and other miscellaneous revenues. Over \$10 million in payments to suppliers are also made through the Finance Department.

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

During 2017 Finance was responsible For:

Property tax billing and collection	2,384 property tax notices
» Water billing	7,237 bills issued
» Accounts receivable	257 invoices
» Pet licence billing and collection	388 dog licenses
>> Business licence billing and collection	758 active business licences
» Pre-authorized payments for taxes	\$84,768 per month
> Home Owner Grant Administration	1,303 grants
Property tax deferment administration	60 deferments (\$87,549.66)
» Payroll	99 T4s issued
Accounts payable	2,408 cheques and EFTs



department information development services

The Development Services department provides city planning, development review, building inspection and land use services. The department has one planner and a building inspector who also functions as the Local Assistant to the Fire Commissioner.

The department is responsible for overseeing and updating the Official Community Plan and Zoning Bylaw, undertaking area and long-term planning such as the Active Transportation Plan and Integrated Community Sustainability Plan. The department is also responsible for processing applications for Development Permits, Development Variance Permits, Rezoning and OCP Amendments and providing input on subdivision applications.

Land use bylaw enforcement, 200 year floodplain planning, sign permits, business licencing and off-street parking are also part of the department's responsibilities.

In 2017 the City issued 48 building permits with a total construction value of \$3.9 million.



department information protective services

RCMP

The Royal Canadian Mounted Police (RCMP) provide policing services to the Municipality of North Cowichan under a municipal contract. In this area, the RCMP also

provides policing services to the City of Duncan as part of a greater policing responsibility for the Cowichan Valley, which includes the City of Duncan, Cowichan Tribes lands and a large Provincial rural area.

The City of Duncan's population is currently less than 5,000, and as such, the City is policed as part of the existing Provincial contract. The entire Detachment strength is currently fifty-nine police officers and twenty support staff. These full time personnel are supported by a network of community volunteers in a variety of critical service delivery roles. These include volunteer Auxiliary Constables, Citizens on Patrol, Speed Watch, Block Watch, Community Police Office volunteers and others. Their contributions to their community cannot be overstated. We simply could not provide the level of service to the communities we serve without their assistance.

A service delivery advantage is gained when a community is served by a "blended" Detachment like North Cowichan/ Duncan. This allows some flexibility, when necessary, to deploy specialized resources where they are needed. A blended Detachment utilizes Municipally funded, Federally funded and Provincially funded Human Resources. As well, it enables the RCMP to deploy the following programs to better serve the City of Duncan residents:



department information protective services

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

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

- Crime Reduction: Once again, the "Prolific Offender Management" program saw significant success during 2017, resulting in noticable improvement in property crime rates and drug offences.
- Road Safety: The Traffic Safety program concentrated on Impaired Driver enforcement and the detection and prosecution of "distracted drivers".
- Police Community Relations and Visibility: Part of our ongoing commitment to the residents of the City of Duncan is to provide foot and bicycle patrols of the city core and area parks. This has resulted in positive feedback from local residents.

- Substance Abuse and Harm Reduction: We have operated a successful "Bar Watch" program within the City of Duncan and the Cowichan Valley which has seen cooperation from most licensed premises owners and in turn led to fewer violations of Provincial Liquor Act laws.
- Restorative Justice: as a crime reduction strategy through diversion from the courts and an anticipated decrease in the rate of recidivism for persons who successfully complete this program.

All of these programs achieved varying levels of success during 2017 and most of the established goals were achieved. Every year the Management Team at North Cowichan/Duncan Detachment carefully examines the service delivery component of operations with a view to ensuring that existing resources are being deployed in the most effective and efficient manner. As it is a very busy Police Detachment, with constant pressure on the core policing personnel at all hours, twenty-four (24) hour service is maintained with a prioritization process for attending priority calls first, and responding to low priority calls when and if time permits.

department information Fire services

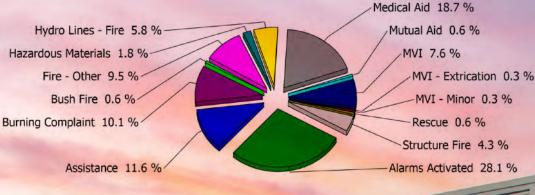
The Duncan Volunteer Fire Department consists of a Chief, Deputy Chief, Assistant Chief, 4 Captains, 4 Lieutenants and 25 firefighters. The department supplies fire suppression, fire investigation, fire prevention, first responders, rescue services, motor vehicle incident response and response to interface and brush fires to the citizens of Duncan, Eagle Heights and Cowichan Tribes lands.

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

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

Distribution of Calls by Response Type

can Annua



department information public works services

The Operations Department is responsible for the maintenance and upkeep of all City owned existing buildings, lands, utilities and infrastructure. The health and safety of our citizens is the top priority of the Operations Department. Some of the functions regularly performed by the Operations Department are:

Fleet Maintenance

The City's mechanic maintains the fleet and associated municipal equipment and is responsible for:

- Ensuring that the fleet is serviced, maintained and inspected to meet the requirements of the Commercial Vehicle Service Enforcement Agency, allowing it to operate in a safe manner on the highways.
- Maintaining a fleet of 52 units comprising solid waste vehicles, construction, snow and de-icing equipment, parks equipment including mowers, weed whackers, flood pumps and equipment and other small tools.

Utilities

The Operations Department is responsible for maintenance and upgrades to:

- The municipal water distribution network comprising approximately 82 km of water mains, 6,900 water connections as well as 4 well sites.
- The sanitary sewer collection system comprising approximately 29 km of pipes.
- The storm water collection system comprising approximately 29 km of pipes.

Roads and Sidewalks

The Operations Department is responsible for:

- Maintenance and upgrades to municipal traffic signals, road markings and signage.
- Maintenance and upgrades to municipal curbs, sidewalks and roads.



department information public works services

Roads and Sidewalks (continued)

- >> Street sweeping.
- >> Snow and ice clearing.

Garbage, Recycling, Organics and Yard Waste

The City provides residential solid waste collection on a bi-weekly basis, residential recycling collection on a bi-weekly basis, organic collection weekly and yard waste and glass collection once per month for 10 months of the year.

During 2017 the City collected:

- > 164.4 tons of organics
- >> 198 tons of recycling
- » 236.5 tons of garbage
- » 47 tons of yard waste
- >> 11 tons of glass

Parks and Green Space

The Operations Department maintains 13 hectares of public park including playing fields, trails and green space. They also maintain the largest outdoor totem collection in Canada.



department information engineering services

Engineering Services ensures long range planning and capital renewal of public infrastructure systems (such as roads, sidewalks, traffic, parks, water distribution network, water supply source, sanitary collection system, storm drainage collection system, flood protection system etc.). This includes oversight of City standards and specifications as well as focusing on infrastructure capacity planning and capital renewal of all City infrastructure. Engineering is responsible for the review and approval of utility servicing for all new subdivisions and developments within the City limits. They also review the water servicing for all new developments outside the City but within the City's water service area.

Mapping and related record keeping is also part of the engineering function.



our vision Por Managed growth

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

managed growth OUP COMMITMENTS

Review Local Government Boundaries.

Progress in 2017

- Appointed the consultant to conduct a technical financial review of amalgamation.
- Received and reviewed the recommendations of the Citizens' Assembly.
- Appointed a Communications Consultant to create a public education campaign.

What we will do in 2018

- Send a joint letter to the Minister of Municipal Affairs and Housing requesting a referendum on Amalgamation be ordered.
- Work with Communications Consultants and North Cowichan on public education campaign materials.
- » Hold a referendum on Amalgamation on June 23, 2018.

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

Progress in 2017

- Conducted public meetings on the new draft Zoning Bylaw and incorporated public feedback into the bylaw.
- Began review of the Development Permit Area Guidelines with the Advisory Design Panel for potential amendments.

What we will do in 2018

- » Begin development of a Cairnsmore Neighbourhood Plan.
- Complete the review the Development Permit Area Guidelines with the Advisory Design Panel.
- » Adopt the new Zoning Bylaw.



our vision Por a well serviced community

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

TV/SĒCURITĒ

well serviced community OUP COMMITMENTS

Maintain and upgrade water, sewer and storm sewer infrastructure.

Progress in 2017

- Completed installation of residential water meters for most City customers and began installation for North Cowichan water customers.
- Completed sidewalk, curb work and paving on Second Street.
- >> Upgraded water mains on Seine Rd, Rosewood Ave, Sycamore St, and Uplands Dr.

What we will do in 2018

- » Begin metered billing for City water customers.
- Complete installation of residential water meters for North Cowichan water customers.

- » Conduct storm water quality analysis.
- » Conduct sanitary sewer system assessment.

Ensure City assets are maintained.

Progress in 2017

- » Began a Facility Condition Assessment for all City owned properties.
- >> Began assessment of underground infrastructure condition.

What we will do in 2018

- » Conduct a seismic upgrade design for City Hall.
- Being the process of developing a joint Master Transportation Plan with North Cowichan.



our vision for a thriving **economy** & business

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

Community

thriving economy & business community OUP COMMITMENTS

Encourage a business and development Friendly environment.

Progress in 2017

» Created a Works and Services Bylaw.

What we will do in 2018

- » Develop an applicant satisfaction survey.
- Review process for evaluating development proposals and efficiencies of the referral processes.

Encourage a thriving downtown.

Progress in 2017

- » Wayfinding sign installed at Lakes Rd/Tzouhalem Rd.
- » New banners and billboards were installed.

What we will do in 2018

- » Establish a Parking Advisory Committee.
- >> Complete wayfinding sign installations.
- » Continue to implement the Tourism Marketing Plan.

Improve First impressions From the Trans Canada Highway.

What we will do in 2018

- Implement the Trans Canada Highway corridor management plan as opportunities arise.
- Remove grassed boulevards and replant, removing some unused driveways.



our vision For Strong community connections and a safe & healthy community



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

safe & healthy community OUP COMMITMENTS

Increase partnerships and connections with the community and neighbouring jurisdictions.

Progress in 2017

Conducted two joint meetings with North Cowichan.

What we will do in 2018

- Work with Cowichan Tribes and North Cowichan to build and strengthen relationships.
- Begin the process of developing a joint Master Transportation Plan with North Cowichan.

Improve External Communications and Customer Service.

Progress in 2017

- » Held open houses for the Zoning Bylaw.
- Began accepting on-line payments for Business Licences, Pet Licences and Tickets.
- >> Began accepting credit card payments for some items.

What we will do in 2018

- » Use PlaceSpeak for public feedback on initiatives.
- Hold Open Houses for Master Transportation Plan, Cairnsmore Neighbourhood Plan and McAdam Park Plan.
- >> Work with Communications Consultants on Public Education Campaign regarding vote.



our vision for responsible Scewardship of the environment

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

stewardship of the environment OUP COMMITMENTS

Ensure decisions are made with regard to sustainability.

Progress in 2017

New Zoning Bylaw includes density bonusing for meeting higher levels of BC Step Code.

Work with the region on sustainable waste and storm water solutions.

What we will do in 2018

- Continue work with partners on relocation of the JUB Outfall.
- Work with North Cowichan and CVRD Staff on a JUB governance study.
- » Conduct storm water quality analysis.



our vision for responsible Stewardship of the city organization



stewardship of the city organization OUP COMMITMENTS

Ensure training and capacity considers the future.

What we did in 2017

- Implemented formal performance evaluation/ feedback program for exempt staff.
- » Explored opportunities for relevant Council training.

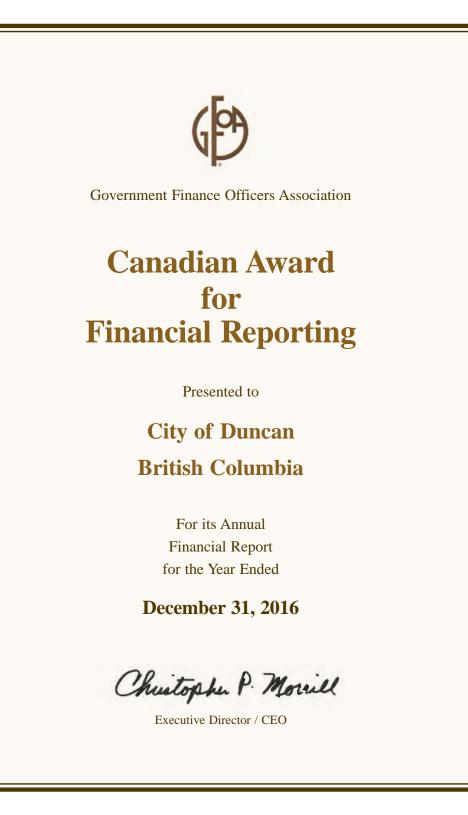
Ensure responsible management of City resources.

