
MEMORANDUM

TO: Mayor & Council
FROM: Raj Hayre, Director of Finance
DATE: June 14, 2023
RE: 2022 Financial Information Report

RECOMMENDATION:

That the Town of Qualicum Beach 2022 Financial Information Report be received and approved by Council.

PURPOSE:

To present the 2022 Financial Information Report required pursuant to the *Financial Information Act*.

BACKGROUND:

Local governments in British Columbia must produce financial information in booklet form each year on or before June 30th and forward to the Ministry of Community Development. The Financial Information Act requires the following information:

- A schedule of Council remuneration and expenses
- A schedule of Employee remuneration and expenses (over \$75,000) and reconciled to financial statements
- A schedule of Supplier payments for goods and services (over \$25,000) and reconciled to financial statements
- A schedule of long-term debt, a schedule of guarantee and indemnity agreements, and report on number of employee severance agreements
- Management report (included in 2022 Audited Financial Statements)
- Consolidated financial statements of financial position, operations and net financial assets.
- Notes and schedules to financial statements

It is important to note that some employee remunerations may vary from previous years as a result of a number of factors, the most significant being the payout of unused vacation time, the payout of Union employee overtime, and on-call pay for some employees.

ALTERNATIVES:

As directed by Council.



Raj Hayre, CPA, CMA
Director of Finance
Report Writer



Lou Varela
Chief Administrative Officer
Concurrence

**Town of Qualicum Beach
Report under the Financial Information Act
For the Year Ended December 31, 2022**

Index

Other Financial Information Section

Schedule of Council remuneration and expenses
Schedule of Employee remuneration and expenses, and reconciliation
Schedule of Supplier payments for goods and services, and reconciliation
Schedule of long term debt
Schedule of guarantee and indemnity agreements (nil in 2022)
Report of severance agreements

Financial Statement Section (Items Included in Audited Financial Statements)

Management Responsibilities
Independent Auditors' Report
Consolidated Statement of Financial Position
Consolidated Statement of Operations
Consolidated Statement of Change in Net Financial Assets
Consolidated Statement of Cash Flows
Notes to Financial Statements
Consolidate Revenues
Consolidated Expenses
Receipts and Disbursements of Gas Tax Agreement
Consolidated Segment Disclosure by Service
Consolidated Tangible Capital Assets

Town of Qualicum Beach
Schedule Showing Council Remuneration and Expenses Paid
For The Twelve Months Ending December 31, 2022

Name	Position	Remuneration (Stipend)	Reimbursed Expenses
Filmer, R	Councillor	\$31,100	\$2,719
Harrison, S	Councillor	\$36,500	\$4,478
Skipsey, A	Councillor	\$36,500	\$5,092
Vander Valk, P	Councillor	\$5,500	\$0
Westbroek, T	Councillor/ Mayor	\$38,334	\$4,584
Wiese, B	Mayor	\$41,467	\$5,324
Young, J	Councillor	\$5,500	\$0
		<u>\$194,902</u>	<u>\$22,197</u>

Town of Qualicum Beach
Schedule Showing Staff Remuneration and Expenses Paid
For The Twelve Months Ending December 31, 2022

Name	Position	Base Remuneration¹	Other Remuneration²	Total Remuneration	Expenses	Total
Augustyn, R.	Planner	79,893	1,044	80,937	576	81,513
Botelho, A.	Working Foreman II	55,789	22,608	78,398	0	78,398
Conn, G	Manager of Finance	110,054	653	110,707	2,015	112,721
Cornell, P.G.	Fire Chief	137,386	682	138,068	2,790	140,858
Eshpeter, M	Building Inspector III	80,965	343	81,308	2,369	83,677
Gould, W	Deputy Corporate Administrator	92,030	2,267	94,297	1,652	95,949
Hillsden, C	Trades III (Mechanic)	78,902	360	79,262	207	79,469
Khrustalev, D	Information Systems Analyst	84,349	343	84,693	30	84,722
Kobe, T	Collector	52,861	55,565	108,426	0	108,426
Marsh, J.K.	Director of Finance	116,675	58,020	174,695	1,640	176,335
Marshall, D.R.	Bylaw Officer III	86,949	343	87,292	1,711	89,003
McKenzie, F	Deputy Fire Chief	115,864	2,338	118,202	5,484	123,685
Sales, L.B.	Director of Planning	132,567	21,148	153,715	2,671	156,387
Schwabe, A.	Manager of Operations	122,975	10,224	133,199	4,874	138,072
Smith, Cayce	Working Foreman	76,725	343	77,068	1,659	78,728
Stanger, C	Utility Chief Operator	86,761	377	87,139	2,285	89,424
Sumando, C	Local Ass't Fire Commissioner III	79,988	25,173	105,161	9,416	114,577
Sun, R	Manger of IT and GIS	102,840	8,443	111,283	1,619	112,901
Svensen, H.B.	Corporate Administrator/ Deputy CAO	162,831	25,655	188,486	3,538	192,024
Twigge, L	Working Foreman	85,476	777	86,253	366	86,619
Varela, L	Chief Administrative Officer	116,591	224	116,814	10,931	127,746
Watson, O	Superintendent of Public Works	108,598	2,729	111,327	205	111,533
Weir, R.K.	Director of Engineering & Capital Projects	153,917	0	153,917	1,661	155,577
Total For Employees Over \$75,000		2,320,986	239,660	2,560,645	57,697	2,618,343
Total For Employees Under \$75,000				2,689,153	38,114	2,727,267
Total For All Employees				5,249,798	95,811	5,345,609

