

THE CORPORATION OF THE CITY OF DUNCAN

December 31, 2017

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.

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

MNP LLP

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF DUNCAN

Consolidated Financial Statements

For the Year Ended December 31, 2017

Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 22
Schedule 1 - Non-Consolidated Schedule of Tangible Capital Assets	23
Schedule 2 - Consolidated Schedule of Accumulated Surplus	24
Schedule 3 - Non-Consolidated Schedule of Revenues (Unaudited)	25 - 29
Schedule 4 - Non-Consolidated Schedule of Expenses (Unaudited)	30 - 34
Schedule 5 - Consolidated Statement of Operations by Program	35 - 36
Schedule 6 - Consolidated Details and Reconciliation to Core Government Results	37
Schedule 7 - Non-Consolidated Schedule of Equity in Tangible Capital Assets	38
Schedule 8 - Non-Consolidated Schedule of Change in Reserve Fund Balances	39 - 40
Schedule 9 - Non-Consolidated Statement of Financial Position - Funds (Unaudited)	41
Schedule 10 - Statement of General Revenue Fund Operations (Unaudited)	42
Schedule 11 - Statement of Waterworks Utility Revenue Fund Operations (Unaudited)	43
Schedule 12 - Statement of Sewer Utility Revenue Fund Operations (Unaudited)	44
Schedule 13 - Statement of Capital Fund Operations (Unaudited)	45

**THE CORPORATION OF THE CITY OF DUNCAN
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
	<u>16,020,545</u>	<u>15,324,724</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,015,087	1,513,865
Sick and severance liabilities (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
	<u>6,402,697</u>	<u>5,825,893</u>
NET FINANCIAL ASSETS	<u>9,617,848</u>	<u>9,498,831</u>
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
	<u>30,056,002</u>	<u>28,668,631</u>
ACCUMULATED SURPLUS (Schedule 2)	<u><u>\$ 39,673,850</u></u>	<u><u>\$ 38,167,462</u></u>

COMMITMENTS AND CONTINGENCIES (NOTE 12)



Director of Finance

See accompanying notes to the financial statements

**THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2017**

	2017 Budget (Note 14)	2017 Actual	2016 Actual
REVENUE (Schedule 5)			
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	<u>10,159,250</u>	<u>9,929,766</u>	<u>9,464,587</u>
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
Total expenses (Note 16)	<u>7,829,727</u>	<u>8,423,378</u>	<u>8,350,849</u>
ANNUAL SURPLUS	<u>2,329,523</u>	<u>1,506,388</u>	<u>1,113,738</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>38,167,462</u>	<u>38,167,462</u>	<u>37,053,724</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 40,496,985</u>	<u>\$ 39,673,850</u>	<u>\$ 38,167,462</u>

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended December 31, 2017

	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	-	280,856	(142,131)
	<u>(6,312,875)</u>	<u>(1,387,371)</u>	<u>(767,621)</u>
CHANGE IN NET FINANCIAL ASSETS	(3,983,352)	119,017	346,117
NET FINANCIAL ASSETS, Beginning of Year	<u>9,498,831</u>	<u>9,498,831</u>	<u>9,152,714</u>
NET FINANCIAL ASSETS, End of Year	<u>\$ 5,515,479</u>	<u>\$ 9,617,848</u>	<u>\$ 9,498,831</u>

**THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2017**

	<u>2017</u>	<u>2016</u>
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)
	<u>2,754,896</u>	<u>2,462,899</u>
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
	<u>3,656,233</u>	<u>2,956,031</u>
Cash provided by operating transactions		
	<u>3,656,233</u>	<u>2,956,031</u>
CAPITAL TRANSACTIONS		
Proceeds on disposal of tangible capital assets	13,804	5,807
Purchases of tangible capital assets	(2,950,396)	(1,988,805)
	<u>(2,936,592)</u>	<u>(1,982,998)</u>
Cash provided by (applied to) capital transactions		
	<u>(2,936,592)</u>	<u>(1,982,998)</u>
INVESTING TRANSACTIONS		
Net (increase)/decrease in portfolio investments	(36,327)	(1,445,792)
	<u>(36,327)</u>	<u>(1,445,792)</u>
FINANCING TRANSACTIONS		
Principal repaid - long term debt	(86,338)	(86,338)
	<u>(86,338)</u>	<u>(86,338)</u>
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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

