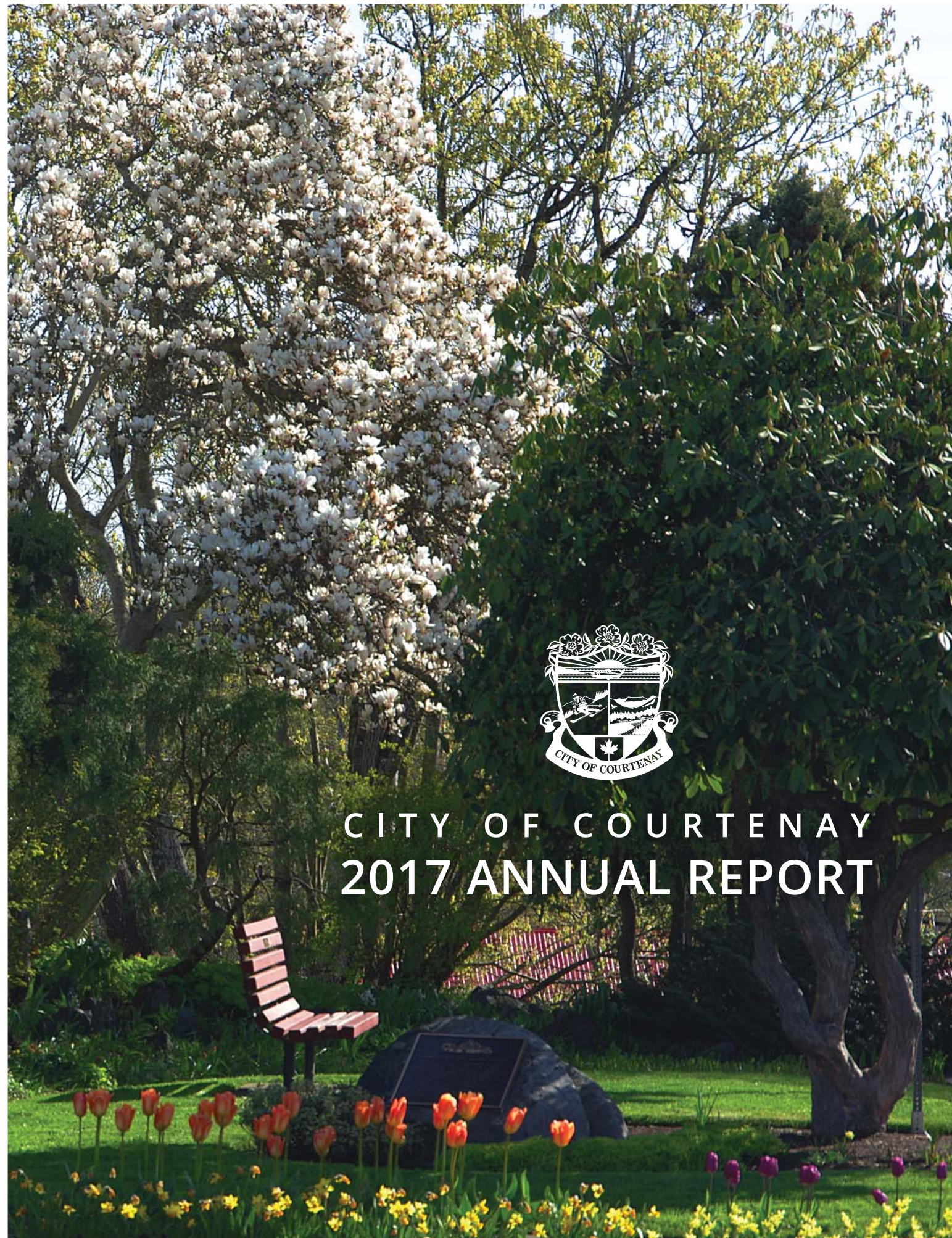




CITY OF COURTENAY 2017 ANNUAL REPORT



A photograph of the Courtenay City building, a modern structure with large windows and a wooden slat facade. The words "COURTENAY CITY" are visible on the building's exterior. In the foreground, there is a vibrant field of yellow daffodils with green leaves. The sky is clear and blue.