What we will do in 2018

- » Begin development of a long term financial plan.
- Develop a formal records retention schedule bylaw to improve records management.
- » Train staff on use of Document Management System.
- » Begin classification of folio files.
- » Develop new and update existing infrastructure replacement priority plans.



Financial section



message from the director of finance

On behalf of the Finance and Administration Department, I would like to take the opportunity to provide an overview of the 2017 financial position of the City of Duncan.

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

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

The City's auditors, MNP LLP were appointed by Council and were responsible for expressing an opinion as to whether the consolidated financial statements fairly present the financial position of the City of Duncan and the results of its 2017 operations. The 2017 audited financial statements were presented to and approved by Council.

As at December 31, 2017, the City had an increase in accumulated surplus of \$1.5 million for the year, to \$39.7 million. The accumulated surplus is largely comprised of net investments in tangible capital assets (\$28.9 million), which includes land, park infrastructure, roads, and utility assets.

The City maintains a healthy financial position with very limited amounts of debt. However, many of the City's capital assets are older, demonstrating the coming need for large capital expenditures to replace and upgrade those assets.

The City was pleased to receive the Government Finance Officers Association of the United States and Canada (GFOA) award for Financial Reporting for its annual financial report for the fiscal year ended December 31, 2016. This was the sixth year in a row the City received this distinction. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA.

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

Sincerely,

Talitha Soldera, CPA, CGA Director of Finance, May 18, 2018



consolidated Financial statements (audited)

STATEMENT OF RESPONSIBILITY

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

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

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

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

Peter de Verteuil, CPA, CGA Chief Administrative Officer

Independent Auditor's Report

To the Mayor and Council of the City of Duncan:

We have audited the accompanying consolidated financial statements of the City of Duncan, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations, change in net financial assets, cash flows and schedules 1, 2, 5, 6, 7 and 8, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

(continued)

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Duncan as at December 31, 2017 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

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

Duncan, British Columbia

May 7, 2018

MNPLLP

Chartered Professional Accountants

372 Coronation Avenue, Duncan, British Columbia, V9L 2T3, Phone: (250) 748-3761



Consolidated Statement of Financial Position AS AT DECEMBER 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 936,026	\$ 339,050
Accounts receivable (Note 4)	1,244,304	1,168,548
Portfolio investments (Note 3)	13,691,144	13,654,817
Deposit - Municipal Finance Authority (Note 5)	26,246	25,743
Loan receivable (Note 6)	122,825	136,566
	16,020,545	15,324,724
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,015,087	1,513,865
Sick and severance liability (Note 13(b))	428,789	404,012
Refundable deposits (Note 8)	99,447	22,372
Deferred revenue (Note 9)	1,831,673	793,298
Restricted revenue (Note 10)	1,996,382	1,944,088
Debenture debt (Note 11)	1,031,319	1,148,258
	6,402,697	5,825,893
NET FINANCIAL ASSETS	9,617,848	9,498,831
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 6)	29,907,842	28,250,360
Inventories of supplies	131,223	120,478
Prepaid expenses	16,937	297,793
	30,056,002	28,668,631
ACCUMULATED SURPLUS (Schedule 2) COMMITMENTS AND CONTINGENCIES (NOTE 12)	\$ 39,673,850	\$ 38,167,462

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Director of Finance

See accompanying notes to the financial statements

Consolidated Statement of Operations

AS AT DECEMBER 31, 2017

	2017 2017 Budget Actual (Note 14)			2016 Actual	
REVENUE (Schedule 5)		<u> </u>			
Taxation and grants in lieu of taxes	\$	3,964,168	\$	3,960,997	\$ 3,871,906
Sale of services		3,739,723		3,991,177	3,636,501
Licenses, permits, penalties and fines		655,967		554,573	578,544
Return on investments		85,000		206,573	201,816
Grants		15,000		8,181	10,120
Government transfers		652,221		616,738	522,766
Funds contributed from (to) other					
governments		51,476		51,084	(5,539)
Development Cost Charge funds utilized		170,873		-	16,580
Gas Tax funds utilized		449,822		74,115	518,272
Capital contributions from developers		225,000		330,029	119,954
Gain(Loss) on disposal of assets		150,000		(100,470)	3,469
Assets contributed by developers		-		228,460	22,000
Increase (decrease) in proportionate share of					
Joint Utilities Board assets		-		8,309	 (31,802)
Total revenue		10,159,250		9,929,766	 9,464,587
EXPENSES (Schedule 5)					
General government services		1,224,953		1,935,573	2,128,964
Protective services		764,915		766,282	730,522
Public works & engineering		1,775,388		1,772,584	1,687,545
Environmental health services		273,141		276,655	268,171
Environmental development services		319,642		305,158	177,416
Recreation and cultural services		1,055,148		1,058,829	1,064,574
Water services		1,532,708		1,652,616	1,562,783
Sewer services		883,832		655,681	730,874
		· · · ·		<u> </u>	 ,
Total expenses (Note 16)		7,829,727		8,423,378	 8,350,849
ANNUAL SURPLUS		2,329,523		1,506,388	 1,113,738
ACCUMULATED SURPLUS, BEGINNING OF YEAR		38,167,462		38,167,462	 37,053,724
ACCUMULATED SURPLUS, END OF YEAR	\$	40,496,985	\$	39,673,850	\$ 38,167,462

	2017 Budget (Note 14)	2017 Actual	2016 Actual
ANNUAL SURPLUS	\$ 2,329,523	\$ 1,506,388	\$ 1,113,738
Purchase of tangible capital assets	(7,879,968)	(2,950,396)	(1,988,805)
Tangible capital assets acquired in kind	-	(228,460)	(22,000)
Amortization of tangible capital assets	1,567,093	1,412,292	1,379,828
Decrease (increase) in proportionate share of			
Joint Utilities Board tangible capital assets	-	(5,193)	20,766
Loss (gain) on disposal of tangible capital assets	-	100,470	(3,469)
Proceeds of sale of tangible capital assets	-	13,804	5,807
Increase in inventory of supplies	-	(10,744)	(17,617)
Decrease (increase) in prepaid expenses	<u> </u>	280,856	(142,131)
	(6,312,875)	(1,387,371)	(767,621)
CHANGE IN NET FINANCIAL ASSETS	(3,983,352)	119,017	346,117
NET FINANCIAL ASSETS, Beginning of Year	9,498,831	9,498,831	9,152,714
NET FINANCIAL ASSETS, End of Year	\$ 5,515,479	\$ 9,617,848	\$ 9,498,831

Consolidated Statement of Cash Flows As AT DECEMBER 31, 2017

	2017		2016	
OPERATING TRANSACTIONS				
Annual surplus	\$	1,506,388	\$ 1,113,738	
Non-cash items included in annual surplus:				
Amortization		1,412,292	1,379,828	
Tangible capital assets acquired in-kind		(228,460)	(22,000)	
Increase (decrease) in proportionate share of				
Joint Utilities Board tangible capital assets		(5,193)	20,766	
Actuarial adjustment on debenture debt		(30,601)	(25,964)	
(Gain)/Loss on disposal/write down of tangible capital assets		100,470	 (3,469)	
		2,754,896	2,462,899	
Changes in non-cash items:				
Accounts receivable		(75,756)	260,532	
Deposit - Municipal Finance Authority		(503)	(701)	
Loan receivable		13,741	17,101	
Inventory of supplies		(10,744)	(17,617)	
Prepaid expenses		280,856	(142,131)	
Accounts payable and accrued liabilities		(498,778)	667,640	
Sick and severance liability		24,777	(19,961)	
Refundable deposits		77,075	(167,697)	
Deferred revenue		1,038,375	(121,151)	
Restricted revenue		52,294	 17,117	
Cash provided by operating transactions		3,656,233	 2,956,031	
CAPITAL TRANSACTIONS				
Proceeds on disposal of tangible capital assets		13,804	5,807	
Purchases of tangible capital assets		(2,950,396)	 (1,988,805)	
Cash provided by (applied to) capital transactions		(2,936,592)	 (1,982,998)	
INVESTING TRANSACTIONS		(20, 207)	(4 445 700)	
Net (increase)/decrease in portfolio investments		(36,327)	 (1,445,792)	
FINANCING TRANSACTIONS				
Principal repaid - long term debt		(86,338)	 (86,338)	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		596,976	(559,097)	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		339,050	 898,147	
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	936,026	\$ 339,050	

1. General

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

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

2. Significant Accounting Policies

a) Basis of Accounting

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

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

General Revenue Fund	Waterworks Utility Revenue Fund
General Capital Fund	Waterworks Utility Capital Fund
Reserve Funds	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. Interpartnership 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 31.95% for 2017 (2016 - 31.72%).

c) Portfolio Investments

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

2. Significant Accounting Policies (continued)

d) Inventory

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

e) Non-Financial Assets

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

f) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The City does not capitalize interest charges as part of the cost of its tangible capital assets. The cost, less residual value, of tangible capital assets (excluding land) is amortized on a straight-line basis over the estimated useful life of the asset, commencing in the year that the asset is put into service. In the year that the asset is put into service, amortization is claimed for a proportionate number of in-service months. Assets under construction are not amortized until the asset is available for productive use. Estimated useful lives are as follows:

General Tangible Capital Assets

Land Land Improvements	Indefinite 10 to 50 years
Buildings and Leasehold Improvements Buildings Leasehold improvements	15 to 50 years Life of lease
Vehicles and Equipment Vehicles	10 to 20 years
Machinery, equipment and furniture	5 to 15 years
Maintenance and road construction equipment	15 years
Computer Hardware and Software	5 years
Infrastructure Assets	
Transportation	
Land	Indefinite
Road surface	10 to 20 years
Road grade	60 years
Sidewalk surface	20 to 30 years
Sidewalk grade	60 years
Bridges	50 years
Traffic lights and equipment	30 years
Water and Sewer	
Underground networks	40 to 80 years
Dams and other surface water structures	50 to 60 years

2. Significant Accounting Policies (continued)

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

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

g) Revenue Recognition

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

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

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

h) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership or property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

i) Financial Instruments

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

2. Significant Accounting Policies (continued)

j) Use of Estimates

Preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

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

k) Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when: contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2017.

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.

I) Recent Accounting Pronouncements

PS 2200 Related Party Disclosures

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

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

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

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

I) Recent Accounting Pronouncements (continued)

PS 3210 Assets

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

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

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

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

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

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

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

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

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

PS 3320 Contingent Assets

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

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

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

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

I) Recent Accounting Pronouncements (continued)

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

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

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

PS 3380 Contractual Rights

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

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

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

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

Disclosures should include descriptions about nature, extent and timing.

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

PS 3430 Restructuring Transactions

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

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

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

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

I) Recent Accounting Pronouncements (continued)

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

Restructuring-related costs are recognized as expenses when incurred.

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

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

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

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

3. Cash and Portfolio Investments

Cash and portfolio investments are comprised of the following:

	2017		2016		
Cash and cash equivalents Portfolio investments	\$	936,026 13,691,144	\$	339,050 13,654,817	
	\$	14,627,170	\$	13,993,867	

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

Included in portfolio investments are funds held for deferred and restricted revenues totalling \$3,828,055 (2016 - \$2,737,386) and funds held for statutory reserve funds and reserve accounts totalling \$6,847,293 (2016 - \$6,503,294). Details of these balances can be found on Schedule 8.

4. Accounts Receivable

	 2017	 2016
Property taxes	\$ 617,511	\$ 637,519
Water and sewer fees	686,353	572,041
Provincial government	18,226	21,919
Federal government	128,855	132,981
Other municipalities and regional governments	74,294	19,185
Other receivables	34,963	74,765
	1,560,202	1,458,410
Less: allowance for doubtful accounts	 (315,898)	 (289,862)
	\$ 1,244,304	\$ 1,168,548

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:

	 2017		2016	
Cash deposits	\$ 26,246	\$	25,743	

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.

6. Loan Receivable

7.

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.