¹Base remuneration includes any form of salary or wages paid to an employee during the year but does not include anything payable under a severance agreement.

²Other Remuneration includes taxable benefits, vacation payouts, overtime payouts for Union staff, fire pay and election pay.

Town of Qualicum Beach
Schedule Showing Reconciliation of Staff and Council Remuneration
as compared to 2022 Financial Statements

	Amount
Employee remuneration schedule	5,249,798
Council remuneration schedule	<u>194,902</u>
sub total	5,444,700
Employee Benefits and Other Adjustments	<u>1,030,034</u>
Total Wages and Benefits in Financial Statements	<u><u>6,474,734</u></u>

**TOWN OF QUALICUM BEACH
SUPPLIER PAYMENTS - 2022**

SUPPLIER NAME	AMOUNT
ADVANTAGE ASSET TRACKING	26,571
ARROWVIEW ELECTRIC	53,230
AURORA ROOFING LTD	26,250
BC ASSESSMENT AUTHORITY	166,632
BC HYDRO	489,056
BC HYDRO CAD-130160	25,607
BROGAN FIRE & SAFETY	64,100
C&L SUPERIOR CLEANING SERVICES	113,686
CITY OF NANAIMO	25,099
CITY OF PARKSVILLE	64,993
COPCAN CIVIL LP	602,438
CUPE - LOCAL #401	58,540
DBL DISPOSAL SERVICES	43,129
DOLLY'S HOME HARDWARE	42,757
DYCON CONSTRUCTION LTD.	601,035
E.B. HORSMAN & SON	25,051
E2 ENGINEERING INC	28,231
EDGETT EXCAVATING LTD	257,135
ENEX FUELS	851,217
EXPRESS CUSTOM TRAILER MFG	74,182
FINLAYSON BONET ARCHITECTURE	47,024
FLOCOR INC	48,366
FORT GARRY FIRE TRUCKS	457,694
FORTIS BC-NATURAL GAS	27,194
FORWARD HOUSE COMMUNITY SOCIETY	45,334
FOUR STAR WATERWORKS	70,357
GIBBINGS CONSULTING LTD	25,053
GREGG DISTRIBUTORS (BC) LTD	37,550
HARRIS & COMPANY	38,173
HARRIS OCEANSIDE GM	53,285
HAYLOCK BROTHERS PAVING	122,398
ICBC	45,503
IDEA CAMP COMMUNICATIONS	40,804
INFRASTRUCTURE SOLUTIONS (SOFTWARE) INC	46,725
ISLAND CRISIS CARE SOCIETY	48,122
ISLE GOLF CARS INC	28,571
KEYSTONE HVAC LTD	129,893
KOERS & ASSOCIATES ENGINEERING	600,597
KTI LIMITED	31,531
LAFRENTZ ROAD MARKING	52,515
LAIDLAW, DOROTHY JOAN	25,123
LEUCO CONSTRUCTION INC	183,670