COURTENAY, B.C.

Our Mission:

The City of Courtenay proudly serves our community by providing a balanced range of sustainable municipal services.

2017 Annual Report

January 1 - December 31, 2017

This document was prepared by the City of Courtenay's Legislative Services and Financial Services Departments

Photos by Craig Carson, Kim Stallknecht, Ron Pogue, Sarah Kerr and the City of Courtenay

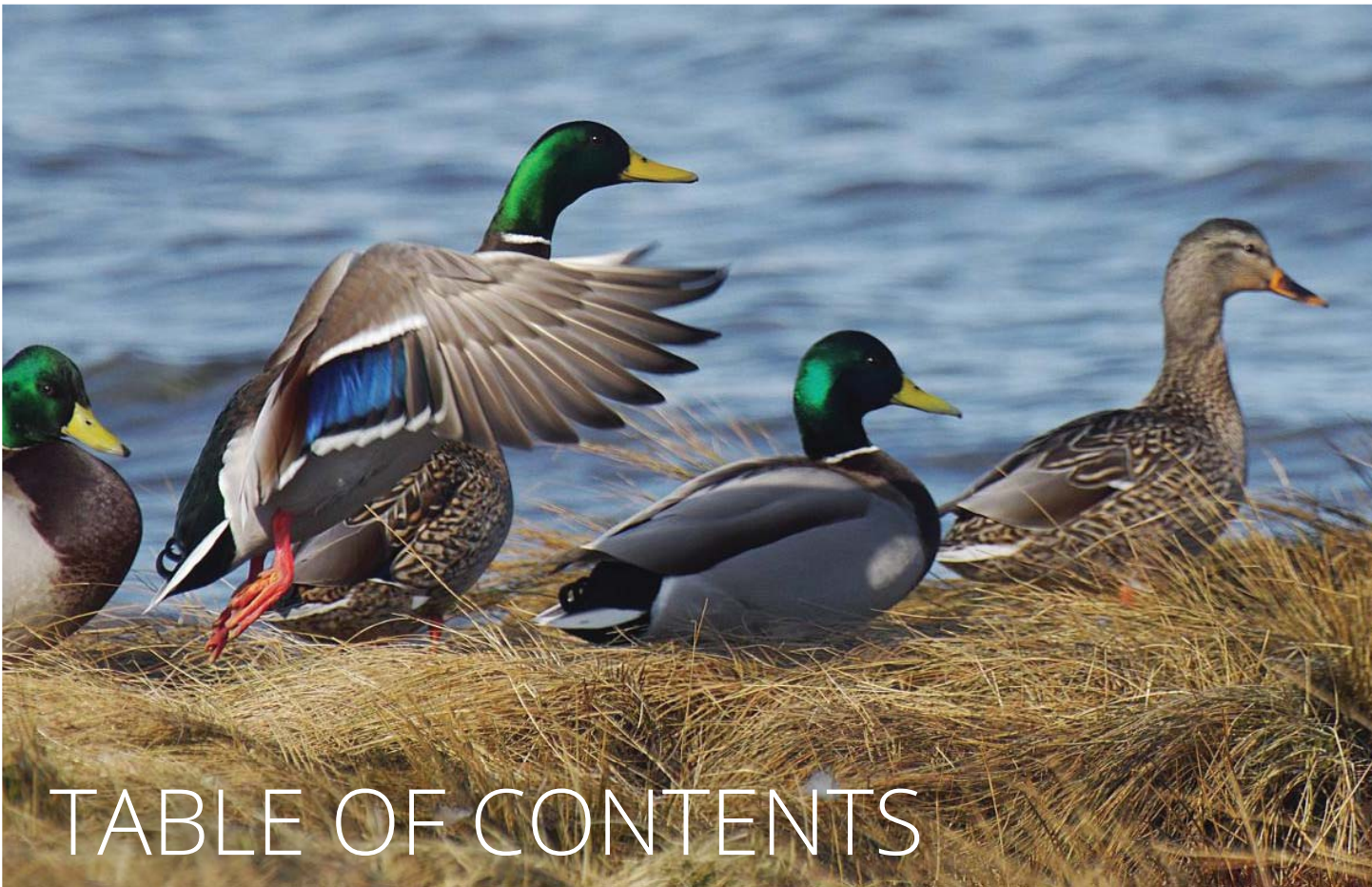


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Message from the Mayor

I'm pleased to introduce the 2017 Annual Report on behalf of Courtenay City Council.