	2017		2016	
Other municipalities and regional governments	<u>_</u> \$	122,825	\$	136,566
Accounts Payable and Accrued Liabilities				
	2	017		2016
Trade accounts and accrued liabilities Contractor holdbacks Salaries and wages Other municipalities and regional governments	\$	582,044 94,388 130,936 207,719	\$	339,953 36,211 90,628 1,047,073
	\$	1,015,087	\$	1,513,865

8. Refundable Deposits

	2017			2016		
Balance, beginning of year Deposits received Deposits and interest refunded Increase (decrease) in interest payable	\$	22,372 98,396 (21,572) 251	\$	190,069 18,716 (186,076) (337)		
Balance, end of the year	<u> </u> \$	99,447	\$	22,372		

9. Deferred Revenue

	 2016	Receipts & Interest	Recognized as Revenue	 2017
Federal Gas Tax agreement funds	\$ 209,470	268,861	(74,117)	\$ 404,214
Prepaid property taxes	457,911	469,496	(457,911)	469,496
Other revenue prepaid	86,946	990,233	(158,942)	918,237
Other grants	 38,971	91,325	(90,570)	 39,726
	\$ 793,298	\$ 1,819,915	\$ (781,540)	\$ 1,831,673

Federal Gas Tax Agreement Funds

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

Federal Gas Tax Continuity:	2017		2016		
Opening balance of unspent funds Less: Gas Tax Funds utilized Add: amount received during the year Add: interest earned during the year	\$	209,470 (74,117) 263,446 5,415	\$	457,066 (518,272) 260,555 10,121	
Closing balance of unspent funds	\$	404,214	\$	209,470	

10. Restricted Revenues

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

Development Cost Charges:

, ,	2017			2016		
Balance, beginning of year	\$	1,944,088	\$	1,926,971		
Contributions from (refunds to) developers		14,211		(3,853)		
Used during the year		-		(16,580)		
Return on investments		38,083		37,550		
Balance, end of the year	_\$	1,996,382	\$	1,944,088		

11. Debenture Debt

	 2017	 2016
General Fund: Debenture debt for the 2008 Cowichan Aquatic Centre, interest at 3.25%, maturing 2026 - MFA Issue #117	\$ 969,675	\$ 1,057,779
Sewer Utility Fund:		
Debenture debt for 1999 Lagoon Improvements, interest at 3.15%, maturing 2019 - MFA Issue #70	 61,644	 90,479
	\$ 1,031,319	\$ 1,148,258

11. Debenture Debt (continued)

Principal payments in the next five years are as follows:

2018	\$ 86,338
2019	86,338
2020	72,415
2021	72,415
2022	72,415
2023 and beyond	 641,398
	\$ 1,031,319

Interest expense includes \$55,945 (2016 - \$55,945) with respect to these obligations.

12. Commitments and Contingencies

a) Commitment

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

b) Contingent Liabilities

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

As of December 31, 2017 there are 7 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 trusteed pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and persuant to the joint trustee agreement \$1,927 billion was transferred to the rate stabilization account of \$297 million of the surplus ensured the required contribution rates remain unchanged.

The City paid \$196,400 (2016 - \$187,860) for employer contributions to the plan in fiscal 2017 while employees contributed \$178,710 (2016 - \$171,857) to the plan in fiscal 2017.

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

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

b) Sick Leave and Severance Liability

The City provides compensated absences and pays out sick time on retirement to a maximum of six months pay. The City also provides severance pay on retirement or disability at the rate of one 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 2.0% (2016 2.0%)
- discount rate is 3.5% (2016 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, 2017 is \$428,789 (2016 - \$404,012).

14. Budget Figures

Budget figures represent the Financial Plan Bylaw No. 3163 adopted by Council on April 18, 2017. The financial plan anticipated the use of surpluses accumulated in previous years to balance against current year expenses in excess of current year revenues. The following schedule reconciles the consolidated surplus as presented in the Financial Plan approved by Council to the consolidated surplus as shown on the consolidated Statement of Operations.

Financial Plan Bylaw surplus for the year	\$ -
Add back:	
Principal debt repayments	86,338
Transfers to reserves	1,142,584
Capital expenditures	7,879,968
Less:	
Budgeted transfers from accumulated surplus	
General	(191,921)
Sewer	(384,604)
Water	(1,780,934)
Capital	-
Budgeted transfers from own reserves	
General	(119,540)
Sewer	(239,947)
Water	(200,000)
Capital	(2,295,328)
Amortization	 (1,567,093)
Adjusted Annual Surplus	\$ 2,329,523

15. Segmented Information

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

General Government

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

Protective Services

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

15. Segmented Information (continued)

Public Works & Engineering

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

Environmental Health Services

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

Environmental Development Services

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

Recreation and Cultural Services

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

Water Services

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

Sewer Services

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

Reserve Funds

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

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

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

16. Operating Expenses By Object

	 2017	 2016
Amortization	\$ 1,412,292	\$ 1,379,828
Capital fund expenses	1,170,238	1,108,436
Contract services	666,176	939,213
Fuel	63,457	57,387
Goods and services	1,076,758	998,932
Grants in aid	97,138	81,279
Hydro	368,837	344,353
Insurance	128,738	134,191
Interest	56,828	56,813
Leases	1,928	1,892
Professional fees	119,358	85,124
Travel, conference and training	98,009	100,668
Wages and benefits	3,168,186	3,088,697
Write down of account receivable to net realizeable value	26,036	
Actuarial adjustment to debt	 (30,601)	 (25,964)
	\$ 8,423,378	\$ 8,350,849

17. Environmental Regulations

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

18. Comparative Figures

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

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YEAR ENDED DECEMBER 31, 2017

Schedule 1 (Excluding Joint Utilities Board Financial Information)

		General Ca	apital Assets			Infrast	ructure			То	tals
	Land	Land Improvements and Parks	Buildings and Leasehold Improvements	Vehicles and Equipment	Storm Water Engineering Structures	Roads & Sidewalks	Water	Sewer	Assets Under Construction	2017	2016
Cost											
Opening costs	\$ 1,805,78	0 \$ 4,061,129	\$ 8,095,747	\$ 5,191,039	\$ 3,656,564	\$ 14,482,670	\$ 12,596,663	\$ 3,086,743	\$ 500,032	\$ 53,476,367	\$ 51,584,895
Additions during the year	-	52,390		139,995	3,822	615,683	1,881,697	139,900	58,149	2,891,636	2,010,805
Disposals and write-downs				(65,538)		(380,972)	(117,552)	(10,941)		(575,003)	(119,333)
Capitalization of assets under construction	ı				89,219		190,879	146,326	(426,424)	-	-
Closing cost	1,805,78	0 4,113,519	8,095,747	5,265,496	3,749,605	14,717,381	14,551,687	3,362,028	131,757	55,793,000	53,476,367
Accumulated Amortization											
Opening accumulated amortization	-	1,480,597	3,212,517	3,112,310	1,708,376	9,707,840	4,954,493	1,766,002	-	25,942,135	24,695,070
Amortization: General government Protective services			31,440 37,327	70,712 101,040		60				102,212 138,367	97,426 139,620
Public works and engineering Environmental health		17,546	,	77,606 24,649	62,869	348,110				519,444 24,649	513,312 24,649
Recreation and culture Water		173,272		13,360		7,676				270,483 -	269,738 271,997
Sewer		678		14,468			230,358	47,126		340,186	47,318
Total amortization	-	191,496	205,811	301,835	62,869	355,846	230,358	47,126	-	1,395,341	1,364,060
Disposals and write-downs				(60,115)		(278,990)	(115,551)	(6,072)		(460,728)	(116,995)
Closing accumulated amortization	-	1,672,093	3,418,328	3,354,030	1,771,245	9,784,696	5,069,300	1,807,056	-	26,876,748	25,942,135
Net Book Value of Tangible Capital Assets	\$ 1,805,78) \$ 2,441,426	\$ 4,677,419	\$ 1,911,466	\$ 1,978,360	\$ 4,932,685	\$ 9,482,387	\$ 1,554,972	\$ 131,757	\$ 28,916,252	\$ 27,534,232

Additions during the year include assets contributed by developers:

Water	\$ 228,460	
Roads & Sidewalks		\$ 22,000
	\$ 228,460	\$ 22,000

Consolidated Schedule of Accumulated Surplus

YEAR ENDED DECEMBER 31, 2017

Schedule 2 (Audited)			2017		2016
	OPERATING FUNDS Unappropriated	•		<u></u>	202.224
	General	\$	251,984	\$	369,901
	Waterworks utility		1,977,719		2,581,863
	Sewer utility		1,247,342		1,180,572
	Total Unappropriated		3,477,045		4,132,336
	Appropriated				
	Sewer utility: Joint Utilities Board Reserve		472,989		429,730
	Total Appropriated		472,989		429,730
	Total Operating Funds		3,950,034		4,562,066
	NET INVESTMENT IN TANGIBLE CAPITAL ASSETS				
	Net book value tangible capital assets (Schedule 6)		29,907,842		28,250,360
	Less: Long term debt		(1,031,319)		(1,148,258)
	Total Net Investment in Tangible Capital Assets		28,876,523		27,102,102
	RESERVE FUNDS				
	Sale of real property		221,678		217,399
	Sale of property - Cowichan Place		8,610		18,381
	Parking improvement		307,233		301,303
	Parking improvement - Restricted		120,234		117,913
	Municipal Finance Authority debt issue refunds		24,797		24,318
	Operating reserves		325,892		436,767
	Machinery and equipment		2,203,374		1,851,493
	Capital works and other miscellaneous reserves		216,581		300,257
	General capital		7,190		3,575
	Police bridging capital		1,705,897		1,498,297
	Downtown revitalization		17,971		17,624
	Melba Schappert bequest		28,909		28,351
	Pioneer Park		1,401		1,374
	Public art		9,963		9,771
	Waterworks utility		809,296		854,383
	Sewer utility		838,267		822,088
	Total Reserve Funds		6,847,293		6,503,294
	Total Accumulated Surplus	\$	39,673,850	\$	38,167,462

Non-Consolidated Schedule of Revenues

YEAR ENDED DECEMBER 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Taxation and Grants in Lieu of Taxes Property taxes - general	\$ 3,807,288	\$ 3,799,114	\$ 3,716,798
Special assessments Business Improvement Area (BIA) Vancouver Island Regional Library (VIRL) Utilities Frontage and parcel taxes	195,000 217,174 105,130 43,900 561,204 4,368,492	195,000 217,172 105,129 43,860 561,161 4,360,275	190,000 212,784 103,374 43,900 550,058 4,266,856
Grants in Lieu of Taxation: Federal government	7,850	12,894	7,834
Collection for Other Governments School authorities levy	1,853,820	1,788,360	1,872,544
Provincial policing levy Cowichan Valley Regional District levy Regional Hospital District levy	283,880 1,417,377 510,776	280,335 1,459,130 486,344	282,746 1,359,941 472,941
	4,065,853	4,014,169	3,988,172
Joint boards and commissions: Municipal Finance Authority levy British Columbia Assessment Authority levy	160 52,000 52,160	179 45,479 45,658	167 50,449 50,616
Less: Transfers to other governments and others	(4,118,013)	(4,059,827)	(4,038,788)
Less: Transfers to BIA	(195,000)	(195,000)	(190,000)
Less: Transfers to VIRL	(217,174)	(217,172)	(212,784)
Total Taxation and Grants in Lieu of Taxes	3,964,168	3,960,997	3,871,906

	2017 Budget	2017 Actual	2016 Actual
Sale of Services			
General Revenue Fund			
Garbage and recycling fees	212,085	214,333	212,793
Cowichan Tribes fire protection	110,390	111,350	106,834
CVRD - Eagle Heights fire protection	182,324	192,881	173,260
Other - fire protection	-	98,281	-
Administration recoveries	11,700	12,251	8,490
Public Works miscellaneous recoveries	5,500	10,324	6,785
Cowichan Tribes roads contribution	400	392	340
Sports field user fees	14,000	10,298	13,958
	536,399	650,110	522,460
Waterworks Utility Revenue Fund			
Sale of water	2,081,925	2,149,452	2,047,702
Service charges	25,416	20,801	23,296
Water studies	1,200	1,800	-
	2,108,541	2,172,053	2,070,998
Sewer Utility Revenue Fund			
Sewer fees	1,094,583	1,083,119	1,011,641
Service charges	200	15	41
	1,094,783	1,083,134	1,011,682
Capital Connection Fees			
General Capital	-	33,970	8,603
Water Capital	-	46,964	18,723
Sewer Capital	-	4,946	4,035
		85,880	31,361
Total Sale of Services	3,739,723	3,991,177	3,636,501

Non-Consolidated Schedule of Revenues (continued) YEAR ENDED DECEMBER 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Licences, Permits, Rentals and Penalties			
Trade licences	76,000	79,560	75,650
Delivery vehicle licences	1,300	1,198	1,190
Building permits and other fees	35,500	31,584	19,665
Dog licences	5,500	7,621	7,197
	118,300	119,963	103,702
Equipment charges less operating costs	207,980	121,730	149,898
Parking and bylaw infraction fines	25,100	23,795	23,830
Parking permits and revenues	58,400	58,062	57,574
Rentals	158,517	159,745	158,101
Penalties and interest on taxes	38,000	32,187	47,293
	487,997	395,519	436,696
Donations and contributions	-	5,100	5,050
Other revenues and fees	49,670	33,991	33,096
	49,670	39,091	38,146
Total Licences, Permits, Rentals and Penalties	655,967	554,573	578,544