1. General

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

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

2. Significant Accounting Policies

a) Basis of Accounting

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

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

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

b) Reporting Entity

The City has a partnership agreement with the Municipality of North Cowichan for the operation of the Joint Utilities Board, and as such, consistent with Canadian public sector accounting standards for government partnerships, the Joint Utilities Board is accounted for on a proportionate consolidation basis whereby the City's pro-rata share of the assets, liabilities, revenues and expenses are combined on a line by line basis in the consolidated financial statements. Inter-partnership balances and transactions have been eliminated. The City's proportionate share of the Duncan-North Cowichan Joint Utilities Board fluctuates based on current capacity units being used which is 31.95% 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.

**THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017**

2. Significant Accounting Policies (continued)

d) Inventory

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

e) Non-Financial Assets

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

f) Tangible Capital Assets

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

General Tangible Capital Assets

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

Infrastructure Assets

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

2. Significant Accounting Policies (continued)

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

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

g) Revenue Recognition

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

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

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

h) Leases

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

i) Financial Instruments

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

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.

l) Recent Accounting Pronouncements

PS 2200 Related Party Disclosures

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

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

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

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

I) Recent Accounting Pronouncements (continued)

PS 3210 Assets

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

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

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

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

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

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

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

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

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

PS 3320 Contingent Assets

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

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

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

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

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

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

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

I) Recent Accounting Pronouncements (continued)

PS 3380 Contractual Rights

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

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

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

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

Disclosures should include descriptions about nature, extent and timing.

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

PS 3430 Restructuring Transactions

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

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

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

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

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

Restructuring-related costs are recognized as expenses when incurred.

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

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

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

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

3. Cash and Portfolio Investments

Cash and portfolio investments are comprised of the following:

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

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

Included in portfolio investments are funds held for deferred and restricted revenues totalling \$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

	<u>2017</u>	<u>2016</u>
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	<u>34,963</u>	<u>74,765</u>
	1,560,202	1,458,410
Less: allowance for doubtful accounts	<u>(315,898)</u>	<u>(289,862)</u>
	<u>\$ 1,244,304</u>	<u>\$ 1,168,548</u>

5. Municipal Finance Authority - Reserve Deposits

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

	<u>2017</u>	<u>2016</u>
Cash deposits	<u>\$ 26,246</u>	<u>\$ 25,743</u>

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

6. Loan Receivable

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

	<u>2017</u>	<u>2016</u>
Other municipalities and regional governments	<u>\$ 122,825</u>	<u>\$ 136,566</u>

7. Accounts Payable and Accrued Liabilities

	<u>2017</u>	<u>2016</u>
Trade accounts and accrued liabilities	\$ 582,044	\$ 339,953
Contractor holdbacks	94,388	36,211
Salaries and wages	130,936	90,628
Other municipalities and regional governments	<u>207,719</u>	<u>1,047,073</u>
	<u>\$ 1,015,087</u>	<u>\$ 1,513,865</u>

8. Refundable Deposits

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

9. Deferred Revenue

	<u>2016</u>	<u>Receipts & Interest</u>	<u>Recognized as Revenue</u>	<u>2017</u>
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	<u>38,971</u>	<u>91,325</u>	<u>(90,570)</u>	<u>39,726</u>
	<u>\$ 793,298</u>	<u>\$ 1,819,915</u>	<u>\$ (781,540)</u>	<u>\$ 1,831,673</u>

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

9. Deferred Revenue (continued)

Federal Gas Tax Agreement Funds

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

Federal Gas Tax Continuity:

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

	<u>2017</u>	<u>2016</u>
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
	<u>1,996,382</u>	<u>1,944,088</u>
Balance, end of the year	\$ 1,996,382	\$ 1,944,088

11. Debenture Debt

General Fund:

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

	<u>2017</u>	<u>2016</u>
	\$ 969,675	\$ 1,057,779

Sewer Utility Fund:

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

	<u>61,644</u>	<u>90,479</u>
	<u>\$ 1,031,319</u>	<u>\$ 1,148,258</u>

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

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
	<u>\$</u>	<u>1,031,319</u>

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.