As always, it was an extremely busy and productive year for our Council and staff.

The winter of 2016-2017 was one for the ages, with a whopping 87 centimetres of snow in February 2017 alone. While it was great for our local winter tourism industry, it did create many challenges, particularly for commuters. The City of Courtenay snow removal team, support staff, and contractors worked long hours in difficult conditions during these repeated snowstorms. Our Council is extremely grateful for their efforts, and for the patience of the community while roads were being cleared. It was particularly gratifying to see residents helping one other, through things like checking in on the elderly and the infirm. Seeing our community come together is a bright spot during challenging times.

Our region experienced a huge milestone with the grand opening of the North Island Hospital in the Comox Valley in October. This modern facility will serve our community for generations to come. We were also very pleased that Island Health decided to provide free parking at the hospital for patients, visitors and staff.

Pay parking inadvertently transfers costs to local government, with surrounding streets and businesses having to deal with a likely increase in vehicle parking. This, in turn, leads to an increase in City parking enforcement. Last April, Courtenay established a zoning bylaw amendment restricting pay parking for public facilities to address this issue.

Another concern is affordable housing and support for the homeless. Courtenay is not alone; these are issues in many other communities in British Columbia and beyond. Housing and social support issues generally fall under federal and provincial mandates, and the City of Courtenay has been advocating for years for funding from other levels of government for affordable or supportive housing in the Comox Valley.

The City is also contributing towards solutions, including donating the land for the Braidwood Road affordable housing project currently under construction (thanks to \$3 million in capital funding from the Province of British Columbia, along with additional financial support from the Comox Valley Regional District and Island Health). The City also set aside additional funds to offset municipal fees charges, levies and other associated development costs for the project, which will be completed in 2018.

Housing diversity is a strategic priority for the City of Courtenay, and the City continues to work with BC Housing and other regional housing agencies on improving supports for people experiencing homelessness.

I am proud to represent the City of Courtenay, and I hope this annual report helps highlight some of the many projects and initiatives from this past year.



Larry Jangula
Mayor





Mayor and Council

Top row (left to right:) Manno Theos, Bob Wells, David Frisch, Doug Hillian

Bottom row (left to right:) Rebecca Lennox, Larry Jangula, Erik Eriksson

Courtenay Council was elected to a four year term in November 2014.

Each member of council represents the City at large. Councillors serve on various boards, including the Comox Valley Regional District, Vancouver Island Regional Library and the Comox Valley Water Supply Commission.

Members of the public are welcome and encouraged to attend open Council meetings. Council Meetings are generally held on the first and third Mondays of each month, and Strategic Planning meetings occur on the last Monday of the month. For more information on Courtenay City Council, including Council meeting agendas, minutes, and video, appearing as a Council delegation, and Mayor's Open Door sessions, go to courtenay.ca/council

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Message from the Chief Administrative Officer

Local government responsibilities include day-to-day legislative requirements and essential services such as water, sewer, public safety, and roads, as well as important quality of life services like recreation, arts, and culture. These services represent a significant portion of the budget. Our Council's Strategic Priorities guide other projects and initiatives that are specific to the aspirations of the City of Courtenay, and I'm pleased to present highlights of these initiatives.

We focus on organizational and governance excellence:

Our community and our infrastructure have grown significantly in recent years. At the same time, there is a need to operate, maintain, and replace aging infrastructure in an efficient and sustainable way. An organizational realignment, staff training, and new staff approved by Council in 2017 have helped address the staff capacity shortfall, and will help maintain existing service levels for our community.

Community growth also results in the need to revisit long-range planning. Work progressed in 2017 on master plans for Parks and Recreation, Transportation, and water and sewer services.