	2017 Budget	2017 Actual	2016 Actual
Other Income			
Return on Investments			
General Fund	13,000	14,804	9,780
Waterworks Fund	55,000	47,785	53,960
Sewer Fund	17,000	22,533	19,121
Reserve Fund		121,451	118,955
-	85,000	206,573	201,816
Asset Disposal			
Gain(Loss) on Disposal of Tangible Capital Assets	150,000	(100,470)	3,469
	150,000	(100,470)	3,469
Assets Contributed by Developers			
General Capital		228,460	22,000
-		228,460	22,000
Funds Contributed from (to) Other Governments			
Amalgamation Study	37,971	37,471	9,029
Aquannis Centre	-	-	(27,940)
Joint Parks	13,505	13,613	13,372
-	51,476	51,084	(5,539)
Capital Contributions from Developers			
Developer contributions	225,000	189,274	
Water Infrastructure	-	140,755	119,954
	225,000	330,029	119,954
Development Cost Charge Funds Utilized			
Sewer Infrastructure	170,873	-	-
Water Infrastructure	-	-	16,580
_	170,873	-	16,580

Non-Consolidated Schedule of Revenues (continued) YEAR ENDED DECEMBER 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Other Income (continued)			
Gas Tax Funds Utilized	449,822	74,115	518,272
Government Transfers			
Unconditional Transfers from Other Governments			
Provincial revenue sharing	515,000	520,926	508,708
	515,000	520,926	508,708
Conditional Transfers from Other Governments			
Federal government	94,250	54,307	-
Provincial government	42,971	41,505	14,058
	137,221	95,812	14,058
Total Government Transfers	652,221	616,738	522,766
Grants	15,000	8,181	10,120
Total Other Income	1,799,392	1,414,710	1,409,438
Total Revenue	\$ 10,159,250	\$ 9,921,457	\$ 9,496,389

Non-Consolidated Schedule of Expenses YEAR ENDED DECEMBER 31, 2017

	2017 Budget		 2017 Actual		2016 Actual	
General Government Services						
Legislative	\$	155,330	\$ 149,951	\$	137,712	
General administration:						
Salaries and benefits		851,000	876,095		835,123	
Advertising		7,000	8,158		5,476	
Accounting and audit		20,000	18,490		19,910	
City Hall maintenance and operation		59,550	55,441		49,478	
Communications and consulting		80,800	71,196		86,232	
Computer services		62,500	68,985		65,823	
Insurance		58,900	46,139		66,210	
Legal		29,500	31,744		27,366	
Office supplies and miscellaneous		35,925	31,467		26,953	
Sick leave and severance expense		61,000	33,923		35,618	
Telephone, internet and postage		12,900	15,045		16,019	
Travel, conference, training		44,500	39,945		37,696	
Internal recoveries		(483,717)	(483,717)		(479,564)	
		839,858	 812,911		792,340	
Other:						
Grants to organizations		11,450	11,688		14,700	
Margaret Moss building		6,713	2,969		21,151	
Operation and maintenance		4,014	4,034		4,012	
Senior citizen sewer and water rebates		240	-		120	
Sundry		4,950	5,413		7,043	
Tourism		87,793	77,721		107,570	
Write down of account receivable to			26,036			
net realizeable value		115,160	 127,861		154,596	
Total General Government Services		1,110,348	 1,090,723		1,084,648	

	2017 Budget	2017 Actual	2016 Actual
Protective Services			
Fire:			
Chief and officers' honorarium	26,000	26,417	20,575
Call pay	119,000	162,402	123,753
Wages and benefits - clerical staff	14,100	13,619	-
Training	47,500	46,047	52,104
Insurance	10,200	6,851	6,242
Telephone and radio alarm system	11,075	8,832	12,742
Fire hall maintenance and operation	35,646	40,846	37,653
Vehicle maintenance and operation	35,687	20,145	27,723
Fire investigation and prevention	47,200	36,314	39,795
Hydrant rental	16,750	16,931	16,554
Other	74,629	72,408	64,991
	437,787	450,812	402,132
Other protection:		· · ·	
Animal control	21,000	19,862	19,323
Building inspection:		·	
Salaries and benefits	76,600	76,436	80,063
Other	2,722	(114)	7,869
Security patrols and cameras	64,000	37,243	54,253
	164,322	133,427	161,508
Total Protective Services	602,109	584,239	563,640

_	2017 Budget	2017 Actual	2016 Actual
Public Works & Engineering			
Common services:			
Public works administration salaries and benefits	328,100	337,329	289,390
Other administration costs	79,750	71,466	72,862
Operation and maintenance of workshop and yard	50,403	46,572	56,410
Small tools and equipment	6,910	6,529	5,738
Engineering	199,486	187,286	175,674
Public works administration recoveries	(345,174)	(345,174)	(332,510)
-	319,475	304,008	267,564
Street maintenance	70,500	58,302	84,236
Sidewalk maintenance	76,000	37,012	93,390
Drainage	68,714	84,950	75,937
Flood control and storm water quality testing	6,000	1,538	-
Street sweeping	53,200	48,595	51,744
Snow removal	45,000	152,052	86,762
Boulevard and median maintenance	67,490	53,861	56,833
Tree maintenance	33,000	30,377	30,687
Totem maintenance	137,550	91,276	19,732
Traffic lines and signs	72,770	84,339	77,872
Street lighting	91,875	105,625	100,748
Traffic light maintenance and control	31,225	37,020	39,535
Off street free parking lots	9,700	12,590	20,031
Other	2,400	3,223	4,416
	765,424	800,760	741,923
Parking:			
Parking control	28,550	24,289	27,426
Off street paid parking lots	18,350	19,718	16,923
_	46,900	44,007	44,349
Other:			
Bylaw enforcement	45,034	90,511	43,209
Transit pass rebate program	-	-	8,883
_	45,034	90,511	52,092
Total Public Works & Engineering	1,176,833	1,239,286	1,105,928

	2017 Budget	2017 Actual	2016 Actual
Environmental Health Services			
Solid waste collection and disposal	212,085	215,765	209,300
Comfort stations	29,314	35,916	29,078
Environmental programs	2,500	325	4,000
Other	500	-	160
	244,399	252,006	242,538
Environmental Development Services			
Planning salaries and benefits	163,100	168,867	130,185
Materials and contracted services	156,542	136,291	47,231
	319,642	305,158	177,416
Recreation and Cultural Services			
Parks and playgrounds	445,960	468,938	463,987
Joint Parks contributions	443,900 5,800	408,938 5,890	403,987 5,780
Joint Cowichan Aquatic Centre contributions	226,258	238,508	235,664
Senior Citizens' Activity Centre	5,323	6,412	7,660
Museum	10,150	9,871	10,003
Museum	693,491	729,619	723,094
Interest	093,491	129,019	723,094
Interest in General Fund			
General government	1,000	883	868
Protective services	1,000	-	000
Recreation and cultural services	47,125	47,125	47,125
	48,125	48,008	47,993
Interest in Sewer Fund	8,820	8,820	8,820
	56,945	56,828	56,813
Water and Sewer Services			
Waterworks	1,264,249	1,309,543	1,284,091
Sewer	794,618	631,411	691,173
	2,058,867	1,940,954	1,975,264

	2017 Budget	2017 Actual	2016 Actual
Amortization			
General government services	113,605	102,217	97,426
Protective services	162,806	138,367	139,620
Transportation services	598,555	519,445	513,312
Environmental health services	28,742	24,649	24,649
Recreation and cultural services	314,532	270,482	269,738
Water services	268,459	293,055	271,997
Sewer services	80,394	47,126	47,318
	1,567,093	1,395,341	1,364,060
Other			
Capital expense	-	1,170,238	1,108,436
Actuarial debt adjustment		(30,601)	(25,964)
	<u> </u>	1,139,637	1,082,472
Total Expenses	\$ 7,829,727	\$ 8,733,791	\$ 8,375,873

Schedule 5 (Audited)

	Gen	eral nment		Prote Serv			Public			Environmental Health Services			Enviror			
	2017	2016	·	2017	lices	2016	 & Engir 2017	ieer	2016	·	2017	ices	2016	 Developme 2017	nt 30	2016
	2017	2010		2017		2010	2017		2010		2017		2010	2017		2010
REVENUE																
Taxation and grants in lieu of taxes	\$ 3,960,997	\$ 3,871,906	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$ -	\$	-
Sale of services	12,251	8,490		402,512		280,094	44,686		15,728		214,333		212,793	-		-
Licenses, permits, penalties and fines	350,986	347,242		-		-	203,587		231,302		-		-	-		-
Return on investments	136,255	128,735		-		-	-		-		-		-	-		-
Grants	8,181	1,130		-		(4,607)	-		12,300		-		-	-		-
Government transfers	616,738	522,766		-		-	-		-		-		-	-		-
Funds contributed from (to) other																
governments	51,084	9,029		-		-	-		-		-		-	-		-
Development Cost Charge funds utilized	-	-		-		-	-		-		-		-	-		-
Gas Tax funds utilized	-	-		74,115		452,000	-		66,272		-		-	-		-
Capital contributions from developers	-	-		-		-	-		-		-		-	-		-
Gain(Loss) on disposal of assets	-	-		-		-	(107,339)		5,807		-		-	-		-
Developer contributions							189,274		-							
Assets contributed by developers	-	-		-			228,460		22,000		-		-	-		-
Increase (decrease) in proportionate																
share of JUB assets				-			 -		-		-		-	 -		-
Total revenue	\$ 5,136,492	\$ 4,889,298	\$	476,627	\$	727,487	\$ 558,668	\$	353,409	\$	214,333	\$	212,793	\$ -	\$	-
EXPENSES																
Operating expenses																
Payroll	\$ 1,075,190	\$ 1,039,575	\$	285,387	\$	261,085	\$ 935,116	\$	887,089	\$	77,058	\$	74,184	\$ 168,867	\$	130,185
Other	15,533	45,073		298,852	_	302,555	 304,170		218,839		174,948		168,354	 136,291	_	47,231
Total operating expenses	1,090,723	1,084,648		584,239		563,640	1,239,286		1,105,928		252,006		242,538	305,158		177,416
Capital fund expenses	741,750	946,022		43,676		27,262	13,853		68,305		_		984	_		_
Amortization	102,217	97,426		138,367		139,620	519,445		513,312		24,649		24,649	_		-
Interest	883	868		130,307		139,020	513,445		515,512		24,043		24,043			_
Actuarial adjustment to debt				-		-	-		-				-	-		-
			· <u> </u>				 			·				 		
Total expenses	\$ 1,935,573	\$ 2,128,964	\$	766,282	\$	730,522	\$ 1,772,584	\$	1,687,545	\$	276,655	\$	268,171	\$ 305,158	\$	177,416
Surplus (Deficit)	\$ 3,200,919	\$ 2,760,334	\$	(289,655)	\$	(3,035)	\$ (1,213,916)	\$ ((1,334,136)	\$	(62,322)	\$	(55,378)	\$ (305,158)	\$	(177,416)

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

Schedule 5 (Audited)

