

Town of Qualicum Beach
Report under the Financial Information Act
For the Year Ended December 31, 2016

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**Town of Qualicum Beach
Annual Financial Report
For the year ended December 31, 2016**

Management Responsibility Report

The preparation of these Financial Statements is the responsibility of management. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance Committee of Council. The Finance Committee meets with the external auditors two times per year.

The external auditors, McGorman MacLean, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Town's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Finance Committee of Council.

On behalf of the Town of Qualicum Beach

John K. Marsh, CMA
Financial Administrator/Deputy CAO

Teunis Westbroek
Mayor

TOWN OF QUALICUM BEACH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

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STATEMENT 1

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and cash equivalents (note 2)	\$ 10,825,112	\$ 9,637,234
Accounts receivable (note 3)	1,564,018	1,339,021
Capital lease receivable (note 4)	121,022	-
Municipal Finance Authority debt reserve fund deposit	47,694	46,397
	<u>12,557,846</u>	<u>11,022,652</u>
FINANCIAL LIABILITIES		
Accounts payable (note 5)	1,034,679	915,246
Accrued employee benefits	578,777	597,721
Deferred revenue	1,074,171	1,028,712
Performance bonds and deposits	188,728	162,701
Deferred revenue - capital (note 6)	1,758,244	1,728,831
Long term debt (note 7)	4,166,428	4,629,364
	<u>8,801,027</u>	<u>9,062,575</u>
NET FINANCIAL ASSETS	<u>3,756,819</u>	<u>1,960,077</u>
NON-FINANCIAL ASSETS		
Inventories	29,868	43,111
Prepaid expenses	5,785	17,672
Tangible capital assets (note 8)	112,071,276	113,099,005
	<u>112,106,929</u>	<u>113,159,788</u>
ACCUMULATED SURPLUS (notes 9 and 10)	<u><u>\$ 115,863,748</u></u>	<u><u>\$ 115,119,865</u></u>

Contingent liabilities and commitments (note 11)

Approved:

Financial Administrator

TOWN OF QUALICUM BEACH
CONSOLIDATED STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2016

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STATEMENT 2

	2016 Budget (unaudited)	2016 Actual	2015 Actual
REVENUE			
Net taxation	\$ 9,103,335	\$ 9,066,463	\$ 8,724,376
Water and sewer rates	1,651,802	1,787,491	1,763,879
Sale of services	710,685	749,318	718,780
Other revenue from own sources	1,086,942	1,439,566	1,227,607
Government transfers	1,056,000	1,417,498	1,367,215
Gain (loss) on disposal of tangible capital assets	-	(225,945)	180,261
	<u>13,608,764</u>	<u>14,234,391</u>	<u>13,982,118</u>
EXPENSES			
General government services	1,937,793	1,938,849	2,032,432
Protective services	2,582,277	2,395,174	2,156,493
Transportation services	4,526,552	4,520,683	4,313,540
Environmental health services	655,173	602,348	541,993
Water services	1,387,000	1,368,031	1,366,259
Sewer services	378,000	358,785	338,604
Public health services	49,350	41,982	40,214
Planning and development services	805,263	663,831	510,346
Parks and recreation services	1,668,788	1,600,825	1,462,726
	<u>13,990,196</u>	<u>13,490,508</u>	<u>12,762,607</u>
ANNUAL SURPLUS (DEFICIT)	(381,432)	743,883	1,219,511
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	<u>115,119,865</u>	<u>115,119,865</u>	<u>113,900,354</u>
ACCUMULATED SURPLUS AT END OF YEAR	<u>\$ 114,738,433</u>	<u>\$ 115,863,748</u>	<u>\$ 115,119,865</u>

TOWN OF QUALICUM BEACH
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
AS AT DECEMBER 31, 2016

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STATEMENT 3

	<u>2016 Budget (unaudited)</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ (381,432)	\$ 743,883	\$ 1,219,511
Acquisition of tangible capital assets	(3,072,568)	(2,386,135)	(5,098,449)
Amortization of tangible capital assets	3,100,000	3,101,150	3,110,874
Proceeds on disposal of tangible capital assets	-	86,769	215,159
Loss (gain) on disposal of tangible capital assets	-	225,945	(180,261)
	<u>27,432</u>	<u>1,027,729</u>	<u>(1,952,677)</u>
Consumption of supplies inventories	-	13,243	38,195
Decrease in prepaid expenses	-	11,887	27,040
	<u>-</u>	<u>25,130</u>	<u>65,235</u>
CHANGE IN NET FINANCIAL ASSETS	(354,000)	1,796,742	(667,931)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	<u>1,960,077</u>	<u>1,960,077</u>	<u>2,628,008</u>
NET FINANCIAL ASSETS AT END OF YEAR	\$ <u><u>1,606,077</u></u>	\$ <u><u>3,756,819</u></u>	\$ <u><u>1,960,077</u></u>

TOWN OF QUALICUM BEACH
CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2016