**TOWN OF QUALICUM BEACH
SUPPLIER PAYMENTS - 2022**

SUPPLIER NAME	AMOUNT
MAINROAD MAINTENANCE PRODUCTS	46,673
MCGORMAN MACLEAN	27,825
MILESTONE EQUIPMENT CONTRACTING INC	662,740
MINISTER OF FINANCE	2,143,727
MITACS INC	37,800
MKM PROJECTS LTD	2,147,114
MUNICIPAL INSURANCE ASSOC OF BC	92,695
MUNICIPAL PENSION FUND	402,534
MURRAY, PAUL	69,328
PACIFIC BLUE CROSS	199,397
QB CHAMBER OF COMMERCE	65,944
QB HISTORICAL & MUSEUM SOCIETY	106,003
RAYLEC POWER LTD	888,951
RBS MANAGED IT SERVICES	303,916
RECEIVER GENERAL FOR CANADA	1,593,507
REGIONAL DISTRICT OF NANAIMO	7,534,492
RIDGELINE MECHANICAL LTD	204,651
ROYAL BANK OF CANADA	291,041
SCHOOL DISTRICT 69 (QUALICUM)	56,400
TELUS MOBILITY (BC)	29,937
TETRA TECH CANADA INC	142,870
VAN-BERG INTERIORS PAINTING	28,193
VANCOUVER ISLAND REGIONAL LIBRARY	562,522
VANCOUVER ISLAND UNIVERSITY	85,343
VISA	122,933
WASTE CONNECTIONS OF CANADA	61,698
WEX CANADA LTD	77,216
WHITE PACIFIC SERVICES	120,185
WORKSAFEBC	160,758
YOUNG, ANDERSON BARRISTERS & SOLICITORS	50,290
 TOTAL PAYMENTS (Vendors Over \$25,000)	 24,161,104
MISCELLANEOUS PAYMENTS (\$25,000 and Under)	<u>2,148,042</u>
TOTAL PAYMENTS	<u>26,309,146</u>

**Town of Qualicum Beach
Reconciliation of Suppliers Payments for 2022
Compared to Financial Statements**

Supplier Name	Amount
Supplier payments	26,309,146
Employee remuneration	5,249,798
Council remuneration	194,902
Acquisition of capital assets	-7,069,247
Amortization of capital assets	3,541,508
Other amounts and adjustments	-1,356,323
Other government tax payments	<u>-8,966,403</u>
Total Adjusted Payments	<u>17,903,382</u>
2022 Financial Statement Expenditures	<u>17,903,382</u>

**Town of Qualicum Beach
Schedule of Debt (Long Term)
For the year ended December 31, 2022**

	2022	2021
<u>Capital Lease</u>		
Fire Hall Loan 2.25%, due November 30, 2025	\$1,388,809	\$1,851,746
Fire Truck Loan, daily floating rate, due December 31, 2027	\$ 920,000	\$ -

Town of Qualicum Beach
Schedule of Guarantee & Indemnity Agreements
For the year ended December 31, 2022

There were no guarantee & indemnity agreements outstanding at December 31, 2022.

Town of Qualicum Beach
Report of Employee Severance Agreements
For the year ended December 31, 2022

There were no severance agreements made between the Town of Qualicum Beach and its non-unionized employees during 2022.

Consolidated Financial Statements of



TOWN OF
QUALICUM BEACH

And Independent Auditor's Report thereon

Year ended December 31, 2022



TOWN OF QUALICUM BEACH

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Town of Qualicum Beach (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet 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.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

Manager of Finance

Director of Finance



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Tel 250-563-7151
Fax 250-563-5693

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Town of Qualicum Beach

Opinion

We have audited the consolidated financial statements of Town of Qualicum Beach (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

Other Matter - Comparative Information

The consolidated financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 27, 2022.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Prince George, Canada

May 10, 2023



December 31, 2022, with comparative information for 2021

Commitments and contingencies (note 12)

See accompanying notes to consolidated financial statements.





TOWN OF QUALICUM BEACH

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 14)	2022 Actual	2021 Actual
Revenue (note 13):			
Net taxation (note 10)	\$ 12,014,000	\$ 12,124,052	\$ 11,337,716
Water and sewer rates	2,297,000	2,393,085	2,287,578
Sale of services	774,000	801,785	791,734
Other revenue from own sources	1,266,000	3,194,755	2,595,188
Government transfers (note 11)	6,134,000	5,187,136	2,913,968
Capital contributions	400,000	12,550	64,940
Gain on sale of tangible capital assets	-	-	315,977
Gain on sale of assets held for sale	-	2,581,704	395,708
Total revenue	22,885,000	26,295,067	20,702,809
Expenses (note 13):			
General government services	2,758,000	2,620,992	2,651,512
Protective services	3,478,000	3,071,689	2,883,343
Transportation services	5,300,000	5,926,188	5,427,473
Solid waste services	908,000	924,259	880,544
Water services	1,556,000	1,767,412	1,458,402
Sewer services	445,000	458,847	412,406
Planning and development services	1,683,000	1,264,645	1,169,779
Parks and recreation services	2,251,000	1,869,350	2,029,298
Total expenses	18,379,000	17,903,382	16,912,757
Annual surplus	4,506,000	8,391,685	3,790,052
Accumulated surplus, beginning of year	133,515,155	133,515,155	129,725,103
Accumulated surplus, end of the year	\$ 138,021,155	\$ 141,906,840	\$ 133,515,155