We invest in our key relationships:

Engagement with our community is essential for responsive and transparent governance, effective service delivery, and to ensure we maintain a balanced approach to decision-making. Respectful and open dialogue and opportunities for collaboration continue with stakeholders, including K'omoks First Nation, our development community, conservation groups, and other regional agencies and local governments.

We actively pursue vibrant economic growth: Community growth is reflected in the increase in development applications. And while 90 new subdivision lots were approved in 2017, over 400 more were in progress.

The City is working closely with the Downtown Courtenay Business Improvement Association on beautification, wayfinding, and enhanced transit opportunities. A proposed downtown revitalization tax bylaw will be presented to Council in 2018.

We value multi-modal transportation in our community:

The 5th Street Complete Street project will replace aging underground and above ground infrastructure between Menzies and Fitzgerald. The \$3.24 million project is 100 percent funded by federal Gas Tax funds. Lessons learned from this project - a Council strategic priority - will help guide future improvements to motorized and multi-modal transportation infrastructure.

We proactively plan and invest in our natural and built environment:

The development of our Asset Management program has been essential in identifying how we extend the life of the City's infrastructure and in helping with long-range financial planning. The City is also exploring opportunities for utilizing natural ecosystem functions to reduce costs and assist with stormwater planning and flood mitigation.

We support diversity in housing and reasoned land use planning:

Thanks to \$3 million in provincial funding for the Braidwood affordable housing project, and the donation of land from the City of Courtenay, the City's role



shifted from advocating for the project, to supporting the new land owners and project sponsors on the development and building permit process. The City is also offsetting municipal fees charges, levies and other associated costs.

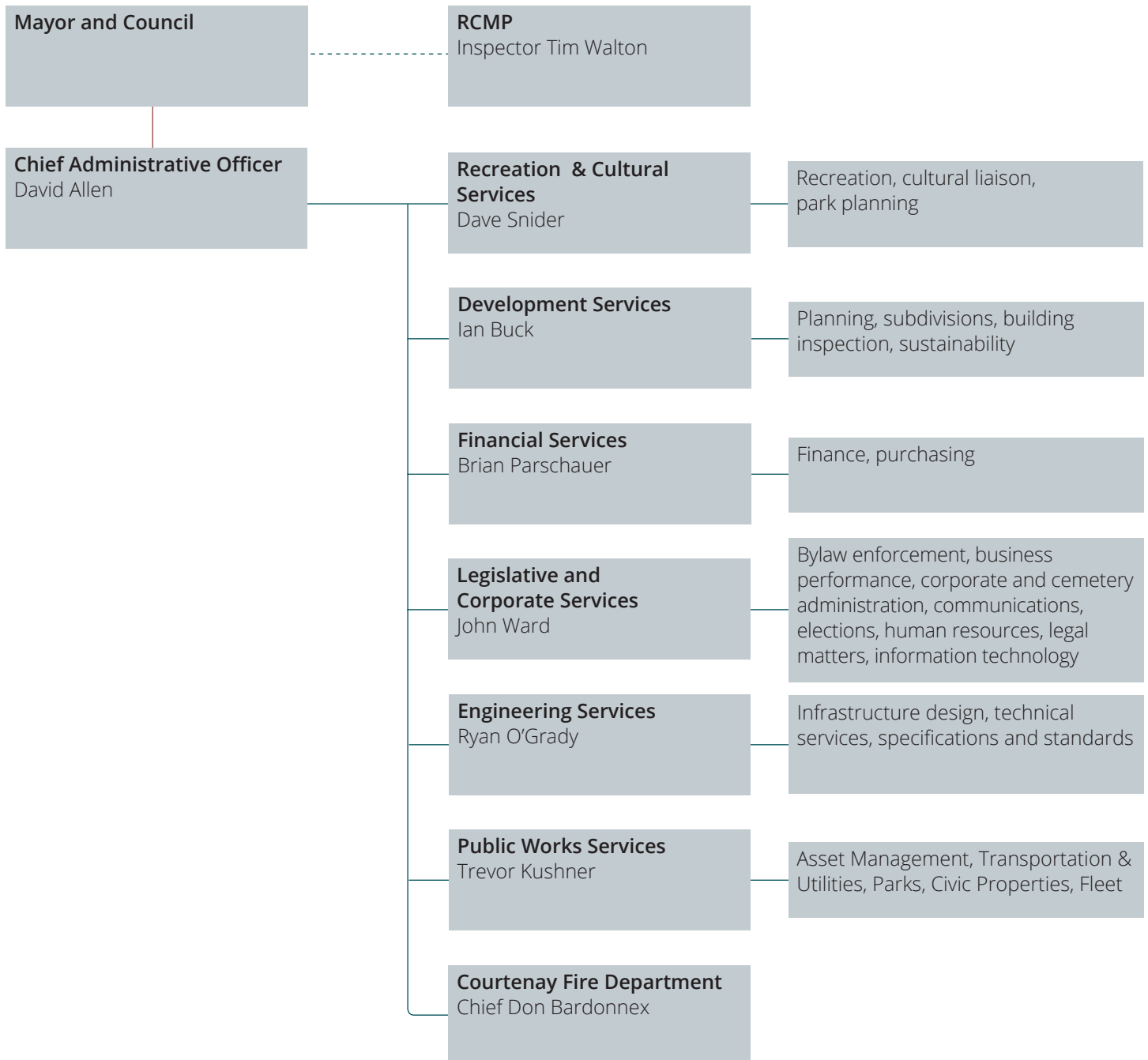
Courtenay continues to engage with the province and non-profit groups on other housing opportunities.