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STATEMENT 4

	<u>2016</u>	<u>2015</u>
CASH PROVIDED BY OPERATIONS		
Annual surplus	\$ 743,883	\$ 1,219,511
Items not involving cash:		
Amortization of tangible capital assets	3,101,150	3,110,874
Loss (gain) on disposal of tangible capital assets	225,945	(180,261)
Change in non-cash operating assets and liabilities:		
Decrease (increase)		
Accounts receivable	(224,997)	(71,245)
Capital lease receivable	(121,022)	-
Municipal Finance Authority debt reserve fund deposit	(1,297)	(46,397)
Inventories	13,243	38,195
Prepaid expenses	11,887	27,040
Increase (decrease)		
Accounts payable	119,433	(677,294)
Accrued employee benefits	(18,944)	(135,946)
Deferred revenue	45,459	31,969
Performance bonds and deposits	26,027	(54,002)
Deferred revenue - capital	29,413	194,019
	<u>3,950,180</u>	<u>3,456,463</u>
FINANCING ACTIVITIES		
Increase (decrease) in long term debt	<u>(462,936)</u>	<u>4,629,364</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,386,135)	(5,098,449)
Proceeds on disposal of tangible capital assets	<u>86,769</u>	<u>215,159</u>
	<u>(2,299,366)</u>	<u>(4,883,290)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	1,187,878	3,202,537
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>9,637,234</u>	<u>6,434,697</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u><u>10,825,112</u></u>	\$ <u><u>9,637,234</u></u>
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash paid for interest	\$ <u><u>116,318</u></u>	\$ <u><u>31,268</u></u>

TOWN OF QUALICUM BEACH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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The Town of Qualicum Beach was incorporated on May 5, 1942 under the provisions of the Local Government Act of British Columbia. The Town's principal activities include the provision of services to residents of Qualicum Beach. These include general government services, protective services, transportation services, environmental services, development services and parks and recreation services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

Consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated statement of financial position includes all assets and liabilities of the Town.

(b) Principles of consolidation

These financial statements include accounts of all funds of the Town. Inter-fund transactions and balances have been eliminated.

(c) Basis of accounting

Except as noted below, the basis of accounting followed in the financial statement presentation is the accrual basis and includes revenue in the period in which the transactions or events occurred that gave rise to the revenue, and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due.

(d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Employee future benefits

The Town and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

In addition to the Municipal Pension Plan, sick leave and other retirement benefits are also available to the Town's employees. The costs of these benefits are determined based on years of service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits earned as the employees render services necessary to earn the future benefits.

TOWN OF QUALICUM BEACH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Deferred revenue

Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the Town discharges the obligations that led to the collection of funds.

Revenues or receipts with respect to capital, which are subject to external restrictions, are deferred and reported as deferred revenue capital. Revenue is recognized when qualifying expenses are incurred.

(g) Non financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Inventories

Inventories are recorded at the lower of cost and net realizable value.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less the residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	50
Infrastructure - utilities	50 - 80
Infrastructure - transportation	20 - 75
Infrastructure - land improvements	25 - 75
Equipment	7 - 20

A full year of amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are initially recorded as work-in-progress and are not amortized until the asset is available for productive use.

TOWN OF QUALICUM BEACH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Government transfers

Government transfers are recognized in the consolidated financial statements as revenue in the period the transfers are authorized and any eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. As such, actual results could differ from these estimates. Significant estimates include assumptions used in estimating provisions for accounts receivable, accrued employee benefits, performing calculations of employee future benefits, estimating fair value of contributed tangible capital assets, estimating the useful lives of tangible capital assets and allocation of expenses. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

2. RESTRICTED CASH AND CASH EQUIVALENTS

Included in financial assets are cash and cash equivalents of \$206,310 (2015: \$199,823) that are invested on behalf of the cemetery trust fund. These funds may only be used for the upkeep and care of the cemetery and burial plots.

3. ACCOUNTS RECEIVABLE

	2016		2015
Property taxes	\$ 492,760	\$	493,250
Water rates	238,410		231,559
Sewer rates	153,330		150,454
Solid waste	188,493		182,514
Receivable from federal government	129,315		44,644
Trades receivable	361,710		236,600
	<u>\$ 1,564,018</u>	\$	<u>1,339,021</u>

TOWN OF QUALICUM BEACH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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4. CAPITAL LEASE RECEIVABLE

On April 1, 2016, the Town entered into a long term lease agreement for a building owned by the Town. The lease requires annual payments of \$10,757, expiring March 31, 2028. Provided the tenant satisfies all the conditions of the lease, including payment in full of the rent due over the lease term, the tenant will have an exclusive option to purchase the building from the Town for a nominal amount.