See accompanying notes to consolidated financial statements.



TOWN OF QUALICUM BEACH

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
Annual surplus	\$ 4,506,000	\$ 8,391,685	\$ 3,790,052
Acquisition of tangible capital assets	(13,357,000)	(7,069,247)	(7,347,011)
Amortization of tangible capital assets	3,400,000	3,541,508	3,465,791
Gain on sale of tangible capital assets	-	-	(315,977)
Proceeds on sale of tangible capital assets	4,000,000	-	395,250
Tangible capital assets transferred to held for sale	-	-	291,681
Loss on disposal of tangible capital assets	-	43,063	-
	(5,957,000)	(3,484,676)	(3,510,266)
Use of supplies inventories	-	7,580	5,856
Change in prepaid expenses	-	10,920	(27,766)
	-	18,500	(21,910)
Change in net financial assets	(1,451,000)	4,925,509	257,876
Net financial assets, beginning of year	8,300,775	8,300,775	8,042,899
Net financial assets, end of year	\$ 6,849,775	\$ 13,226,284	\$ 8,300,775

See accompanying notes to consolidated financial statements.



TOWN OF QUALICUM BEACH

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 8,391,685	\$ 3,790,052
Items not involving cash:		
Gain on sale of assets held for sale	(2,581,704)	-
Loss on disposal of tangible capital assets	43,063	-
Amortization of tangible capital assets	3,541,508	3,465,791
Gain on sale of tangible capital assets	-	(315,977)
Tangible capital assets transferred to held for sale	-	291,681
	9,394,552	7,231,547
Changes in non-cash operating working capital:		
Accounts receivable	(1,123,767)	454,731
Capital lease receivable	40,286	10,285
Municipal Finance Authority debt reserve fund deposit	(1,179)	(882)
Inventories	7,580	5,856
Prepaid expenses	10,920	(27,766)
Accounts payable and accrued liabilities	122,551	293,870
Accrued employee benefits	(211,572)	(43,435)
Deferred revenue	(960,203)	650,305
Performance bonds and deposits	(83,940)	35,092
	7,195,228	8,609,603
Financing:		
Repayment of long-term debt	(462,937)	(462,936)
Proceeds from long-term debt	920,000	-
	457,063	(462,936)
Investing:		
Acquisition of tangible capital assets	(7,069,247)	(7,347,011)
Proceeds on disposal of tangible capital assets	-	395,250
Acquisition of assets held for sale	(186,940)	(262,386)
Proceeds on sale of assets held for sale	4,149,380	-
	(3,106,807)	(7,214,147)
Increase in cash and cash equivalents	4,545,484	932,520
Cash and cash equivalents, beginning of year	17,897,448	16,964,928
Cash and cash equivalents, end of year	\$ 22,442,932	\$ 17,897,448

See accompanying notes to consolidated financial statements.



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements

Year ended December 31, 2022

Nature of operations:

Town of Qualicum Beach (the "Town") The Town of Qualicum Beach (the "Town") 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, solid waste services, water services, sewer services planning and development services and parks and recreation services.

1. Significant accounting policies:

These consolidated financial statements of the Town are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the Town. The Town is comprised of all organizations, committees and local boards accountable for the administration of its financial affairs and resources to the Town and which are owned or controlled by the Town.

(ii) Accounting for Region and School Board transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Region and the School Board are not reflected in these consolidated financial statements.

(iii) Trust funds:

Trust funds and their related operations administered by the Town are not included in these consolidated financial statements.



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(b) Basis of accounting:

The Town follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Revenue recognition:

Taxation and user fee revenues are recognized in accordance with the provisions of the Community Charter. The Town is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the Town's taxation revenues.

Revenue unearned in the current period is reported on the consolidated statement of financial position as deferred revenue.