We remain focused on our vision: we proudly serve our community through a balanced range of municipal services. By considering the needs of current and future generations, we reaffirm our commitment to sustainable services - delivered in a socially, economically, and environmentally responsible manner that does not compromise the ability of future generations to meet their own needs.

A handwritten signature in blue ink that reads "David Allen". The signature is fluid and cursive.

David Allen
Chief Administrative Officer

Organizational Chart



About Courtenay

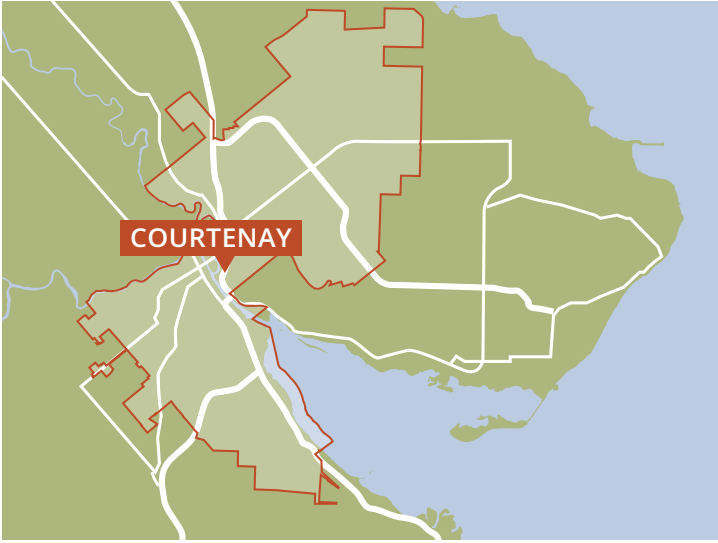
The City of Courtenay is the largest community in the Comox Valley on the east coast of Vancouver Island in the province of British Columbia, Canada. The Comox Valley communities of Courtenay, Comox and Cumberland are on the traditional territory of the K'ómoks First Nation. Courtenay was incorporated in 1915.

Courtenay's lively downtown core features an assortment of shops, galleries, and restaurants — many with locally produced ingredients from a thriving agricultural community.

The stunning Courtenay Riverway connects downtown Courtenay with the City's southern boundary. This walkway borders the Courtenay Estuary, offering visitors an opportunity to view a variety of birds, fish, and native plants.

World-class recreational opportunities await in Courtenay and its neighbouring communities, including golf, mountain biking, skiing, and hiking.