		Recreat Cultural		ion and Services Water Se			ervices		Sewer S	Serv	ices	Total			
	201			2016		2017	2016		2017		2016	2017	2016		
REVENUE															
Taxation and grants in lieu of taxes	\$	-	\$	-	\$	-	\$	-	\$-	\$	-	\$ 3,960,997	\$ 3,871,906		
Sale of services	1	0,298		13,958	2	,219,017	2,089,72	1	1,088,080		1,015,717	3,991,177	3,636,501		
Licenses, permits, penalties and fines		-		-		-		-	-		-	554,573	578,544		
Return on investments		-		-		47,785	53,96	0	22,533		19,121	206,573	201,816		
Grants		-		1,297		-		-	-		-	8,181	10,120		
Government transfers		-		-		-		-	-		-	616,738	522,766		
Funds contributed from (to) other															
governments		-		(14,568)		-		-	-		-	51,084	(5,539)		
Development Cost Charge funds utilized		-		-		-	16,58	0	-		-	-	16,580		
Gas Tax funds utilized		-		-		-		-	-		-	74,115	518,272		
Capital contributions from developers		-		-		140,755	119,95	4	-		-	140,755	119,954		
Gain(Loss) on disposal of assets		-		-		2,001	(98	6)	4,868		(1,352)	(100,470)	3,469		
												189,274	-		
Assets contributed by developers		-		-		-		-	-		-	228,460	22,000		
Increase (decrease) in proportionate															
share of JUB assets		-		-		-			8,309		(31,802)	8,309	(31,802)		
Total revenue	\$ 1	0,298	\$	687	\$ 2	,409,558	\$ 2,279,22	9	\$ 1,123,790	\$	1,001,684	\$ 9,929,766	\$ 9,464,587		
EXPENSES															
Operating expenses															
Payroll	\$ 25	1,656	\$	262,571	\$	297,424	\$ 352,36	6	\$ 59,210	\$	81,642	\$ 3,149,908	\$ 3,088,697		
Other	47	7,963		460,523	1	,012,119	931,72	5	244,837		568,739	2,664,713	2,743,039		
Total operating expenses	72	9,619		723,094	1	,309,543	1,284,09	1	304,047		650,381	5,814,621	5,831,736		
Capital fund expenses	2	7,292		36,917		50,018	6,69	5	293,649		22,251	1,170,238	1,108,436		
Amortization		0,482		269,738		293,055	271,99		233,049 64,077		63,086	1,412,292	1,379,828		
Interest		7,125		47,125		233,033	271,99	-	8,820		8,820	56,828	56,813		
Actuarial adjustment to debt		5,689)		(12,300)		-		_	(14,912)		(13,664)	(30,601)	(25,964)		
	\$ 1,05		¢ /		¢ 1	652 616	¢ 1 560 79			¢	<u> </u>		· · · · · ·		
Total expenses	φ 1,05	0,029	φ	1,064,574	φI	,652,616	\$ 1,562,78	<u> </u>	\$ 655,681	\$	730,874	\$ 8,423,378	\$ 8,350,849		
Surplus (Deficit)	\$ (1,04	8,531)	\$ (1	1,063,887)	\$	756,942	\$ 716,44	6	\$ 468,109	\$	270,810	\$ 1,506,388	\$ 1,113,738		

Consolidated Details and Reconciliation to Core Government Results Year ended december 31, 2017

Schedule 6 (Audited)

	The Corporation of the City of Duncan		Joint Utilities Board (JUB) Proportionate Share				Total					
		2017		2016		2017		2016		2017		2016
STATEMENT OF FINANCIAL POSITION	¢	40 007 700	¢	40.005.007	¢	4 000 444	¢	400 700	¢	42 004 444	¢	40.054.047
Portfolio investments (Note 3)	\$	12,397,730	\$	13,225,087	\$	1,293,414	\$	429,730	\$	13,691,144	\$	13,654,817
Deferred revenue (Note 9)	\$	1,011,248	\$	784,792	\$	820,425	\$	8,506	\$	1,831,673	\$	793,298
Tangible capital assets (Schedule 1)	\$	28,916,252	\$	27,534,232	\$	991,590	\$	716,128	\$	29,907,842	\$	28,250,360
Prepaid expenses	\$	16,937	\$	289,287	\$	-	\$	8,506	\$	16,937	\$	297,793
Equity in tangible capital assets (Schedule 7)	\$	27,884,933	\$	26,385,974	\$	991,590	\$	716,128	\$	28,876,523	\$	27,102,102
Accumulated surplus (Schedule 9)	\$	38,209,271	\$	37,021,604	\$	1,464,579	\$	1,145,858	\$	39,673,850	\$	38,167,462
INVESTMENT IN TANGIBLE CAPITAL ASSETS												
Acquisition of tangible capital assets (Schedule 1)	\$	2,891,636	\$	2,010,805	\$	292,414	\$	(20,766)	\$	3,184,050	\$	1,990,039
STATEMENT OF OPERATIONS												
Increase (decrease) in share of JUB assets	\$	-	\$	-	\$	8,309	\$	(31,802)	\$	8,309	\$	(31,802)
Total revenues (Schedule 3)	\$	9,921,457	\$	9,496,389	\$	8,309	\$	(31,802)	\$	9,929,766	\$	9,464,587
Sewer services expenses	\$	631,411	\$	691,173	\$	(327,364)	\$	(40,792)	\$	304,047	\$	650,381
Sewer services amortization (Schedule 4)	\$	47,126	\$	47,318	\$	16,951	\$	15,768	\$	64,077	\$	63,086
Total expenses (Schedule 4)	\$	8,733,791	\$	8,375,873	\$	(310,413)	\$	(25,024)	\$	8,423,378	\$	8,350,849

Non-Consolidated Schedule of Equity in Tangible Capital Assets

Schedule 7 (Audited)

		 2017	 2016
NET INVEST	IENT IN TANGIBLE CAPITAL ASSETS		
Net Investmer	nt in Tangible Capital Assets (beginning of year)	\$ 26,385,974	\$ 25,629,265
Add:	Purchase of tangible capital assets	2,663,176	1,988,805
	Tangible capital assets acquired in-kind	228,460	22,000
	Debt repayment	86,338	86,338
	Actuarial adjustment to debt	30,601	25,964
Less:	Amortization	(1,395,341)	(1,364,060)
	Net book value of disposed of tangible capital assets	(114,275)	 (2,338)
Net Investmer	nt in Tangible Capital Assets	\$ 27,884,933	\$ 26,385,974

Non-Consolidated Schedule of Change in Reserve Fund Balances YEAR ENDED DECEMBER 31, 2017

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

	2017 Budget	2017 Actual	2016 Actual
REVENUE Investment income	\$ -	\$ 121,451	\$ 118,955
Funds contributed from (to) other governments	Ψ -	φ ΙΖΙ,43Ι	(27,940)
Water capital contributions from developers		140,755	119,954
NET REVENUES	-	262,206	210,969
TRANSFERS			
Transfers from operating fund	1,023,044	966,595	953,719
Transfers from (to) general capital fund	(2,295,328)	(684,802)	(882,327)
Transfers from (to) water capital fund	(200,000)	(200,000)	-
Transfers from (to) sewer capital fund	(239,947)		(16,754)
CHANGE IN RESERVE FUND BALANCES	(1,712,231)	343,999	265,607
FUND SURPLUS, BEGINNING OF YEAR	6,503,294	6,503,294	6,237,687
FUND SURPLUS, END OF YEAR	\$ 4,791,063	\$ 6,847,293	\$ 6,503,294

Individual reserve fund balances are detailed on the next page.

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

YEAR ENDED DECEMBER 31, 2017

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

	2017 Actual	2016 Actual
SUMMARY OF RESERVE FUND POSITIONS		
Sale of real property	* \$ 221,678	\$ 217,399
Sale of property - Cowichan Place	8,610	18,381
Parking improvement	307,233	301,303
Parking improvement - Restricted	* 120,234	117,913
Municipal Finance Authority debt issue refunds	24,797	24,318
Operating reserves	325,892	436,767
Machinery and equipment	2,203,374	1,851,493
Capital works and other miscellaneous reserves	216,581	300,257
General capital cost contributions	7,190	3,575
Police bridging capital	1,705,897	1,498,297
Downtown revitalization	17,971	17,624
Melba Schappert bequest	28,909	28,351
Pioneer Park	1,401	1,374
Public art	9,963	9,771
Water capital cost contributions	411,683	465,241
Water capital reserve	397,613	389,142
Sewer capital cost contributions	145,484	142,676
Sewer capital reserve	692,783	679,412
Total Reserve Fund Equity	\$ 6,847,293	\$ 6,503,294
RESERVES HELD AS LIABILITIES		
Federal Gas Tax funds (Note 9)	* 404,214	209,470
Restricted revenue (Note 10)	* 1,996,382	1,944,088
Total Reserve Funds	\$ 9,247,889	\$ 8,656,852

* Restricted Cash and Portfolio Investments (Note 3)

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

	Genera	al Fund	Reserv	ve Fund	Waterworks	s Utility Fund	Sewer U	tility Fund	Equity in Ca	apital Assets	2017	2016
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	Total	Total
FINANCIAL ASSETS Cash and cash equivalents (Note 3) Accounts receivable (Note 4) Portfolio investments (Note 3) Deposits - Municipal Finance Authority (Note 5) Loan receivable (Note 6)	\$ 936,026 1,118,557 35,912 17,524 122,825	\$ 339,050 963,073 1,003,717 17,188 136,566	\$ - 9,247,889 - -	\$ - \$ 8,656,852 - -	\$ - 121,970 1,878,286 - -	\$ - 169,104 2,428,076 - -	\$ - 3,777 1,235,643 8,722 -	\$ - 36,371 1,136,442 8,555 -	\$ - - - -	\$ - - - -	\$ 936,026 1,244,304 12,397,730 26,246 122,825	\$ 339,050 1,168,548 13,225,087 25,743 136,566
	\$ 2,230,844	\$ 2,459,594	\$ 9,247,889	\$ 8,656,852	\$ 2,000,256	\$ 2,597,180	\$ 1,248,142	\$ 1,181,368	\$ -	\$ -	\$ 14,727,131	\$ 14,894,994
LIABILITIES Accounts payable and accrued liabilities (Note 7) Sick and severance liabilities (Note 13(b)) Refundable deposits (Note 8) Deferred revenue (Note 9) Restricted revenue (Note 10) Debenture debt (Note 11)	\$ 1,014,362 428,789 99,447 584,422 -	\$ 1,513,140 404,012 22,372 559,934 -	\$ - - 404,214 1,996,382 -	\$- - 209,470 1,944,088	\$ - - 22,537 -	\$- - - 15,317 - -	\$ 725 - - 75 -	\$ 725 - - 71 -	\$ - - - - 1,031,319	\$ - - - - 1,148,258	\$ 1,015,087 428,789 99,447 1,011,248 1,996,382 1,031,319	\$ 1,513,865 404,012 22,372 784,792 1,944,088 1,148,258
	2,127,020	2,499,458	2,400,596	2,153,558	22,537	15,317	800	796	1,031,319	1,148,258	5,582,272	5,817,387
NET FINANCIAL ASSETS	\$ 103,824	\$ (39,864)	\$ 6,847,293	\$ 6,503,294	\$ 1,977,719	\$ 2,581,863	\$ 1,247,342	\$ 1,180,572	\$ (1,031,319)	\$ (1,148,258)	\$ 9,144,859	\$ 9,077,607
NON-FINANCIAL ASSETS Tangible capital assets (Schedule 1) Inventory of supplies Prepaid expenses	\$- 131,223 16,937 148,160	\$ - 120,478 289,287 409,765	\$ - - 	\$ - - -	\$ - - -	\$ - - -	\$ - - -	\$ - - -	\$ 28,916,252 - 	\$ 27,534,232 - 	\$ 28,916,252 131,223 16,937 29,064,412	\$ 27,534,232 120,478 289,287 27,943,997
ACCUMULATED SURPLUS	\$ 251,984	\$ 369,901	\$ 6,847,293	\$ 6,503,294	\$ 1,977,719	\$ 2,581,863	\$ 1,247,342	\$ 1,180,572	\$ 27,884,933	\$ 26,385,974	\$ 38,209,271	\$ 37,021,604

Statement of General Revenue Fund Operations

YEAR ENDED DECEMBER 31, 2017

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

	 2017 Budget	 2017 Actual	 2016 Actual
REVENUE			
Taxation	\$ 3,956,318	\$ 3,948,103	\$ 3,864,072
Grants in lieu of taxes	7,850	12,894	7,834
Sale of services	536,399	650,110	522,460
Other revenue from own sources	655,967	554,573	578,544
Return on investments	13,000	14,804	9,780
Grants	-	881	1,130
Government transfers	652,221	616,738	522,766
Funds contributed from other governments	 51,476	 51,084	 22,401
Total revenue	 5,873,231	 5,849,187	 5,528,987
EXPENSES			
General government	1,110,348	1,090,723	1,084,648
Protective services	602,109	584,239	563,640
Public works & engineering	1,176,833	1,239,286	1,105,928
Environmental health services	244,399	252,006	242,538
Environmental development services	319,642	305,158	177,416
Recreation and cultural services	693,491	729,619	723,094
Interest	 48,125	 48,008	 47,993
Total expenses	 4,194,947	 4,249,039	 3,945,257
NET REVENUES	1,678,284	1,600,148	1,583,730
TRANSFERS			
Transfers to general capital fund	(730,846)	(635,195)	(286,761)
Transfers to reserve fund	(1,023,044)	(966,595)	(953,719)
Transfers to sewer revenue fund - parcel tax	(43,900)	(43,860)	(43,900)
Long term debt repayment	 (72,415)	 (72,415)	 (72,415)
NET INCREASE (DECREASE) IN FUND	(191,921)	(117,917)	226,935
ACCUMULATED SURPLUS, BEGINNING OF YEAR	 251,984	 369,901	 142,966
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	\$ 60,063	\$ 251,984	\$ 369,901