Payments due over the next five years on the capital lease receivable are as follows:

2017	\$	10,757
2018		10,757
2019		10,757
2020		10,757
2021		10,757

5. ACCOUNTS PAYABLE

	2016	2015
Trades payable	\$ 575,628	\$ 525,607
Payable to federal government	329,218	231,868
Payable to provincial government	34,897	68,311
Holdbacks payable	94,936	89,460
	<u>\$ 1,034,679</u>	<u>\$ 915,246</u>

6. DEFERRED REVENUE - CAPITAL

	Off Street Parking	Development Cost Charges	Total
Balance at beginning of year	\$ 186,683	\$ 1,542,148	\$ 1,728,831
Additions	-	12,356	12,356
Interest	1,866	15,191	17,057
	<u>\$ 188,549</u>	<u>\$ 1,569,695</u>	<u>\$ 1,758,244</u>

Deferred revenue - capital includes statutory reserves set-up by bylaw under the authority of the Community Charter which are required to be spent for the purposes specified in the Community Charter.

TOWN OF QUALICUM BEACH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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7. LONG TERM DEBT

	2016	2015
2.25% Municipal Finance Authority Loan, principal payments of \$231,468.20 semi-annually plus interest, due November 30, 2025	\$ 4,166,428	\$ 4,629,364

Principal due over the next five years on long term debt is as follows:

2017	\$ 462,936
2018	462,936
2019	462,936
2020	462,936
2021	462,936

8. TANGIBLE CAPITAL ASSETS

	Historical Cost	Accumulated Amortization	Net Book Value
<u>2016</u>			
Land	\$ 34,025,924		\$ 34,025,924
Buildings and structures	29,382,503	\$ 8,515,468	20,867,035
Infrastructure	106,535,035	51,443,953	55,091,082
Equipment	5,304,456	3,217,221	2,087,235
	\$ 175,247,918	\$ 63,176,642	\$ 112,071,276

	Historical Cost	Accumulated Amortization	Net Book Value
<u>2015</u>			
Land	\$ 34,025,924		\$ 34,025,924
Buildings and structures	29,256,986	\$ 7,923,768	21,333,218
Infrastructure	104,954,639	49,450,962	55,503,677
Equipment	5,315,912	3,079,726	2,236,186
	\$ 173,553,461	\$ 60,454,456	\$ 113,099,005

TOWN OF QUALICUM BEACH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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9. ACCUMULATED SURPLUS

	2016	2015
<u>Reserves and Surpluses</u>		
Equipment reserve fund	\$ 52,814	\$ 52,291
Property reserve fund	207,119	205,069
Park land reserve fund	42,996	42,571
Emissions reduction reserve fund	9,255	3,276
Park improvements reserve fund	87,790	86,921
Cemetery reserve fund	212,340	206,258
Municipal Finance Authority debt reserve fund	47,694	46,397
Arrowsmith water reserve	44,457	44,457
Protective services reserve	18,732	18,732
Buildings reserve account	56,000	56,000
Unallocated surplus		
General	5,104,752	4,139,362
Water	1,761,407	1,565,660
Sewer	313,544	183,230
	7,958,900	6,650,224
Investment in tangible capital assets (note 10)	107,904,848	108,469,641
Total accumulated surplus	\$ 115,863,748	\$ 115,119,865

10. INVESTMENT IN TANGIBLE CAPITAL ASSETS

	2016	2015
Investment in tangible capital assets at beginning of year	\$ 108,469,641	\$ 111,146,328
Add: Acquisition of tangible capital assets	2,386,135	5,098,449
Reduction in long term debt	462,936	-
Less: Amortization	(3,101,150)	(3,110,874)
Net book value of tangible capital asset disposals	(312,714)	(34,898)
	107,904,848	113,099,005
Less: Issue of long term debt	-	(4,629,364)
Investment in tangible capital assets at end of year	\$ 107,904,848	\$ 108,469,641

TOWN OF QUALICUM BEACH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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11. CONTINGENT LIABILITIES AND COMMITMENTS

- (a) Regional District - The Town is responsible, as a member of the Regional District of Nanaimo and of the Nanaimo Regional Hospital District, for its proportion of any operating deficits or capital debt related to functions in which it participates.
- (b) Municipal Pension Plan - The Town and its employees contribute to the Municipal Pension Plan (a jointly trusted pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 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 actuarial valuation as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The Town of Qualicum Beach paid \$374,640 for employer contributions to the plan in the fiscal year ended December 31, 2016.

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. Contributions to the plan were as follows:

	2016		2015
Employer portion	\$ 374,640	\$	369,795
Employee portion	330,258		319,684
	<u>\$ 704,898</u>	\$	<u>689,479</u>

TOWN OF QUALICUM BEACH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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11. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

- (c) Municipal Finance Authority contingent demand notes - Under borrowing arrangements with the Municipal Finance Authority (MFA), the Town is required to lodge security by means of a demand note and an interest-bearing cash deposit based on the amount of the borrowing. As a condition of the borrowing, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. This deposit is included in the Town's financial assets and is held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposit is refunded to the Town. At December 31, 2016, there was a contingent demand note of \$212,517 (2015 - \$212,517) which was not included in the financial statements of the Town.
- (d) Municipal Insurance Association of British Columbia - The Town is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the Town, along with other participants, would be required to contribute towards the deficit.
- (e) Other contingent liabilities consisting of routine claims will be accounted for as an expense in the period in which the costs are incurred. It is not possible to determine the Town's liability, if any, with respect to these other matters.