Strategic Priorities 2016 to 2018

We actively pursue vibrant economic growth

- Revitalizing our downtown is critical to our economic future
- Continue to improve our relationship with business in our community
- ▲ Our investment in economic development is measurable
- ▲ Continue to explore innovative economic options
- The regional airport is a key economic driver

We proactively plan and invest in our natural and built environment

- Continued focus on asset management for sustainable service delivery
- Focus on infrastructure renewal rather than upgrades
- Continued support for social, economic and environmental sustainability solutions
- ▲ We look for regional infrastructure solutions for shared services to our community

We value multi-modal transportation in our community

- We support developing multi-modal transportation network plans
- As we build new or replace existing transportation infrastructure, we are consistent with what we learn from our Complete Streets Pilot Project
- ▲ Support our regional transit service while balancing service improvements with costs

We support diversity in housing and reasoned land use planning

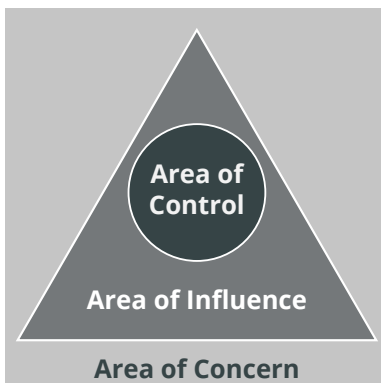
- Support densification aligned with community input and regional growth strategy
- Assess how city-owned lands can support our strategic land acquisitions and disposals
- ▲ Support initiatives and incentives to encourage lower cost housing
- Proactively pursue housing diversity and advocate for senior government support

We focus on organizational and governance excellence

- We support and encourage initiatives to improve efficiencies
- We support meeting the fundamental corporate and statutory obligations
- We recognize staff capacity is a finite resource
- Communication with our community is a priority, and is considered in all decisions we make
- We responsibly provide services at a level which the people we serve are willing to pay

We invest in our key relationships

- We value and recognize the importance of our volunteers
- We will continue to engage and partner with service organizations for community benefit
- ▲ We actively engage with our K'ómoks First Nation neighbours on issues of mutual interest and concern
- ▲ We advocate and cooperate with other local governments and senior governments on regional issues affecting our city



● Area of Control

The policy, works and programming matters that fall within Council's jurisdictional authority to act.

▲ Area of Influence

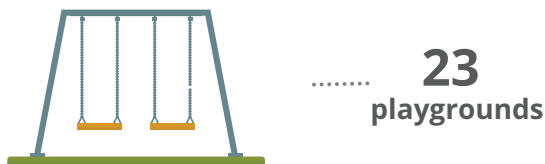
Matters that fall within shared or agreed jurisdiction between Council and another government or party.

■ Area of Concern

Matters of interest outside Council's jurisdictional authority to act.

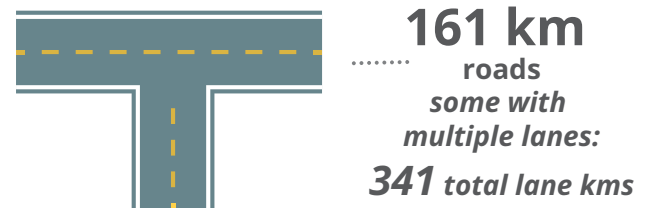
Managing our Assets

Parks

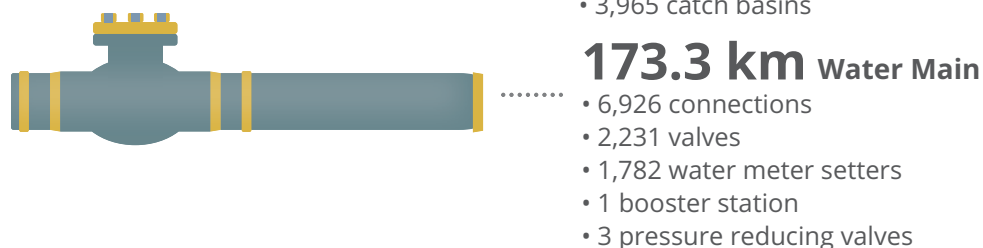
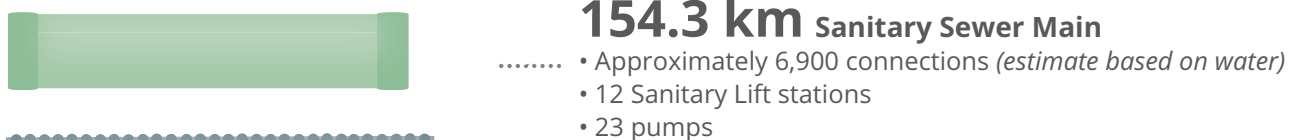