Statement of Waterworks Utility Revenue Fund Operations

YEAR ENDED DECEMBER 31, 2017

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

	 2017 Budget	 2017 Actual	 2016 Actual
REVENUE Sale of water Water studies Service charges Return on investments	\$ 2,081,925 1,200 25,416 55,000	\$ 2,149,452 1,800 20,801 47,785	\$ 2,047,702 - 23,296 53,960
Total revenue	 2,163,541	 2,219,838	 2,124,958
EXPENSES Administration Transmission and distribution Pumping Total expenses	 628,268 384,310 251,671 1,264,249	 641,197 408,795 259,551 1,309,543	 545,300 478,374 260,417 1,284,091
NET REVENUES	899,292	910,295	 840,867
TRANSFERS Transfers to waterworks utility capital fund NET INCREASE (DECREASE) IN FUND	 (2,680,226) (1,780,934)	 (1,514,439) (604,144)	 (1,163,439) (322,572)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	 2,581,863	 2,581,863	 2,904,435
ACCUMULATED SURPLUS, END OF YEAR	\$ 800,929	\$ 1,977,719	\$ 2,581,863

Statement of Sewer Utility Revenue Fund Operations

YEAR ENDED DECEMBER 31, 2017

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

	2017 Budget	2017 Actual	2016 Actual
REVENUE			
Sewer fees	\$ 1,094,583	\$ 1,083,119	\$ 1,011,641
Service charges	200	15	41
Return on investments	17,000	22,533	19,121
Total revenue	1,111,783	1,105,667	1,030,803
EXPENSES			
Administration	275,015	251,395	252,550
Collection and disposal	188,603	130,537	190,179
Cost sharing - municipal government	(24,000)	(29,827)	(40,184)
Joint Utilities Board	355,000	279,306	288,628
Interest on debenture debt	8,820	8,820	8,820
Total expenses	803,438	640,231	699,993
NET REVENUES	308,345	465,436	330,810
TRANSFERS			
Transfers to sewer capital fund	(722,926)	(428,603)	(166,950)
Transfers from general revenue fund - parcel tax	43,900	43,860	43,900
Long-term debt repayment	(13,923)	(13,923)	(13,923)
NET INCREASE (DECREASE) IN FUND	(384,604)	66,770	193,837
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,180,572	1,180,572	986,735
ACCUMULATED SURPLUS, END OF YEAR	\$ 795,968	\$ 1,247,342	\$ 1,180,572

Statement of Capital Fund Operations YEAR ENDED DECEMBER 31, 2017

Schedule 13 (Excluding Joint Utilities Board Financial Information – Unaudited)	2017 Budget	2017 Actual	2016 Actual
REVENUE			
Connection fees			
General Capital	\$-	\$ 33,970	\$ 8,603
Water Capital	-	46,964	18,723
Sewer Capital	-	4,946	4,035
Grants	15,000	7,300	8,990
Government transfers		-	-
Development Cost Charges utilized	170,873	_	16,580
Gas Tax Funds utilized	449,822	74,115	518,272
Gain (Loss) on disposal of tangible capital assets	150,000	(100,470)	3,469
Developer contributions	225,000	189,274	-
Assets constructed by Developers		220 460	22.000
General Capital		228,460	22,000
Total revenue	1,010,695	484,559	600,672
EXPENSES (not capitalized) (Schedule 5)			
General government services	-	741,750	946,022
Protective services	-	43,676	27,262
Transportation services	-	13,853	68,305
Environmental health services	-	-	984
Recreation and cultural services	-	27,292	36,917
Water services	-	50,018	6,695
Sewer services	-	293,649	22,251
		·	
Total expenses	-	1,170,238	1,108,436
NET REVENUES	1,010,695	(685,679)	(507,764)
TRANSFERS			
Transfers from (to) general operating fund	730,845	635,195	286,761
Transfers from (to) water operating fund	2,680,227	1,514,439	1,163,439
Transfers from (to) sewer operating fund	722,926	428,603	166,950
Transfers from (to) general reserve funds	2,295,328	684,803	882,327
Transfers from (to) water reserve funds	200,000	200,000	-
Transfers from (to) sewer reserve funds	239,947	-	16,754
Tangible capital asset purchases	(7,879,968)	(2,663,176)	(1,988,805)
Tangible capital assets acquired in-kind	-	(228,460)	(22,000)
Net book value of disposed of tangible capital assets	-	114,275	2,338
NET INCREASE (DECREASE) IN FUND	-	-	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-	-
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$-	\$ -
	·	Ť	<u> </u>

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.

Grant Thornton 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.

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Mark Frame Director of Financial Services May 2, 2018



An instinct for growth

INDEPENDENT AUDITOR'S REPORT

Grant Thornton LLP 823 Canada Avenue Duncan, BC V9L 1V2 T +1 250 746 4406 F +1 250 746 1950 www.GrantThornton.ca

To the Duncan - North Cowichan Joint Utilities Board,

Report on Financial Statements

We have audited the accompanying financial statements of the Duncan - North Cowichan Joint Utilities Board, which comprise the statement of financial position as at December 31, 2017, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

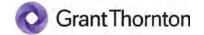
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Duncan - North Cowichan Joint Utilities Board as at December 31, 2017 and its operations for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Duncan, BC May 2, 2018

Chartered Professional Accountants

	2017 Actual			2016 Actual
Financial Assets				
Investments (Notes 3 and 6)	\$	4,048,244	\$	1,354,759
Financial Liabilities				
Unearned revenue		2,567,840		26,814
Net Financial Assets		1,480,404		1,327,945
Non-Financial Assets				
Tangible capital assets (Schedule I)		3,103,567		2,257,653
Prepaid items		-		26,814
		3,103,567		2,284,467
Accumulated Surplus	\$	4,583,971	\$	3,612,412

had Jane M. Frame,

Director of Financial Services

See accompanying notes to the financial statements.

	2017 Budget	 2017 Actual	2016 Actual
Revenues			
Contributions from:			
The Corporation of the Disctrict of North Cowichan	\$ 1,468,279	\$ 960,452	\$ 499,033
The Corporation of the City of Duncan	869,915	567,688	296,877
Cowichan Valley Regional District	360,847	267,731	154,757
Cowichan Tribes	51,118	39,834	21,295
Return on investments	 16,700	 10,446	 13,397
	 2,766,859	1,846,151	 985,359
Expenses			
Administration	41,570	39,122	39,511
Amortization	50,000	53,055	49,710
Sewer lagoon operations and maintenance	 920,010	 782,415	 817,249
	 1,011,580	 874,592	 906,470
Annual Surplus	\$ 1,755,279	971,559	78,889
Accumulated surplus, beginning of year	 3,612,412	 3,612,412	 3,533,523
Accumulated surplus, end of year	\$ 5,367,691	\$ 4,583,971	\$ 3,612,412

See accompanying notes to the financial statements

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.

c) Cash and cash equivalents

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

d) Use of Estimates

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

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

e) Non-Financial Assets

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

f) Tangible Capital Assets

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

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.

3. INVESTMENTS

Investments are carried at cost, which at December 31, 2017, 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 \$371,295 per annum with an estimated annual increase of 2.2%.

5. FINANCIAL INSTRUMENTS

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

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

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:

	2017		2016
Balances, beginning of year	\$ 1,354,759	\$	1,226,161
Add: transfers from current operations	 125,646		128,598
Balance, end of year	\$ 1,480,405	<u>\$</u>	1,354,759

7. LISTING OF OPERATING EXPENDITURES BY OBJECT TYPE

The following provides a summary of operating expenses by object:

	2017	2016	
Salaries, wages and benefits	\$ 151,551	5 131,5	530
Contract services	35,469	99,9	942
Amortization	53,055	49,7	710
Materials and supplies	309,794	307,5	555
Land rent	 324,723	317,7	733
Total expense	\$ 874,592	s 906,4	470

8. STATEMENT OF CASH FLOWS

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

Schedule 1

	COST					ACCUMULATED AMORTIZATION				NET BOOK VALUE							
		Balance ecember 31, 2016	2017 Additions	2017 Disposals	2017 Write-downs	De	Balance ecember 31, 2017	Balance cember 31, 2016		2017 dditions)17 Iosals	Balance cember 31, 2017		2016		2017
Buildings	\$	-	\$ 192,388	\$ -	\$ -	\$	192,388	\$ -	\$	401	\$	-	\$ 401	\$	-	\$	191,987
Engineering Structures		2,485,490	-	-	-		2,485,490	227,837		49,710		-	277,547		2,257,653		2,207,943
Machinery & Equipment		-	706,581	-	-		706,581	-		2,944		-	2,944		-		703,637
	\$	2,485,490	\$ 898,969	\$ -	\$ -	\$	3,384,459	\$ 227,837	\$	53,055	\$	-	\$ 280,892	\$	2,257,653	\$	3,103,567

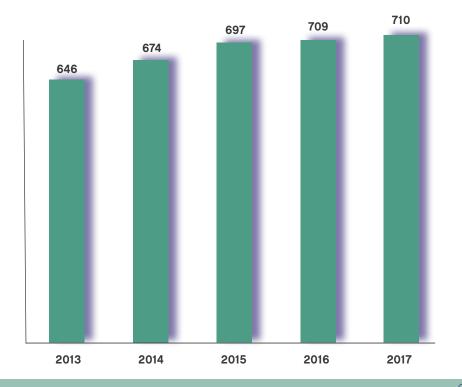
statistical information

Population Demographics

	2013	2014	2015	2016	2017
Total Population Estimates	4,790	4,761	4,663	4,944	5,040
% Change from Prior Year	-3.02%	-0.61%	-2.06%	6.03%	1.94%
Population Density Per Square Km	2,314	2,300	2,253	2,388	2,435

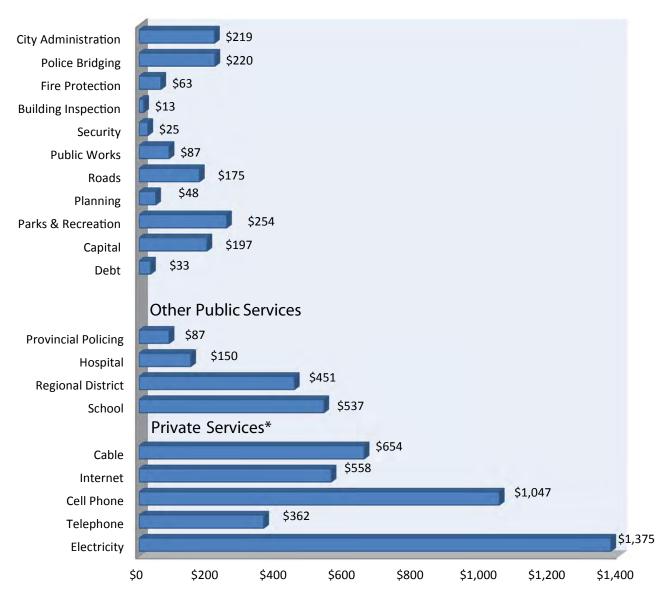
Source: 2011 - 2017 BC Stats, 2016 Statistics Canada

Active Business Licences



Standard Household Annual Costs, 2017

Detailing the average household cost of City services (average assessment of \$273,984) compared to other common household costs.