12. SEGMENT DISCLOSURE BY SERVICE

The Town of Qualicum Beach is a diversified municipal government that provides a wide range of services to its residents. The following is a description of the types of services included in each of the main segments of the Town's financial statements:

General Government Services

Services related to general corporate and legislative governance and administration as well as human resources, information technology and financial management.

Protective Services

Services related to providing fire protection, bylaw enforcement and building inspection to the Town, as well as the Town's share of expenses related to providing policing.

Transportation Services

Services related to the delivery of municipal public works services including the development and maintenance of roadway systems, street lighting, and other public works and engineering related services.

TOWN OF QUALICUM BEACH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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12. SEGMENT DISCLOSURE BY SERVICE (continued)

Environmental Services

Services related to the collection of garbage and chipping as well as environmental testing and monitoring. It also includes services related to the delivery of water, sanitary sewer removal and the planning and development and maintenance of the Town's water and sewer infrastructure.

Planning and Development Services

Services related to planning for development and for improving quality of life and sustainability initiatives.

Parks and Recreation Services

Services related to the development and maintenance of parks and trails, municipal landscaping, and providing and maintaining recreation and cultural buildings.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1. For additional information see the Consolidated Schedule of Segment Disclosure by Service (Schedule D).

13. COMPARATIVE FIGURES

Certain 2015 comparative figures have been changed to reflect financial statement presentation adopted in the current year.

TOWN OF QUALICUM BEACH
CONSOLIDATED SCHEDULE OF REVENUES
YEAR ENDED DECEMBER 31, 2016

	2016 Budget (unaudited)	2016 Actual	S8 2015 Actual SCHEDULE A
NET TAXATION			
Taxes collected for municipal purposes			
General	\$ 7,770,440	\$ 7,770,913	\$ 7,431,265
Parcel tax - water	785,800	795,410	788,850
Parcel tax - sewer	161,400	163,030	161,630
1% utility tax	145,482	140,876	140,491
	<u>8,863,122</u>	<u>8,870,229</u>	<u>8,522,236</u>
Taxes collected for other governments			
Education	4,606,000	4,606,296	4,602,191
Regional District of Nanaimo	3,617,000	3,618,234	3,519,192
Nanaimo Regional Hospital District	474,000	473,791	461,900
Vancouver Island Regional Library	454,000	453,667	436,405
B.C. Assessment Authority	122,600	122,837	126,846
Municipal Finance Authority	400	436	413
	<u>9,274,000</u>	<u>9,275,261</u>	<u>9,146,947</u>
Less taxes paid to other governments	<u>(9,274,000)</u>	<u>(9,280,934)</u>	<u>(9,140,242)</u>
	<u>-</u>	<u>(5,673)</u>	<u>6,705</u>
Grants-in-lieu of taxes			
Federal government	14,000	14,677	13,880
Taxes paid to other governments	(7,571)	(7,623)	(7,316)
Fortis BC	25,000	15,336	-
B.C. Hydro	88,851	59,517	71,871
Permissive tax exemptions	119,933	120,000	117,000
	<u>240,213</u>	<u>201,907</u>	<u>195,435</u>
	<u>\$ 9,103,335</u>	<u>\$ 9,066,463</u>	<u>\$ 8,724,376</u>
WATER AND SEWER RATES			
Water user rates	\$ 1,086,280	\$ 1,182,716	\$ 1,156,185
Water connection fees	11,000	28,766	44,328
Sewer user rates	543,522	549,759	537,866
Sewer connection fees	11,000	26,250	25,500
	<u>\$ 1,651,802</u>	<u>\$ 1,787,491</u>	<u>\$ 1,763,879</u>
SALE OF SERVICES			
Public Works	\$ 23,000	\$ 55,162	\$ 37,391
Solid waste pickup	647,319	650,851	644,629
Cemetery	40,366	43,305	36,760
	<u>\$ 710,685</u>	<u>\$ 749,318</u>	<u>\$ 718,780</u>