21 parks buildings | 83 park benches
78 park garbage cans | 36 picnic tables
19 footbridges

Roads



Underground Infrastructure



We focus on organizational and governance excellence

Asset Management: It's About People, Too

Local governments around the world are increasingly acknowledging that sound asset management practices are the way to achieve “Sustainable Service Delivery”: ensuring that current community services are delivered in a socially, economically, and environmentally responsible manner that does not compromise the ability of future generations to meet their own needs.

As an added incentive, in Canada they are now also a factor in obtaining senior government grants.

The first step in practicing asset management is through a thorough Condition Assessment. What are the assets; where are they; what do they do; how do they interact; are they fit for their intended purpose; and how much longer can they function effectively, at a price taxpayers are willing to pay?

Working out the answers to these questions is essential for long-term financial planning.

However, assets and money alone don't deliver local services. It's also about people. At the City of Courtenay, a “Condition Assessment” of our staff was necessary, too – and thankfully, federal Gas Tax funding was available to pay for it.

The mandate was to ensure the City of Courtenay's organizational structure and daily operations aligned with sound asset management practices, all in support of sustainable service delivery.

Achieving this goal meant reviewing which staff needed training on asset management, while simultaneously analyzing the City's entire organizational structure to determine how our organization could fulfill its asset management objectives most efficiently.

The City of Courtenay relied on the *Asset Management for Sustainable Service Delivery – A BC Framework*, which describes activities in terms of Plan (thinking about the future); Implement (doing things in the present); and Assess (reviewing and acting on knowledge gleaned from the past).

As a result, departments have been reorganized under the following general themes:

Development Services is responsible for *future* capital assets. This includes development such as subdivisions, with new roads, utilities, and other assets that will eventually be owned and maintained by the City.

Public Works Services looks after the *present* – including care and maintenance of existing assets under the City of Courtenay's control, such as roads, utilities, facilities, parks, civic properties, traffic signals, and street lights.

Engineering Services is divided into two groups, one looking to the *past* and the other to the *future*. The past is now about renewal/upgrade of ‘old’ assets, including creatively designing and placing new assets into existing built areas for a minimum cost. The future involves network master planning and modelling, keeping on top of changing network capacities and suitability. They identify early on any upgrades that may be needed as the networks grow, including integrating City networks with adjacent communities.

This entire process was supported by Courtenay City Council's Asset Management Policy, adopted in 2015. The policy sets guidelines for implementing organization-wide Asset Management processes to meet the Sustainable Service Delivery needs of the City.

To learn more, visit www.courtenay.ca/assetmanagement



We actively pursue vibrant economic growth

New Software Improves Development Process

New technology has resulted in a major upgrade in the way the City of Courtenay manages land, licencing, and permitting, improving staff's ability to assist the public with development-related inquiries.

The new *Tempest* software improves productivity through a central property database, allowing information to be attached to specific properties, enabling staff to share information more efficiently.

Staff from Development Services, Financial Services, and Information Technology worked together on the implementation of new *Tempest* software, which is used for land management and permitting, as well as mobile building inspections. Builders now receive automatic email copies of inspection reports.

The software integrates with the City's geographic information system (GIS) mapping, and builds historical information on each property over time.



2017 Development Statistics



90 subdivision lots approved compared to 86 in 2016



250 Building Permits issued compared to 238 in 2016



\$60.8 million in total value of Building Permits compared to 92.6 million in 2016

We proactively invest in our natural and built environment

Salmon Habitat Improvements at Simms Park

Simms Millennium Park is now more fish-friendly, thanks to Project Watershed's salmon habitat improvement work.