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

13. Retirement Benefits

a) Pension Liability

The City of Duncan and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 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 pursuant 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).

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

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	<u>(1,567,093)</u>
Adjusted Annual Surplus	<u><u>\$ 2,329,523</u></u>

15. Segmented Information

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

General Government

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

Protective Services

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

15. Segmented Information (continued)

Public Works & Engineering

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

Environmental Health Services

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

Environmental Development Services

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

Recreation and Cultural Services

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

Water Services

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

Sewer Services

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

Reserve Funds

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

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

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

THE CORPORATION OF THE CITY OF DUNCAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2017

16. Operating Expenses By Object

	<u>2017</u>	<u>2016</u>
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 realizable value	26,036	
Actuarial adjustment to debt	<u>(30,601)</u>	<u>(25,964)</u>
	<u>\$ 8,423,378</u>	<u>\$ 8,350,849</u>

17. Environmental Regulations

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

18. Comparative Figures

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

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 1
Audited

	General Capital Assets				Infrastructure					Totals	
	Land	Land Improvements and Parks	Buildings and Leasehold Improvements	Vehicles and Equipment	Storm Water Engineering Structures	Roads & Sidewalks	Water	Sewer	Assets Under Construction	2017	2016
Cost											
Opening costs	\$ 1,805,780	\$ 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					89,219		190,879	146,326	(426,424)	-	-
Closing cost	1,805,780	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			31,440	70,712		60				102,212	97,426
Protective services			37,327	101,040						138,367	139,620
Public works and engineering		17,546	13,313	77,606	62,869	348,110				519,444	513,312
Environmental health				24,649						24,649	24,649
Recreation and culture		173,272	76,175	13,360		7,676				270,483	269,738
Water										-	271,997
Sewer		678	47,556	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	\$ 1,805,780	\$ 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
	<u>\$ 228,460</u>	<u>\$ 22,000</u>

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
Year Ended December 31, 2017

SCHEDULE 2
Audited

	2017	2016
OPERATING FUNDS		
Unappropriated		
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

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017**

**SCHEDULE 3
Unaudited**

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

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 3
Unaudited

	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
	<u>536,399</u>	<u>650,110</u>	<u>522,460</u>
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	-
	<u>2,108,541</u>	<u>2,172,053</u>	<u>2,070,998</u>
Sewer Utility Revenue Fund			
Sewer fees	1,094,583	1,083,119	1,011,641
Service charges	200	15	41
	<u>1,094,783</u>	<u>1,083,134</u>	<u>1,011,682</u>
Capital Connection Fees			
General Capital	-	33,970	8,603
Water Capital	-	46,964	18,723
Sewer Capital	-	4,946	4,035
	<u>-</u>	<u>85,880</u>	<u>31,361</u>
Total Sale of Services	<u><u>3,739,723</u></u>	<u><u>3,991,177</u></u>	<u><u>3,636,501</u></u>

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017**

**SCHEDULE 3
Unaudited**

	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
	<u>118,300</u>	<u>119,963</u>	<u>103,702</u>
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
	<u>487,997</u>	<u>395,519</u>	<u>436,696</u>
Donations and contributions	-	5,100	5,050
Other revenues and fees	49,670	33,991	33,096
	<u>49,670</u>	<u>39,091</u>	<u>38,146</u>
Total Licences, Permits, Rentals and Penalties	<u><u>655,967</u></u>	<u><u>554,573</u></u>	<u><u>578,544</u></u>

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017**

**SCHEDULE 3
Unaudited**

	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
	<u>85,000</u>	<u>206,573</u>	<u>201,816</u>
Asset Disposal			
Gain(Loss) on Disposal of Tangible Capital Assets	150,000	(100,470)	3,469
	<u>150,000</u>	<u>(100,470)</u>	<u>3,469</u>
Assets Contributed by Developers			
General Capital	-	228,460	22,000
	<u>-</u>	<u>228,460</u>	<u>22,000</u>
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
	<u>51,476</u>	<u>51,084</u>	<u>(5,539)</u>
Capital Contributions from Developers			
Developer contributions	225,000	189,274	
Water Infrastructure	-	140,755	119,954
	<u>225,000</u>	<u>330,029</u>	<u>119,954</u>
Development Cost Charge Funds Utilized			
Sewer Infrastructure	170,873	-	-
Water Infrastructure	-	-	16,580
	<u>170,873</u>	<u>-</u>	<u>16,580</u>

**THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF REVENUES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017**

**SCHEDULE 3
Unaudited**

	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
	<u>515,000</u>	<u>520,926</u>	<u>508,708</u>
Conditional Transfers from Other Governments			
Federal government	94,250	54,307	-
Provincial government	42,971	41,505	14,058
	<u>137,221</u>	<u>95,812</u>	<u>14,058</u>
Total Government Transfers	<u>652,221</u>	<u>616,738</u>	<u>522,766</u>
Grants	<u>15,000</u>	<u>8,181</u>	<u>10,120</u>
Total Other Income	<u>1,799,392</u>	<u>1,414,710</u>	<u>1,409,438</u>
Total Revenue	<u>\$ 10,159,250</u>	<u>\$ 9,921,457</u>	<u>\$ 9,496,389</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 4
Unaudited

	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)
	<u>839,858</u>	<u>812,911</u>	<u>792,340</u>
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 net realizeable value	<u>115,160</u>	<u>127,861</u>	<u>154,596</u>
Total General Government Services	<u>1,110,348</u>	<u>1,090,723</u>	<u>1,084,648</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 4
Unaudited

	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
	<u>437,787</u>	<u>450,812</u>	<u>402,132</u>
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
	<u>164,322</u>	<u>133,427</u>	<u>161,508</u>
Total Protective Services	<u>602,109</u>	<u>584,239</u>	<u>563,640</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 4
Unaudited

	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)
	<u>319,475</u>	<u>304,008</u>	<u>267,564</u>
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
	<u>765,424</u>	<u>800,760</u>	<u>741,923</u>
Parking:			
Parking control	28,550	24,289	27,426
Off street paid parking lots	18,350	19,718	16,923
	<u>46,900</u>	<u>44,007</u>	<u>44,349</u>
Other:			
Bylaw enforcement	45,034	90,511	43,209
Transit pass rebate program	-	-	8,883
	<u>45,034</u>	<u>90,511</u>	<u>52,092</u>
Total Public Works & Engineering	<u>1,176,833</u>	<u>1,239,286</u>	<u>1,105,928</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 4
Unaudited

	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
	<u>244,399</u>	<u>252,006</u>	<u>242,538</u>
Environmental Development Services			
Planning salaries and benefits	163,100	168,867	130,185
Materials and contracted services	156,542	136,291	47,231
	<u>319,642</u>	<u>305,158</u>	<u>177,416</u>
Recreation and Cultural Services			
Parks and playgrounds	445,960	468,938	463,987
Joint Parks contributions	5,800	5,890	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
	<u>693,491</u>	<u>729,619</u>	<u>723,094</u>
Interest			
Interest in General Fund			
General government	1,000	883	868
Protective services	-	-	-
Recreation and cultural services	47,125	47,125	47,125
	<u>48,125</u>	<u>48,008</u>	<u>47,993</u>
Interest in Sewer Fund			
	8,820	8,820	8,820
	<u>56,945</u>	<u>56,828</u>	<u>56,813</u>
Water and Sewer Services			
Waterworks	1,264,249	1,309,543	1,284,091
Sewer	794,618	631,411	691,173
	<u>2,058,867</u>	<u>1,940,954</u>	<u>1,975,264</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EXPENSES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 4
Unaudited

	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
	<u>1,567,093</u>	<u>1,395,341</u>	<u>1,364,060</u>
Other			
Capital expense	-	1,170,238	1,108,436
Actuarial debt adjustment	-	(30,601)	(25,964)
	<u>-</u>	<u>1,139,637</u>	<u>1,082,472</u>
Total Expenses	<u><u>\$ 7,829,727</u></u>	<u><u>\$ 8,733,791</u></u>	<u><u>\$ 8,375,873</u></u>

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2017

SCHEDULE 5
Audited

	General Government		Protective Services		Public Works & Engineering		Environmental Health Services		Environmental Development Services	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
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	-	-	-	-	-	-	-	-
Actuarial adjustment to debt	-	-	-	-	-	-	-	-	-	-
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.