TOWN OF QUALICUM BEACH
CONSOLIDATED SCHEDULE OF REVENUES (continued)
YEAR ENDED DECEMBER 31, 2016

				S8
				SCHEDULE A
	2016 Budget (unaudited)	2016 Actual	2015 Actual	
OTHER REVENUE FROM OWN SOURCES				
Licences and permits	\$ 201,458	\$ 288,519	\$ 236,790	
Leases and rentals	352,710	431,840	378,683	
Interest on investments	45,000	82,397	45,697	
Interest on property taxes	66,349	77,661	74,752	
Miscellaneous - operating	58,000	107,566	63,205	
Contributions and other	40,000	78,344	73,574	
Airport services	170,499	225,926	200,034	
Community Hall	30,937	24,102	30,236	
Civic Centre	121,989	123,211	124,636	
	<u>\$ 1,086,942</u>	<u>\$ 1,439,566</u>	<u>\$ 1,227,607</u>	
GOVERNMENT TRANSFERS				
Operating				
Revenue sharing grants	\$ 305,000	\$ 477,722	\$ 489,844	
Fire protection	110,000	97,850	100,625	
Community parks and other	125,000	132,462	124,969	
Other grants	13,000	6,409	15,000	
	<u>553,000</u>	<u>714,443</u>	<u>730,438</u>	
Capital				
Infrastructure	100,000	231,468	231,468	
Federal gas tax revenue	403,000	471,587	405,309	
	<u>503,000</u>	<u>703,055</u>	<u>636,777</u>	
	<u>\$ 1,056,000</u>	<u>\$ 1,417,498</u>	<u>\$ 1,367,215</u>	
OTHER CAPITAL REVENUE				
Gain (loss) on disposal of tangible capital assets	\$ -	\$ (225,945)	\$ 180,261	
TOTAL REVENUE	<u>\$ 13,608,764</u>	<u>\$ 14,234,391</u>	<u>\$ 13,982,118</u>	
SUMMARY OF REVENUE				
Operating revenue	\$ 13,065,764	\$ 13,757,281	\$ 13,165,080	
Capital and other revenue	<u>543,000</u>	<u>477,110</u>	<u>817,038</u>	
	<u>\$ 13,608,764</u>	<u>\$ 14,234,391</u>	<u>\$ 13,982,118</u>	

TOWN OF QUALICUM BEACH
CONSOLIDATED SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2016

S9

SCHEDULE B

	2016 Budget (unaudited)	2016 Actual	2015 Actual
GENERAL GOVERNMENT SERVICES			
Legislative	\$ 125,000	\$ 129,482	\$ 128,696
Grants-in-aid	201,961	206,600	332,909
Office and ground maintenance	191,500	164,380	224,360
Administrative	1,212,342	1,241,429	1,165,661
Other	117,990	118,323	95,594
	<u>1,848,793</u>	<u>1,860,214</u>	<u>1,947,220</u>
Fiscal services	26,000	15,820	22,397
Amortization of tangible capital assets	63,000	62,815	62,815
	<u>\$ 1,937,793</u>	<u>\$ 1,938,849</u>	<u>\$ 2,032,432</u>
PROTECTIVE SERVICES			
RCMP	\$ 1,275,000	\$ 1,090,090	\$ 1,005,657
Fire department	679,463	679,271	624,631
Other	392,814	394,286	386,305
	<u>2,347,277</u>	<u>2,163,647</u>	<u>2,016,593</u>
Fiscal services	104,000	100,498	8,871
Amortization of tangible capital assets	131,000	131,029	131,029
	<u>\$ 2,582,277</u>	<u>\$ 2,395,174</u>	<u>\$ 2,156,493</u>
TRANSPORTATION SERVICES			
Public Works administration and yard	\$ 609,661	\$ 699,855	\$ 610,532
Roads and drainage	846,020	784,085	783,159
Airport	346,753	346,510	311,259
Less fuel sales	(219,151)	(207,902)	(219,784)
Street lighting	165,000	174,574	158,443
Equipment operating costs	551,269	495,217	431,863
	<u>2,299,552</u>	<u>2,292,339</u>	<u>2,075,472</u>
Amortization of tangible capital assets	2,227,000	2,228,344	2,238,068
	<u>\$ 4,526,552</u>	<u>\$ 4,520,683</u>	<u>\$ 4,313,540</u>
ENVIRONMENTAL HEALTH SERVICES			
Waste removal	\$ 591,000	\$ 500,363	\$ 501,926
Solid waste landfill	12,923	6,976	6,321
Other solid waste	51,250	95,009	33,746
	<u>\$ 655,173</u>	<u>\$ 602,348</u>	<u>\$ 541,993</u>