(d) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(e) Government transfers:

Government transfers, which include legislative grants, are recognized as revenue in the financial statements 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. Transfer revenue is recognized in the statement of operations as the stipulations for liabilities are settled.

(f) Cash and cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(g) Assets held for sale:

Assets held for sale are those expected to be sold within one year. They are valued at the lower of cost or expected net realizable value. When a decline in net realizable value is determined to be other than temporary, the impairment is recognized in the consolidated statement of operations and accumulated surplus.

(h) Accrued employee 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.

(i) 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.

(i) Inventories:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(ii) 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 asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - Years
Buildings	5-50
Equipment	3-20
Land improvements	10-75
Transportation	20-75
Water and sewer	50-80

A full year of amortization is charged in the year that an asset becomes available for productive use and none in the year of disposal.

Assets under construction are not amortized until the asset is available for productive use.

(iii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iv) Interest capitalization:

The Town does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of the financial statements in conformity 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets, collectibility of accounts receivable, accrued liabilities, and obligations related to employee future benefits. Actual results could differ from those estimates.

(k) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the organization is directly responsible or accepts responsibility for the liability;
- d) future economic benefits will be given up; and
- e) a reasonable estimate of the liability can be made.

2. Cash and cash equivalents:

Included in cash and cash equivalents is \$261,610 (2021 - \$258,484) that is 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.



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

3. Accounts receivable:

	2022	2021
Property taxes	\$ 384,062	\$ 225,835
Water rates	333,592	295,727
Sewer rates	202,577	182,400
Solid waste	212,743	199,921
Receivable from federal government	725,381	230,130
Receivable from provincial government	460,520	-
Trade receivables	449,575	510,670
	<u>\$ 2,768,450</u>	<u>\$ 1,644,683</u>

4. Accounts payable and accrued liabilities:

	2022	2021
Trade payables	\$ 1,852,002	\$ 1,690,257
Payable to federal government	359,273	697,809
Payable to provincial government	181,967	66,889
Holdbacks payable	574,344	390,080
	<u>\$ 2,967,586</u>	<u>\$ 2,845,035</u>



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

5. Deferred revenue:

	2022	2021
Prepaid taxes	\$ 1,392,954	\$ 1,217,145
Prepaid utilities	10,328	10,684
Development cost charges	2,742,106	2,606,386
Off street parking	216,064	200,129
Grants	645,746	2,164,680
Land lease	150,000	-
Shoreline works	45,000	-
Building permits	22,856	-
Other	51,575	37,808
	<u>\$ 5,276,629</u>	<u>\$ 6,236,832</u>

Development cost charges includes statutory reserves that are required to be set-up under section 188(2) of the Community Charter.

6. Long-term debt:

	2022	2021
Municipal Finance Authority Loan bearing interest at 2.25% per annum, principal payments of \$231,468 semi-annually plus interest, due November 30, 2025.	\$ 1,388,809	\$ 1,851,746
Municipal Finance Authority Loan bearing interest at a daily floating rate, payments of \$17,156 monthly plus interest, due December 31, 2027.	920,000	-
	<u>\$ 2,308,809</u>	<u>\$ 1,851,746</u>



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Long-term debt (continued):

Principal repayments are due as follows:

2023	\$	626,348
2024		634,380
2025		643,366
2026		189,774
2027		214,941
		\$ 2,308,809



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Tangible capital assets:

The Town manages and controls various works of art located at Town sites and public display areas including paintings and a sculpture. These assets are not recorded as tangible capital assets and are not amortized.

2022										
	Work in progress	Land	Buildings	Equipment	Transportation	Land Improvements	Water	Sewer		Total
Cost:										
Balance, beginning of year	\$ 7,237,080	\$ 38,432,522	\$ 31,796,546	\$ 6,747,908	\$ 66,291,608	\$ 27,182,672	\$ 16,191,037	\$ 10,242,315	\$	204,121,688
Additions	5,282,922	-	815,786	573,995	35,593	360,951	-	-	-	7,069,247
Disposal	(39,898)	-	-	(390,079)	-	-	-	-	-	(429,977)
Transfers	(943,440)	-	29,682	423,738	59,091	430,929	-	-	-	-
Balance, end of year	11,536,664	38,432,522	32,642,014	7,355,562	66,386,292	27,974,552	16,191,037	10,242,315		210,760,958
Accumulated amortization:										
Balance, beginning of year	-	-	11,800,569	4,354,027	38,518,819	12,004,266	6,532,239	5,858,542		79,068,462
Amortization	-	-	730,156	386,117	1,475,467	547,876	231,187	170,705		3,541,508
Disposals	-	-	-	(386,914)	-	-	-	-		(386,914)
Balance, end of year	-	-	12,530,725	4,353,230	39,994,286	12,552,142	6,763,426	6,029,247		82,223,056
Net book value	\$ 11,536,664	\$ 38,432,522	\$ 20,111,289	\$ 3,002,332	\$ 26,392,006	\$ 15,422,410	\$ 9,427,611	\$ 4,213,068	\$	128,537,902