THE CORPORATION OF THE CITY OF DUNCAN
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2017

SCHEDULE 5
Audited

	Recreation and Cultural Services		Water Services		Sewer Services		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE								
Taxation and grants in lieu of taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,960,997	\$ 3,871,906
Sale of services	10,298	13,958	2,219,017	2,089,721	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	53,960	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	-	-	-	16,580	-	-	-	16,580
Gas Tax funds utilized	-	-	-	-	-	-	74,115	518,272
Capital contributions from developers	-	-	140,755	119,954	-	-	140,755	119,954
Gain(Loss) on disposal of assets	-	-	2,001	(986)	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	\$ 10,298	\$ 687	\$ 2,409,558	\$ 2,279,229	\$ 1,123,790	\$ 1,001,684	\$ 9,929,766	\$ 9,464,587
EXPENSES								
Operating expenses								
Payroll	\$ 251,656	\$ 262,571	\$ 297,424	\$ 352,366	\$ 59,210	\$ 81,642	\$ 3,149,908	\$ 3,088,697
Other	477,963	460,523	1,012,119	931,725	244,837	568,739	2,664,713	2,743,039
Total operating expenses	729,619	723,094	1,309,543	1,284,091	304,047	650,381	5,814,621	5,831,736
Capital fund expenses								
Amortization	27,292	36,917	50,018	6,695	293,649	22,251	1,170,238	1,108,436
Interest	270,482	269,738	293,055	271,997	64,077	63,086	1,412,292	1,379,828
Actuarial adjustment to debt	47,125	47,125	-	-	8,820	8,820	56,828	56,813
	(15,689)	(12,300)	-	-	(14,912)	(13,664)	(30,601)	(25,964)
Total expenses	\$ 1,058,829	\$ 1,064,574	\$ 1,652,616	\$ 1,562,783	\$ 655,681	\$ 730,874	\$ 8,423,378	\$ 8,350,849
Surplus (Deficit)	\$ (1,048,531)	\$ (1,063,887)	\$ 756,942	\$ 716,446	\$ 468,109	\$ 270,810	\$ 1,506,388	\$ 1,113,738

THE CORPORATION OF THE CITY OF DUNCAN
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						
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

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 7
Audited

	<u>2017</u>	<u>2016</u>
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Net Investment 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 Investment in Tangible Capital Assets	<u>\$ 27,884,933</u>	<u>\$ 26,385,974</u>

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 8
Audited

	2017 Budget	2017 Actual	2016 Actual
REVENUE			
Investment income	\$ -	\$ 121,451	\$ 118,955
Funds contributed from (to) other governments	-	-	(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.

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 8
Audited

	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
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)

THE CORPORATION OF THE CITY OF DUNCAN
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION - FUNDS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 9
Unaudited

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

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF GENERAL REVENUE FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 10
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	<u>5,873,231</u>	<u>5,849,187</u>	<u>5,528,987</u>
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	<u>4,194,947</u>	<u>4,249,039</u>	<u>3,945,257</u>
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	<u>251,984</u>	<u>369,901</u>	<u>142,966</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR	<u>\$ 60,063</u>	<u>\$ 251,984</u>	<u>\$ 369,901</u>

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF WATERWORKS UTILITY REVENUE FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 11
Unaudited

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

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF SEWER UTILITY REVENUE FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 12
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	<u>1,111,783</u>	<u>1,105,667</u>	<u>1,030,803</u>
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	<u>803,438</u>	<u>640,231</u>	<u>699,993</u>
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	<u>1,180,572</u>	<u>1,180,572</u>	<u>986,735</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>\$ 795,968</u></u>	<u><u>\$ 1,247,342</u></u>	<u><u>\$ 1,180,572</u></u>

THE CORPORATION OF THE CITY OF DUNCAN
STATEMENT OF CAPITAL FUND OPERATIONS
(Excluding Joint Utilities Board Financial Information)
Year Ended December 31, 2017

SCHEDULE 13
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			
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	-	0	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-	-
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 0	\$ -