TOWN OF QUALICUM BEACH
CONSOLIDATED SCHEDULE OF EXPENSES (continued)
YEAR ENDED DECEMBER 31, 2016

S9

SCHEDULE B
2015
Actual

	2016 Budget (unaudited)	2016 Actual	
WATER SERVICES			
Water maintenance	\$ 1,025,000	\$ 1,006,183	\$ 1,004,411
Amortization of tangible capital assets	362,000	361,848	361,848
	<u>\$ 1,387,000</u>	<u>\$ 1,368,031</u>	<u>\$ 1,366,259</u>
SEWER SERVICES			
Sewer maintenance	\$ 226,000	\$ 206,813	\$ 186,632
Amortization of tangible capital assets	152,000	151,972	151,972
	<u>\$ 378,000</u>	<u>\$ 358,785</u>	<u>\$ 338,604</u>
PUBLIC HEALTH SERVICES			
Cemetery	\$ 49,350	\$ 41,982	\$ 40,214
PLANNING AND DEVELOPMENT SERVICES			
Planning and zoning	\$ 321,002	\$ 297,860	\$ 213,725
Community development	484,261	365,971	296,621
	<u>\$ 805,263</u>	<u>\$ 663,831</u>	<u>\$ 510,346</u>
PARKS AND RECREATION SERVICES			
Recreation	\$ 17,008	\$ 20,064	\$ 13,399
Community Hall	73,657	53,462	49,001
Civic Centre	362,197	301,907	332,908
Parks buildings	187,401	201,148	132,346
Beach maintenance	63,391	57,707	56,211
Parks and landscaping	800,134	801,395	713,719
	1,503,788	1,435,683	1,297,584
Amortization of tangible capital assets	165,000	165,142	165,142
	<u>\$ 1,668,788</u>	<u>\$ 1,600,825</u>	<u>\$ 1,462,726</u>
TOTAL EXPENSES	<u>\$ 13,990,196</u>	<u>\$ 13,490,508</u>	<u>\$ 12,762,607</u>
SUMMARY OF EXPENSES			
Operating costs	\$ 10,760,196	\$ 10,273,040	\$ 9,620,465
Fiscal services	130,000	116,318	31,268
Amortization of tangible capital assets	3,100,000	3,101,150	3,110,874
	<u>\$ 13,990,196</u>	<u>\$ 13,490,508</u>	<u>\$ 12,762,607</u>

TOWN OF QUALICUM BEACH
SCHEDULE OF RECEIPTS AND DISBURSEMENTS OF GAS TAX AGREEMENT
YEAR ENDED DECEMBER 31, 2016

S10
SCHEDULE C

	<u>2016</u>	<u>2015</u>
Gas Tax Agreement Funds		
Opening balance	\$ (210,781)	\$ (616,090)
Add: Amount received during the year	471,587	405,309
Less: Amount spent on projects	<u>(1,770,414)</u>	<u>-</u>
	<u>\$ (1,509,608)</u>	<u>\$ (210,781)</u>

Federal gas tax funding is provided by the Government of Canada. Use of the funding is established by a funding agreement between the Municipality and the Union of British Columbia Municipalities. Gas tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

TOWN OF QUALICUM BEACH
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE BY SERVICE
DECEMBER 31, 2016

S11
SCHEDULE D

	Consolidated		General Government Services		Protective Services		Transportation Services		Environmental Services		Planning and Development Services		Parks and Recreation Services	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue														
Net taxation	\$ 9,066,463	\$ 8,724,376	\$ 8,108,023	\$ 7,773,896	\$ -	\$ -	\$ -	\$ -	\$ 958,440	\$ 950,480	\$ -	\$ -	\$ -	\$ -
Sale of services	2,536,809	2,482,659	-	-	-	-	44,430	28,125	2,490,606	2,452,468	-	-	1,753	2,066
Other operating revenue	1,439,566	1,227,607	645,980	543,728	298,414	246,653	265,927	200,034	-	-	71,113	65,920	158,132	169,272
Government transfers	1,417,498	1,367,215	420,181	433,636	393,268	388,301	-	15,000	471,587	405,309	-	-	132,462	124,969
Gain (loss) on disposal of assets	(225,945)	180,261	(225,945)	180,261	-	-	-	-	-	-	-	-	-	-
Other capital revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14,234,391	13,982,118	8,948,239	8,933,521	691,682	634,954	310,377	243,159	3,920,633	3,808,257	71,113	65,920	292,347	296,307
Expenses														
Wages and salaries	5,508,032	5,068,238	988,348	1,008,371	883,132	825,636	1,304,070	1,046,149	886,637	911,042	320,826	262,381	1,125,019	1,014,459
Goods and services	4,765,008	4,552,227	871,866	938,849	1,280,515	1,190,957	988,269	1,029,323	970,689	862,208	343,005	247,765	310,664	283,125
Amortization	3,101,150	3,110,874	62,815	62,815	131,029	131,029	2,228,344	2,238,068	513,820	513,820	-	-	165,142	165,142
Fiscal services	116,318	31,268	15,820	22,397	100,498	8,871	-	-	-	-	-	-	-	-
	13,490,508	12,762,607	1,938,849	2,032,432	2,395,174	2,156,493	4,520,683	4,313,540	2,371,146	2,287,070	663,831	510,346	1,600,825	1,462,726
Annual surplus (deficit)	\$ 743,883	\$ 1,219,511	\$ 7,009,390	\$ 6,901,089	\$ (1,703,492)	\$ (1,521,539)	\$ (4,210,306)	\$ (4,070,381)	\$ 1,549,487	\$ 1,521,187	\$ (592,718)	\$ (444,426)	\$ (1,308,478)	\$ (1,166,419)

TOWN OF QUALICUM BEACH
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
DECEMBER 31, 2016