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Tangible capital assets (continued):

2021																		
	Work in progress		Land		Buildings		Equipment		Transportation		Land Improvements		Water		Sewer		Total	
Cost:																		
Balance, beginning of year	\$	1,205,944	\$	38,782,433	\$	31,759,227	\$	6,330,191	\$	65,799,093	\$	27,104,695	\$	16,191,037	\$	10,100,843	\$	197,273,463
Additions		6,031,136		-		37,319		566,592		492,515		77,977		-		141,472		7,347,011
Disposal		-		(58,230)		-		(148,875)		-		-		-		-		(207,105)
Transfers		-		(291,681)		-		-		-		-		-		-		(291,681)
Balance, end of year		7,237,080		38,432,522		31,796,546		6,747,908		66,291,608		27,182,672		16,191,037		10,242,315		204,121,688
Accumulated amortization:																		
Balance, beginning of year		-		-		11,098,304		4,136,609		37,043,134		11,463,565		6,301,052		5,687,837		75,730,501
Amortization		-		-		702,265		345,248		1,475,685		540,701		231,187		170,705		3,465,791
Disposals		-		-		-		(127,830)		-		-		-		-		(127,830)
Balance, end of year		-		-		11,800,569		4,354,027		38,518,819		12,004,266		6,532,239		5,858,542		79,068,462
Net book value	\$	7,237,080	\$	38,432,522	\$	19,995,977	\$	2,393,881	\$	27,772,789	\$	15,178,406	\$	9,658,798	\$	4,383,773	\$	125,053,226



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

8. Accumulated surplus:

	2022	2021
Surplus:		
Investment in tangible capital assets	\$ 126,229,093	\$ 123,201,480
General		
Operating	1,592,773	4,038,544
Allocation to Community Works Gas Tax reserve	453,783	-
Allocation to operating projects reserve	796,000	-
Allocation to asset management reserves	6,049,000	-
Water		
Operating	685,013	2,383,013
Allocation to asset management reserves	1,880,000	-
Sewer		
Operating	149,875	601,296
Allocation to asset management reserves	572,000	-
	138,407,537	130,224,333
Statutory Reserves:		
Equipment reserve fund	57,414	56,057
Property reserve fund	2,025,159	219,839
Park land reserve fund	98,945	96,607
Emissions reduction reserve fund	24,290	23,716
Park improvements reserve fund	95,436	93,181
Cemetery reserve fund	270,650	261,609
	2,571,894	751,009
Non Statutory Reserves:		
Municipal Finance Authority debt reserve fund	53,946	52,767
Arrowsmith water reserve	70,761	65,008
Buildings reserve	56,000	56,000
Affordable housing reserve	450,000	450,000
Developer contribution reserve	104,202	109,202
COVID-19 Safe Restart Grant reserve	80,000	526,097
Tree replacement	10,000	-
Curling Club equipment	102,500	-
Assets held for sale	-	1,280,739
	927,409	2,539,813
	\$ 141,906,840	\$ 133,515,155



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Investment in tangible capital assets:

	2022	2021
Investment in tangible capital assets beginning of the year	\$ 123,201,480	\$ 119,228,278
Add:		
Acquisition of tangible capital assets	7,069,247	7,347,011
Reduction in long-term debt	462,937	462,936
Proceeds on long-term debt	(920,000)	-
Less:		
Amortization	(3,541,508)	(3,465,791)
Net book value of tangible capital asset disposals	(43,063)	(79,273)
Tangible capital assets transferred to held for sale	-	(291,681)
Investment in tangible capital assets at end of year	\$ 126,229,093	\$ 123,201,480



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Net taxation revenue:

	2022	2021
Taxes collected		
General	\$ 10,430,330	\$ 9,796,630
Parcel tax - water	933,000	838,260
Parcel tax - sewer	213,615	189,560
1% utility tax	144,921	146,207
	11,721,866	10,970,657
Taxes collected for other government services		
Education	5,828,777	5,298,479
Regional District of Nanaimo	4,829,124	4,289,321
Nanaimo Regional Hospital District	1,434,763	721,447
Vancouver Island Regional Library	561,928	539,392
B.C. Assessment Authority	166,730	144,638
Municipal Finance Authority	922	682
	12,822,244	10,993,959
Less taxes paid to other governments	(12,786,754)	(10,966,773)
	35,490	27,186
Grants-in-lieu of taxes		
Federal government	17,115	16,460
Taxes paid to other governments	(9,123)	(8,482)
Fortis BC	65,863	58,139
B.C. Hydro	133,841	117,756
Permissive tax exemptions	159,000	156,000
	366,696	339,873
	\$ 12,124,052	\$ 11,337,716



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

11. Government transfers:

the government transfers reported on the consolidated Statement of Operations and Accumulated Surplus are:

	2022	2021
Provincial grants		
Unconditional	\$ 563,711	\$ 450,974
BC Air Access Program	159,000	-
Childcare Planning and Space Creation (UBCM)	850,549	176,175
Child Care Capital Funding Program - Childcare BC		
New Spaces Fund	1,160,176	176,755
Strengthening Communities Program	132,119	28,114
Development Approvals Program	152,741	1,031
Tourism Dependent Communities Grant	73,732	94,175
Community Economic Recovery Infrastructure		
Program	-	444,525
Climate Action Revenue Incentive Program (CARIP)	-	12,517
	3,092,028	1,384,266
Federal grants		
Canada Community Building Fund (formerly known		
as Federal Gas Tax Fund)	451,479	883,211
Airport Capital Assistance Program	1,075,269	27,113
Federation of Canadian Municipalities - Asset		
Management	-	50,000
Other	568,360	569,378
	2,095,108	1,529,702
	\$ 5,187,136	\$ 2,913,968



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Commitments and contingencies:

(a) Regional District

The Town is responsible, as a member of the Regional District of Nanaimo and 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 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, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Town paid \$402,534 for employer contributions to the plan in fiscal 2022 (2021 - \$453,363).

The next valuation will be as at December 31, 2024, with results available in 2025.

Employers participating in the plan record their pension expense 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



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Commitments and contingencies (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, 2022, there was a contingent demand note of \$212,517 (2021 - \$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) Contingent liabilities

The Town may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of business. At December 31, 2022, there are claims outstanding and management has determined the outcome to be undeterminable and thus no accrual has been recorded. It is considered that the potential claims would not materially affect the Town's financial statements and any amounts ultimately settled will be recorded in the period in which the claim is resolved.

13. Segmented information:

The Town 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.



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Segmented information (continued):

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, airport operations and other public works and engineering related services.

Solid waste services

Services related to the collection of garbage and chipping as well as environmental testing and monitoring.

Water services

Services related to the delivery of water and the planning and development and maintenance of the Town's water infrastructure.

Sewer services

Services related to the sanitary sewer removal and the planning and development and maintenance of the Town's 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 following statement provides additional information for the foregoing functions. 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.



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Segmented information (continued):

2022									
	General government services	Protective services	Transportation services	Solid waste services	Water services	Sewer services	Planning and development services	Parks and recreation services	Total
Revenue:									
Net taxation	\$ 10,977,437	\$ -	\$ -	\$ -	\$ 933,000	\$ 213,615	\$ -	\$ -	12,124,052
Sale of services	-	-	16,270	782,295	1,665,640	727,445	-	3,220	3,194,870
Other operating revenue	1,530,523	273,974	970,973	-	27,657	19,389	126,545	245,694	3,194,755
Government transfers	515,000	262,811	1,721,269	-	210,103	-	284,859	2,193,094	5,187,136
Gain on disposal of assets	2,581,704	-	-	-	-	-	-	-	2,581,704
Capital contributions	-	-	12,550	-	-	-	-	-	12,550
Total revenues	15,604,664	536,785	2,721,062	782,295	2,836,400	960,449	411,404	2,442,008	26,295,067
Expenses:									
Salaries, wages and employee benefits	1,179,827	1,197,911	1,318,089	154,928	688,190	235,596	447,498	1,252,695	6,474,734
Goods and services	1,343,705	1,699,894	2,009,700	769,331	719,336	68,505	817,147	404,686	7,832,304
Amortization	81,684	134,824	2,598,399	-	359,886	154,746	-	211,969	3,541,508
Fiscal services	15,776	39,060	-	-	-	-	-	-	54,836
Total expenses	2,620,992	3,071,689	5,926,188	924,259	1,767,412	458,847	1,264,645	1,869,350	17,903,382
Annual surplus (deficit)	\$ 12,983,672	\$ (2,534,904)	\$ (3,205,126)	\$ (141,964)	\$ 1,068,988	\$ 501,602	\$ (853,241)	\$ 572,658	\$ 8,391,685