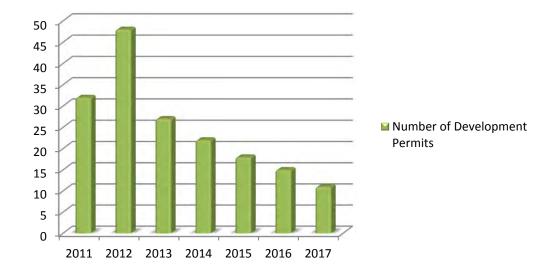


2017 City Services Total \$1,334

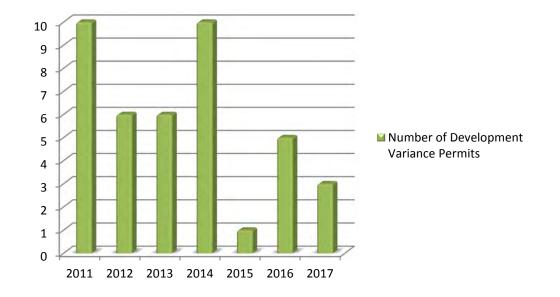
*Average household expenditure according to Statistics Canada 2016

Development Permits and Variance Permits

Development Permits



Development Variance Permits



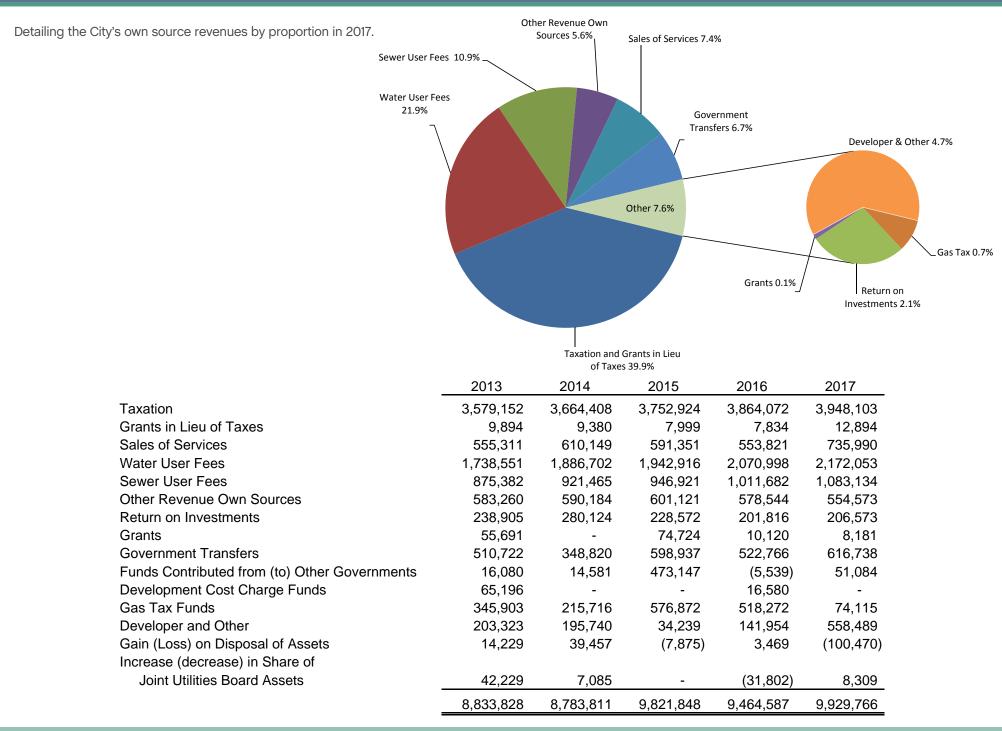
	2013	2014	2015	2016	2017
Building Permits Issued	86	51	61	38	51
Construction Value	5,593,251	4,425,756	8,003,880	1,213,202	3,966,455

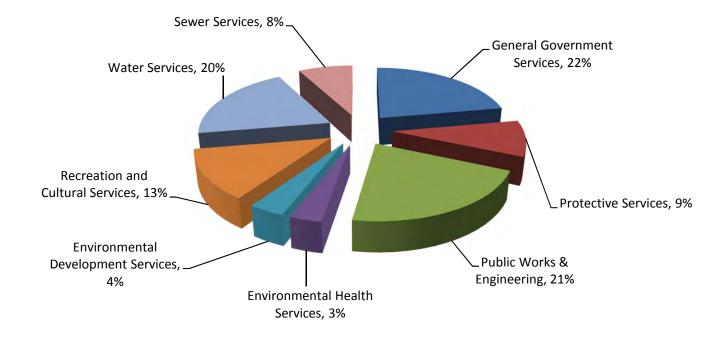
Major Property Taxpayers

	Property Owner	Industry	Tax Contribution
1	Coronation Mall Ltd.	Retail Mall	178,532
2	Coronation Properties Ltd.	Seniors Residential Complex	94,964
3	0984369 BC Ltd.	Office Building	71,546
4	0975183 BC Ltd.	Court House Property	61,427
5	Cowichan Hospitality Group Ltd.	Hotel	40,833
6	BC Telephone Company	Building and Yard	39,191
7	0693523 BC Ltd.	Seniors Residential Complex	36,556
8	F. Kranz	Residential Apartments	32,424
9	Little Eagle Holdings Ltd.	Car Dealership	32,036
10	First West Credit Union	Financial Institution	31,461
11	DD 1020-1030 Government Apartments Ltd.	Residential Apartments	29,295
12	Royal Bank of Canada	Financial Institution	24,619
13	S.G. Kumar	Medical Building	21,675
	Total from Major Property Tax Contributors	-	694,559
	Total Municipal Tax	-	3,809,496
	Proportion of Municipal Tax Paid by Major Propert	18%	

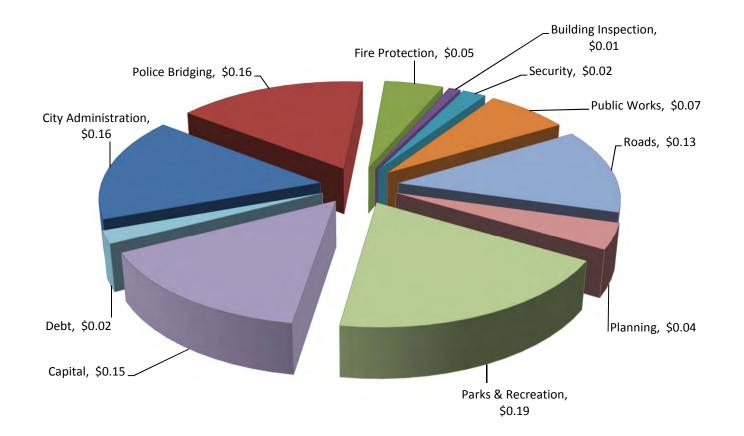
The above listing includes the largest tax contributing 'folios'. There may be some properties that would have appeared on this list if they were combined into single folios.

2017 Revenue by Source





	2013	2014	2015	2016	2017
General Government Services	1,177,869	1,274,906	1,597,990	2,128,964	1,935,573
Protective Services	608,176	665,013	688,281	730,522	766,282
Public Works & Engineering	1,932,881	1,605,256	1,699,494	1,687,545	1,772,584
Environmental Health Services	208,327	278,573	251,718	268,171	276,655
Environmental Development Services	139,490	180,574	132,309	177,416	305,158
Recreation and Cultural Services	1,017,338	1,137,590	1,023,264	1,064,574	1,058,829
Water Services	1,148,079	1,295,927	1,436,084	1,562,783	1,652,616
Sewer Services	632,036	728,226	843,989	730,874	655,681
	6,864,196	7,166,065	7,673,129	8,350,849	8,423,378



	2013	2014	2015	2016	2017
Amortization	1,188,880	1,187,440	1,221,943	1,379,828	1,412,292
Capital fund expenses	557,087	364,156	495,396	1,108,436	1,170,238
Contract services	814,499	953,809	890,697	939,213	666,176
Fuel	86,140	81,902	68,020	57,387	63,457
Goods and services	874,632	941,517	918,606	998,932	1,076,758
Grants in Aid	142,084	96,235	77,896	81,279	97,138
Hydro	301,270	322,622	318,520	344,353	368,837
Insurance	108,791	138,063	129,498	134,191	128,738
Interest	64,480	61,746	58,362	56,813	56,828
Leases	8,477	8,508	3,514	1,892	1,928
Professional fees	110,953	147,154	116,687	85,124	119,358
Travel, conference and training	94,756	84,257	99,396	100,668	98,009
Wages and benefits	2,525,277	2,795,892	3,006,732	3,088,697	3,168,186
Write down of account receiveable					
to net realizable value	-	-	289,374	-	26,036
Actuarial adjustment to debt	(13,130)	(17,236)	(21,512)	(25,964)	(30,601)
	6,864,196	7,166,065	7,673,129	8,350,849	8,423,378

	2013	2014	2015	2016	2017
Capital Expenditures					
Acquisition of Tangible Capital Assets	2,969,907	1,771,145	4,512,223	1,990,039	3,184,050
Capital Fund Expenditures (Not Capitalized)	557,087	364,156	495,396	1,108,436	1,170,238
	3,526,994	2,135,301	5,007,619	3,098,475	4,354,288
Source of Financing					
Operating Funds	1,279,829	1,410,145	2,327,571	1,617,150	2,578,237
Reserve Funds	1,347,408	239,843	1,437,501	899,081	884,803
Grants	55,691	-	125,258	8,990	7,300
Government Transfers	157,000	-	8,096	-	-
Connections Fees and Donations	123,310	117,372	66,928	31,361	85,880
Investment Income	36,020	-	-	-	-
Development Cost Charges	65,196	-	-	16,580	-
Federal Gas Tax Funds	343,515	214,887	576,872	518,272	74,115
Developer/Other Contribution	73,353	66,000	465,393	22,000	417,734
Sales of Assets	14,229	82,000	-	5,807	13,805
Increase (Decrease) in Share of Joint			-	-	-
Utilities Board Tangible Capital Assets	31,443	5,054	-	(20,766)	292,414
	3,526,994	2,135,301	5,007,619	3,098,475	4,354,288

Development Cost			Storm			
Charges Reserve Fund	Water	Sewer	Drainage	Roads	Parks	Total DCCs
Balance in reserve fund as						
of January 1, 2017	\$551,147.85	\$802,799.26	\$146,479.35	\$443,661.15	\$0.00	\$1,944,087.61
Funds received (refunded) in 2017	2,078.30	1,519.08	3,142.99	6,674.92	432.16	13,847.45
Expenditures from Reserve in 2017	0.00	0.00	0.00	0.00	0.00	0.00
Interest earned on account for 2017	10,874.28	15,823.09	2,924.34	8,819.69	5.72	38,447.12
Balance in reserve fund as						
of December 31, 2017	\$564,100.43	\$820,141.43	\$152,546.68	\$459,155.76	\$437.88	\$1,996,382.18

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 563(2) of the Local Government Act.

	Statutory Reserve	Non Statutory Reserve	Total Parking Reserve
Balance in reserve fund as of January 1, 2017	\$117,913.28	\$301,303.35	\$419,216.63
Funds received in 2017	0.00	0.00	0.00
Expenditures from reserve in 2017	0.00	0.00	0.00
Interest earned on account for 2017	2,320.59	5,929.76	8,250.35
Balance in reserve fund as of December 31, 2017	\$120,233.87	\$307,233.11	\$427,466.98

	2013	2014	2015	2016	2017
Legislated Liability Servicing Limit*	2,008,004	2,080,008	2,170,865	2,193,948	2,310,639
Actual Annual Liability Servicing Costs	181,017	178,893	157,959	143,151	143,166
Unused Liability Servicing Capacity	1,826,987	1,901,115	2,012,906	2,050,797	2,167,473

*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.

	2013	2014	2015	2016	2017
Reserve Funds					
Sale of Real Property	218,300	209,111	213,244	217,399	221,678
Sale of Property - Cowichan Place	150,267	43,972	33,873	18,381	8,610
Parking Improvement	524,879	537,819	544,703	301,303	307,233
Parking Improvement - Restricted	110,689	113,418	115,659	117,913	120,234
MFA Debt Issue Refunds	35,724	36,605	37,328	24,318	24,797
Operating	471,919	419,115	482,480	436,767	325,892
Small Communities Grant	199,855	-	19,340	-	-
Machinery and Equipment	1,074,142	1,398,902	1,536,244	1,851,493	2,203,374
Capital Works and Miscellaneous	157,657	244,367	277,832	300,257	216,581
General Capital	1,817	1,862	1,899	3,575	7,190
Police Bridging Capital	1,146,703	1,734,887	1,293,153	1,498,297	1,705,897
Storm Infrastructure	51,876	42,544	32,883	-	-
Aquannis Centre	23,026	25,320	27,586	-	-
Downtown Revitalization	16,544	16,952	17,287	17,624	17,971
Fire Hall	124,210	110,053	-	-	-
Melba Schappert Bequest	47,470	48,641	49,602	28,351	28,909
Public Art	26,251	9,399	9,585	9,771	9,963
Pioneer Park	47,363	48,531	1,348	1,374	1,401
Waterworks Utility	552,357	678,595	719,226	854,383	809,296
Sewer Utility	788,985	808,437	824,415	822,088	838,267
	5,770,034	6,528,530	6,237,687	6,503,294	6,847,293
Reserves Held As Liabilities					
DCC Restricted Reserves	1,750,620	1,794,223	1,926,971	1,944,088	1,996,382
Federal Gas Tax Funds	711,485	766,553	457,066	209,470	404,214
	2,462,105	2,560,776	2,384,037	2,153,558	2,400,596
Interest Earned, All Reserves	100,731	143,965	121,240	118,955	121,451