S12
SCHEDULE E

	Land	Buildings	Equipment	Water	Sewer	Drainage	Roads	Other	WIP	Parks	Total
COST											
Opening Balance (Jan 1, 2015)	\$ 33,774,823	\$ 22,503,028	\$ 5,360,484	\$ 14,658,446	\$ 9,599,220	\$ 17,988,715	\$ 42,061,595	\$ 18,853,584	\$ 2,292,023	\$ 1,473,928	\$ 168,565,846
Add: 2015 Additions	286,000	6,753,958	-	-	-	125,134	92,035	-	(2,158,678)	-	5,098,449
Less: 2015 Disposals	(34,899)	-	(44,572)	-	-	-	(31,363)	-	-	-	(110,834)
Closing Balance (Dec 31, 2015)	34,025,924	29,256,986	5,315,912	14,658,446	9,599,220	18,113,849	42,122,267	18,853,584	133,345	1,473,928	173,553,461
Add: 2016 Additions	-	238,986	222,457	-	-	42,345	349,989	42,067	1,490,291	-	2,386,135
Less: 2016 Disposals	-	(113,469)	(233,913)	-	-	-	(344,296)	-	-	-	(691,678)
Closing Balance (Dec 31, 2016)	34,025,924	29,382,503	5,304,456	14,658,446	9,599,220	18,156,194	42,127,960	18,895,651	1,623,636	1,473,928	175,247,918

ACCUMULATED AMORTIZATION

Opening Balance (Jan 1, 2015)	7,329,341	2,810,325	5,004,033	4,714,014	6,030,265	22,748,911	7,896,785	-	-	885,844	57,419,518
Add: 2015 Amortization	594,427	313,974	209,328	159,987	314,813	1,106,721	376,607	-	-	35,017	3,110,874
Less: 2015 Disposals	-	(44,573)	-	-	-	(31,363)	-	-	-	-	(75,936)
Closing Balance (Dec 31, 2015)	7,923,768	3,079,726	5,213,361	4,874,001	6,345,078	23,824,269	8,273,392	-	-	920,861	60,454,456
Add: 2016 Amortization	608,981	288,042	209,328	159,987	315,518	1,106,535	377,815	-	-	34,944	3,101,150
Less: 2016 Disposals	(17,281)	(150,547)	-	-	-	(211,136)	-	-	-	-	(378,964)
Closing Balance (Dec 31, 2016)	8,515,468	3,217,221	5,422,689	5,033,988	6,660,596	24,719,668	8,651,207	-	-	955,805	63,176,642

Net Book Value (Dec 31, 2015) \$ 34,025,924 \$ 21,333,218 \$ 2,236,186 \$ 9,445,085 \$ 4,725,219 \$ 11,768,771 \$ 18,297,998 \$ 10,580,192 \$ 133,345 \$ 553,067 \$ 113,099,005

Net Book Value (Dec 31, 2016) \$ 34,025,924 \$ 20,867,035 \$ 2,087,235 \$ 9,235,757 \$ 4,565,232 \$ 11,495,598 \$ 17,408,292 \$ 10,244,444 \$ 1,623,636 \$ 518,123 \$ 112,071,276

**Town of Qualicum Beach
Schedule of Debt (Long Term)
For the year ended December 31, 2016**

	2016	2015
<u>Capital Lease</u>		
Fire Hall Loan 2.25%, due November 30, 2025	\$4,166,428	\$4,629,364

**Town of Qualicum Beach
Schedule of Guarantee & Indemnity Agreements
For the year ended December 31, 2016**

There were no guarantee & indemnity agreements outstanding at December 31, 2016.

**Town of Qualicum Beach
Report of Employee Severance Agreements
For the year ended December 31, 2016**

There were no employee severance agreements in 2016.

Town of Qualicum Beach
Schedule Showing Council Remuneration and Expenses Paid
For The Twelve Months Ending December 31, 2016

Council	Remuneration (Stipend)			Reimbursed Expenses	Grand Total
	Payroll	Expenses	Total		
Avis, B	\$14,183	\$7,092	\$21,275	\$9,894	\$31,169
Horner, N	\$14,183	\$7,092	\$21,275	\$3,699	\$24,974
Luchtmeijer, W	\$14,183	\$7,092	\$21,275	\$6,700	\$27,975
Skipsey, A	\$14,183	\$7,092	\$21,275	\$7,026	\$28,301
Westbroek, T	\$23,468	\$11,734	\$35,202	\$13,841	\$49,043
	<u>\$80,200</u>	<u>\$40,100</u>	<u>\$120,300</u>	<u>\$41,160</u>	<u>\$161,460</u>

Town of Qualicum Beach
Schedule Showing Staff Remuneration and Expenses Paid
For The Twelve Months Ending December 31, 2016

Staff	Remuneration	Expenses	Total
Botelho, A.	89,052	1,265	90,317
Cornell, P.G.	97,283	227	97,510
Humphreys, J	77,373	6,747	84,120
Kobe, T	78,209	1,869	80,078
Kohse, D.E.	101,640	2,270	103,910
Marsh, J.K.	145,855	4,842	150,697
Marshall, D.R.	79,346	281	79,627
Purdon, C.D.	89,757	2,349	92,106
Sailland, D	142,988	8,747	151,735
Sales, L.B.	113,529	1,550	115,079
Schwabe, A.	89,377	2,448	91,825
Smith, R.J.	86,077	2,235	88,312
Svensen, H.B.	111,581	4,274	115,855
Thomas, B.G.	86,435	0	86,435
Weir, R.K.	149,504	2,957	152,461
Wist, J	93,526	5,734	99,260
Total For Employees Over \$75,000	1,631,533	47,795	1,679,328
Total For Employees Under \$75,000	2,759,823	138,724	2,898,547
Total For All Employees	4,391,356	186,519	4,577,875