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Segmented information (continued):

2021									
	General government services	Protective services	Transportation services	Solid waste services	Water services	Sewer services	Planning and development services	Parks and recreation services	Total
Revenue:									
Net taxation	\$ 10,309,896	\$ -	\$ -	\$ -	\$ 838,260	\$ 189,560	\$ -	\$ -	11,337,716
Sale of services	-	-	17,523	772,298	1,608,844	678,735	-	1,912	3,079,312
Other operating revenue	962,359	344,228	666,056	-	12,680	-	489,014	120,851	2,595,188
Government transfers	419,517	211,765	795,293	-	923,108	-	79,145	485,140	2,913,968
Gain on disposal of assets	711,685	-	-	-	-	-	-	-	711,685
Capital contributions	-	-	64,940	-	-	-	-	-	64,940
Total revenues	12,403,457	555,993	1,543,812	772,298	3,382,892	868,295	568,159	607,903	20,702,809
Expenses:									
Salaries, wages and employee benefits	1,184,651	1,107,864	1,333,044	161,289	686,415	217,507	414,756	1,324,749	6,430,275
Goods and services	1,373,565	1,591,179	1,571,747	719,255	412,101	40,153	755,023	492,580	6,955,603
Amortization	81,684	134,824	2,522,682	-	359,886	154,746	-	211,969	3,465,791
Fiscal services	11,612	49,476	-	-	-	-	-	-	61,088
Total expenses	2,651,512	2,883,343	5,427,473	880,544	1,458,402	412,406	1,169,779	2,029,298	16,912,757
Annual surplus (deficit)	\$ 9,751,945	\$ (2,327,350)	\$ (3,883,661)	\$ (108,246)	\$ 1,924,490	\$ 455,889	\$ (601,620)	\$ (1,421,395)	\$ 3,790,052



TOWN OF QUALICUM BEACH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

14. Budget data

The budget data presented in these consolidated financial statements is based upon the 2022 operating and capital budgets approved by Council via Bylaw 765 on April 27, 2022.

The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements:

	Budget amount
Revenue:	
Operating budget	\$ 22,885,000
Less:	
Add:	
Proceeds from sale of assets	4,000,000
Proceeds from borrowing	2,245,000
Transfers from surplus or reserves	1,777,000
Total revenue	30,907,000
Expenses:	
Operating budget	18,379,000
Capital budget	13,357,000
Less:	
Amortization	(3,400,000)
Add:	
Transfers to reserves	1,957,000
Debt principal repayments	614,000
Total expenses	30,907,000
	\$ -

15. Comparative information:

Certain 2021 comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year. The changes had no impact on prior year annual surplus.



TOWN OF QUALICUM BEACH

Schedule 1 - Canada Community Building Fund (formerly know as the Federal Gas Tax Fund)

Year ended December 31, 2022

	2022	2021
Opening balance	\$ -	\$ -
Grand fund received	451,478	883,212
Interest earned	2,305	-
	453,783	883,212
Project expenditures	-	883,212
	\$ 453,783	\$ -

Canada Community Building Fund grants are 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. Canada Community Buildings Fund grants may be used towards designated public transport, community energy, water, wastewater, solid waste and capacity building projects, as specific in the funding agreement.



TOWN OF QUALICUM BEACH

Schedule 2 - COVID-19 Safe Restart Grant

Year ended December 31, 2022

	2022	2021
Opening balance	\$ 526,097	\$ 1,468,502
Project expenditures		
Revenue shortfalls	15,000	160,000
Technology costs to improve remote work	173,369	446,500
Community grants	70,385	121,712
General administration	37,355	98,708
Public works	-	2,132
Emergency services	50,682	-
Protective services	1,600	33,677
Parks and buildings	97,706	79,676
	446,097	942,405
	\$ 80,000	\$ 526,097