Taxable Assessments of Land & Improvements

	2013	2014	2015	2016	2017
Residential	470,415,100	451,479,375	449,563,475	463,593,050	499,997,600
Utilities	916,000	916,900	898,500	899,400	1,094,600
Supportive Housing	2	2	2	2	-
Major Industry	-	-	-	-	-
Light Industry	18,600	22,900	100,100	100,100	103,500
Business	129,448,200	133,440,600	137,065,200	140,010,100	147,205,800
Managed Forest	-	-	-	-	-
Recreation	313,400	313,400	319,100	319,100	198,600
Farm	6,967	6,967	6,967	6,967	6,967
	601,118,269	586,180,144	587,953,344	604,928,719	648,607,067

Tax Rates

	2013	2014	2015	2016	2017
General (per \$1,000)(Ind	cludes Library)				
Residential	3.4334	3.6999	3.8346	3.8318	3.6688
Utilities	32.3896	32.4429	32.3344	32.1844	32.2159
Light Industry	10.1597	10.0271	9.9256	9.9375	9.509
Business	9.9258	9.7761	9.6618	9.6721	9.2612
Recreation	3.4334	3.6999	3.8346	3.8318	3.6688
Farm	3.4334	3.6999	3.8346	3.8318	3.6688
Police Municipal (per	\$1,000)				
Residential	0.8063	0.8737	0.9090	0.9305	0.8865
Utilities	7.6068	7.6615	7.6652	7.8156	7.7839
Light Industry	2.3860	2.3681	2.3529	2.4132	2.2976
Business	2.3311	2.3087	2.2904	2.3488	2.2377
Recreation	0.8063	0.8737	0.9090	0.9305	0.8865
Farm	0.8063	0.8737	0.9090	0.9305	0.8865

Tax Revenue By Property Class

(Includes Library)					
-	2013	2014	2015	2016	2017
Residential	1,992,421	2,064,886	2,132,549	2,207,770	2,277,638
Utilities	36,637	36,772	35,940	35,976	43,784
Light Industry	233	284	1,229	1,236	1,222
Business	1,586,634	1,612,603	1,638,231	1,683,047	1,692,705
Recreation	1,329	1,433	1,514	1,520	905
Farm _	30	32	33	33	32
=	3,617,284	3,716,010	3,809,496	3,929,582	4,016,286
Property Taxes Gen	3,431,576	3,517,042	3,606,292	3,716,798	3,799,114
Add Library	185,708	198,968	203,204	212,784	217,172
	3,617,284	3,716,010	3,809,496	3,929,582	4,016,286

Taxes Collected For Other Agencies

	2013	2014	2015	2016	2017
School	1,964,112	1,934,505	1,928,244	1,872,544	1,788,360
Provincial Policing	267,237	273,652	278,942	282,746	280,335
Cowichan Valley Regional District	1,244,898	1,252,777	1,402,075	1,359,941	1,459,130
Cowichan Regional Hospital District	361,515	404,678	438,324	472,941	486,344
BC Assessment Authority	55,399	54,430	53,020	50,449	45,479
Duncan Business Improvement Area	175,000	180,000	185,000	190,000	195,000
Vancouver Island Regional Library	185,708	198,968	203,204	212,784	217,172
Municipal Finance Authority	163	161	163	167	179
	4,254,032	4,299,171	4,488,972	4,441,572	4,471,999

Debt & Debt Per Capita

	2013	2014	2015	2016	2017
General Purposes Sewer	1,346,343 169,707	1,237,211 144,458	1,142,494 118,066	1,057,779 90,479	969,675 61,644
	1,516,050	1,381,669	1,260,560	1,148,258	1,031,319
Population*	4,790	4,761	4,663	4,944	5,040
Debt Per Capita	316.50	290.21	270.33	232.25	204.63

* Source: 2011 - 2017 BC Stats, 2016 Statistics Canada

General Comparative Statistics

	2013	2014	2015	2016	2017
Annual Surplus	1,915,818	1,617,746	2,148,719	1,113,738	1,506,388
Accumulated Surplus	33,287,259	34,905,005	37,053,724	38,167,462	39,673,850
Net Financial Assets	9,324,801	10,415,567	9,152,714	9,498,831	9,617,848

Statement of 2017 Permissive Property Tax Exemptions

			Municipal Taxes
Legal Description	Civic Address	Organization	Foregone
224(2)(a) Not-for-Profit			0.007
Lot A, Plan 24353	5650 Club Rd	Duncan Day Care Centre	2,337
Lot A, Plan 44627	198 Government St	Valley Seniors Organization	5,715
Leased area of Lot 1, Plan 23647	820 Wharncliffe Rd	Cowichan Pre-School	86
Lot PT4, Block 8, Plan 12568	760 Government St	Cowichan Lawn Bowling	161
Leased area of Lot 1, Plan 29453	280 First St	Cowichan Lawn Bowling	769
50% of the non leased area Land and Building Assessment for Lot 1, Plan 29453	280 First St	Duncan Housing Society	12,842
Leased Area of Lot A, Plan 40864	200 Craig St	Cowichan Volunteer Society	545
Lot 5-8 & 11, Block 1, Plan 1935	520-540 Cairnsmore St	SD # 79 Growing Together	544
Lot 24 & 25, Plan 1182	321/331 Cairnsmore St	Girl Guide Association	1,139
Undisclosed	Undisclosed	CW Against Violence Society	1,649
1.223 Km mainline	No address	Island Corridor Foundation (ICF)	652
Portion shown Red on DD615, except Plan 260BL, (Railway RW Mile 39.16 to Mile 39.92 Victoria Sub)	No address	Island Corridor Foundation (ICF)	2,516
26.67% of the Land and Building Assessment for Lot 6, Block 3, Plan 798	121 First St	Cowichan Independent Living Resource Society	420
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	1,598
Station Grounds & Buildings	Train Station	ICF - Leased to City - Sublet to Cowichan Historical Society	2,176
100% of Lot A of Lot 12, Block 7, Plan 2070	148 Kenneth St	Duncan Elks - Leased to City	2,197
224(2)(f) Buildings for Public Worship			
Lot 8,9,10, Block 12 Plan 2070	281 Jubilee St	Duncan United Church	3,448
_ot 11, Block 12, Plan 2070	254 Ingram St	Duncan United Church	747
Lot 1&2, Block 1, Plan 798 and Lot 14, Block 17, Plan 2070	0	Anglican Synod	1,848
Lot 3, Block 1, Plan 798	162 First St	Anglican Synod	1,025
₋ot C, Block 4, Plan 1063	463 Ypres St	Bethel Baptist Church	2,840
_ot 13, Block 4, Plan 1063	483 Ypres St	Bethel Baptist Church	515
Lot 2, Plan 43297	321 Brae Rd	Christian Bretheren	1,805
Lot 7, Block 2, Plan 5868 Only the portion of Lot 1, Plan VIP 76282 that was Lot 1 Plan 30307	931 Trunk Rd 531 Herbert St	Pentecostal Assembly St. Andrews Presbyterian	1,507 1,044
Lot A, Plan 12199 Lot B, Plan VIP60906	1071-1077 Canada Ave 930 Trunk Rd	C.V. Jehovah's Witnesses Duncan Christian Reformed Church	2,943 12,752

\$65,819

Statement Of Financial Information 2017 As Per The Financial Information Act

ACCESS DATA GROUP INC	26,372.88
AON REED STENHOUSE INC	39,063.76
APTEAN COMPUTER MANAGEMENT GROUP	28,310.73
BC ASSESSMENT AUTHORITY	45,632.40
BC HYDRO & POWER AUTHORITY	370,712.67
BOWMEL CHRYSLER LTD.	58,831.23
BROTHERS JANITORIAL SERVICES	61,412.88
CDN. CORPS OF COMMISSIONAIRES	81,756.11
CHEVRON CANADA R & M ULC	42,097.83
CITY OF NANAIMO	30,801.28
COPCAN CIVIL LTD.	451,335.16
CORIX UTILITIES INC	610,779.65
CORIX WATER PRODUCTS LP	124,186.71
COWICHAN HISTORICAL SOCIETY	26,550.00
COWICHAN SPORTSPLEX	26,925.00
COWICHAN VALLEY REG. HOSPITAL DIST.	487,851.92
COWICHAN VALLEY REGIONAL DISTRICT	1,661,536.36
CUPE LOCAL 358	32,344.66
DOMINION GOVLAW LLP	30,784.05
DUNCAN PAVING COMPANY	652,235.30
DUNCAN VOLUNTEER FIRE DEPT.	31,112.50
FINELINE ROAD MARKING LTD	44,318.56
HUNT JR TOM	48,000.00
ISLAND IRRIGATION & LANDSCAPING	46,272.75
MAINROAD MAINTENANCE PRODUCTS	32,877.32
MASS LBP INC	68,340.70
MCCUAIG & ASSOCIATES ENGINEERING LTD	30,110.06
MCELHANNEY CONSULTING SERVICES LTD	112,894.82
METRO MOTORS LTD	35,644.00
MINISTER OF FINANCE	988,335.51
MUNICIPAL INSURANCE ASSOC OF B. C.	46,226.89
MUNICIPAL PENSION PLAN	374,631.65
NORTH COWICHAN DISTRICT MUNICIPALITY	1,906,360.87
PACIFIC BLUE CROSS	154,884.87
PROLINE ELECTRICAL SYSTEMS LTD	26,092.46
RALMAX CONTRACTING	107,124.37
RBS MANAGED IT SERVICES INC	50,716.68
RECEIVER GENERAL FOR CANADA	704,752.50
REVENUE SERVICES OF BC	45,600.00
SPATIAL TECHNOLOGIES PARTNERSHIP GROUP	32,900.87
STANTEC CONSULTING LTD.	53,312.50
STONE PACIFIC CONTRACTING LTD.	223,310.09
TELUS COMMUNICATIONS INC.	112,630.85
URBAN SYSTEMS LTD	65,378.04
VANCOUVER ISLAND REGIONAL LIBRARY	217,172.00
VISA - MISCELLANEOUS	43,591.17
WEDLER ENGINEERING	35,044.29
WORKSAFE BC	72,156.87
Subtotal - Aggregate Payments Exceeding \$25,000	10,599,313.77

Payments to Suppliers for Grants and Contributions Exceeding \$25,000	
DUNCAN BUSINESS IMPROVEMENT AREA SOCIETY DUNCAN COWICHAN CHAMBER OF COMMERCE	209,795.42 30,000.00
Total Paid to Suppliers who received Aggregate Payments of \$25,000 or less	1,354,616.62
Total Paid to Suppliers	12,193,725.81
Less: Expenses Paid on Behalf of Elected Officials/Employees	-85,809.58
Total Expenses per Schedule 4 of Consolidated Financial Statements	8,733,791.00

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

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

Statement Of Financial Information 2017 As Per The Financial Information Act

1 Elected Officials

Name	Position	Benefits	Remuneration		Expenses	
Kent, Philip	Mayor	\$ 3,119.82	\$	25,555.50	\$	4,794.74
Bell, Michelle	Councillor	3,119.82		14,448.79		3,753.64
Bruce, Roger	Councillor	3,119.82		14,448.79		-
Duncan, Thomas	Councillor	1,261.14		14,448.79		5,326.12
Horgan, John	Councillor	3,119.82		14,405.16		-
Jackson, Sharon	Councillor	1,261.14		14,448.79		514.95
Staples, Michelle	Councillor	3,119.82		14,448.79		3,825.19
Total - Elected Officials		\$ 18,121.38	\$	112,204.61	\$	18,214.64

2 Employees - *See |

Name		Remuneration		Expenses	
de Verteuil, Peter	\$	136,090.94	\$	6,822.66	
Desautels, Chris	Ŧ	79,328.18	Ŧ	638.52	
Massingham, Kevin		83,429.74		659.00	
McKinlay, Michael		86,687.14		4,403.62	
Paitson, Marisa		76,352.67		2,448.73	
Pitts, Lucas		116,222.15		1,489.66	
Soldera, Talitha		109,872.64		1,924.45	
Thew, Leonard		99,937.56		1,509.13	
Subtotal		787,921.02		19,895.77	
Consolidated total of employees with					
remuneration of \$75,000 or less		1,764,908.53		46,498.61	
Total - Employees	\$	2,552,829.55	\$	66,394.38	

Schedule of Remuneration & Expenses for Elected Officials & Employees

Statement Of Financial Information 2017 As Per The Financial Information Act

3 Reconciliation

Total remuneration and benefits - elected officials	\$ 130,325.99
Total remuneration - employees	2,552,829.55
Subtotal	2,683,155.54
Total Wages & Benefits per Note 16 of	
the Consolidated Financial Statements	3,168,186.00
	\$ 485,030.46

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

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

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

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.

Duncan City Hall

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

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