Town of Qualicum Beach
Schedule Showing Reconciliation of Staff and Council Remuneration
as compared to 2016 Financial Statements

	Amount
Employee remuneration schedule	4,391,356
Council remuneration schedule	<u>120,300</u>
sub total	4,511,656
Employee Benefits and Other Adjustments	<u>996,376</u>
Total Wages and Benefits in Financial Statements	<u><u>5,508,032</u></u>

**TOWN OF QUALICUM BEACH
SUPPLIER PAYMENTS - 2016**

SUPPLIER NAME	AMOUNT
678665 BC LTD	55,430.25
770895 BC LTD	66,082.08
AIR CADET LEAGUE OF CANADA	129,090.04
BC ASSESSMENT AUTHORITY	122,824.16
BC HYDRO	390,320.07
CALGON CARBON CORP	30,898.68
CDW CANADA	62,577.92
COMPUGEN INC	36,541.39
COPCAN CIVIL LTD	739,603.45
CORIX WATER PRODUCTS	55,669.99
CUPE - LOCAL #401	57,655.86
D.K.I. SERVICES LTD	29,019.90
DBL DISPOSAL SERVICES	40,809.50
DOLLY'S HOME HARDWARE	30,662.81
ENEX FUELS	165,195.58
ESC AUTOMATION INC	91,052.98
FINNING CANADA	35,814.00
FINNING CAT (CANADA)	78,232.00
FOUR STAR WATERWORKS LTD	77,560.18
FULL SERVICE FUELS	136,160.76
GREGG DISTRIBUTORS (BC) LTD	40,088.95
GUILLEVIN INTERNATIONAL INC.	58,951.42
HARRIS & COMPANY	31,024.38
HAYLOCK BROTHERS PAVING	419,807.38
I.C.B.C.	46,754.00
ICBC	39,200.00
KNAPPETT INDUSTRIES (2006) LTD	48,038.77
KOERS & ASSOCIATES ENGINEERING	569,813.05
MCGORMAN MACLEAN	26,853.75
MINISTER OF FINANCE - MSP	77,342.50

**TOWN OF QUALICUM BEACH
SUPPLIER PAYMENTS - 2016**

SUPPLIER NAME	AMOUNT
MINISTER OF FINANCE - School Tax	1,060,640.11
MUNICIPAL INSURANCE ASSOC. OF BC	166,944.79
MUNICIPAL PENSION FUND	676,101.88
NANAIMO REGIONAL HOSPITAL DIST	474,419.58
NORTH ISLAND POWER SWEEPING	43,228.51
PACIFIC BLUE CROSS	176,659.36
PARKSVILLE CHRYSLER DODGE JEEP	46,308.41
PARKSVILLE HEAVY EQUIPMENT	41,709.59
QB CHAMBER OF COMMERCE	67,511.95
QB HISTORICAL & MUSEUM SOCIETY	53,852.00
RAYLEC POWER LTD	31,179.13
RECEIVER GENERAL FOR CANADA (PAYROLL)	229,570.70
RECEIVER GENERAL FOR CANADA (RCMP)	985,608.33
REGIONAL DISTRICT OF NANAIMO	4,685,173.60
TELUS COMMUNICATIONS (BC) INC	35,266.42
TETRA TECH CANADA INC	30,562.84
VANCOUVER ISLAND REGIONAL LIBRARY	452,580.00
VISA	149,894.51
WASTE CONNECTIONS OF CANADA	70,731.90
WINDLEY CONTRACTING	85,470.00
WINDSOR PLYWOOD PARKSVILLE	38,401.77
WORKERS' COMPENSATION BOARD	<u>93,144.26</u>
 TOTAL PAID TO SUPPLIERS GREATER THAN \$25,000	 13,484,035.44
 CONSOLIDATED TOTAL OF ALL OTHER PAYMENTS	 <u>1,909,548.02</u>
 GRAND TOTAL	 <u><u>15,393,583.46</u></u>

**Town of Qualicum Beach
Reconciliation of Suppliers Payments for 2016
Compared to Financial Statements**

Supplier Name	Amount
Supplier payments	15,393,583
Employee remuneration	4,391,356
Council remuneration	120,300
Acquisition of capital assets	-2,386,135
Amortization of capital assets	3,101,150
Other amounts and adjustments	-1,538,269
Other government tax payments	<u>-5,591,478</u>
Total Adjusted Payments	<u>13,490,508</u>
 2016 Financial Statement Expenditures	 <u>13,490,508</u>