The Project Watershed team completed the construction phase of the project in August, which involved many years of planning. This work was funded by the Fish & Wildlife Compensation Program, Fisheries & Oceans Canada and the Habitat Conservation Trust Foundation.

The work included the removal of an old culvert connecting the Courtenay River through the park into an inner pond area. This culvert was replaced with a larger fish-friendly culvert installed at a lower elevation so that fish would have more access during a variety of tide cycles.

A second culvert was installed to connect the inner pond with the Courtenay Slough. Project Watershed notes that adult pink and coho salmon have already been observed moving through these new culverts.

A benefit of this important work is that new trails have been built beside the culverts by Courtenay Parks staff that enhance the walking experience through the park.

At the end of October, volunteers planted around 900 native conifers along the sides of the culverts including several native trees, plants and shrubs. These new plants will help re-establish the streamside riparian zone.





Funding for 5th Street Bridge Rehabilitation

Federal and provincial funding will help the City of Courtenay move forward with long-anticipated plans to rehabilitate the 5th Street Bridge.

In March, the governments of Canada and British Columbia announced a combined \$ 1,964,932 in funding for the project through the Small Communities Fund.

The 5th Street Bridge project has been at the top of the list of necessary infrastructure projects for several years. The 5th Street Bridge is an important transportation link, not just for Courtenay, but for the entire Comox Valley.

Project plans include bridge repainting and repairs to structural steel and handrails. The bridge deck will also be resurfaced.

The City of Courtenay will contribute \$982,468, representing one-third of grant funding.

The 5th Street Bridge was constructed in 1960. Maintenance in the last 50 years has included resurfacing of the deck and seismic upgrades. The last significant maintenance on the bridge took place in 2012. At that time, analysis identified the need for further rehabilitation to address corrosion. The Small Communities Fund provides support for priority public infrastructure projects that deliver on local needs in communities across Canada that have fewer than 100,000 residents.

Planning for this project is underway in 2018, with construction planned in 2019. For project updates, visit courtenay.ca/5thstreetbridge

Asset Management Grant Awarded to Courtenay

The City of Courtenay received a \$50,000 boost for its asset management efforts in October.

The funding was awarded to communities in several provinces through the Municipal Asset Management Program (MAMP), a new five-year, \$50-million program designed to help municipalities make informed decisions about infrastructure investment. The program is delivered by the Federation of Canadian Municipalities and funded by the Government of Canada.

In Courtenay, the funding is being put towards a Land Disposition and Acquisition Strategy.

As part of the strategy, the city is working with consultants on a detailed inventory of all land owned by the City. This inventory will evaluate the value of the land and improvements, and identify potential opportunities for Courtenay City Council.

Council will then consider which properties or structures may be in excess of the City's needs and available for disposition through an open and transparent process. The study will also identify any areas where the city may be potentially interested in acquiring property.

2017 Roads Projects



Paving Program

9.3 lane km's of roadway and 750m of driveway letdowns replaced



Litter Baskets

34 new litter baskets



Road and Sidewalk Repairs

24.2 lane km's of crack sealing and almost 800 trip spots (defects) repaired

Paving Projects

A series of road improvement projects were completed in the spring and summer of 2017, totalling over nine kilometres.

The locations were chosen based on a thorough condition assessment of Courtenay's entire infrastructure network.

The paving projects included:

West Courtenay:

- 1st Street between Cliffe & Anderton Avenues
- 15th Street west of Willemar Avenue
- 16th Street between Cumberland Road & Piercy Avenue
- Tull Avenue between 18th & 26th Streets
- Piercy Avenue, between 17th & 18th Streets, and between 19th & 26th Streets
- Corner of 19th Street and Dogwood Drive
- Mansfield Drive

East Courtenay:

- 10th Street East between Hobson and Thorpe Avenues
- Malahat Drive from 10th Street East to Evergreen Avenue



During repairs, the existing pavement surface was ground up, removed, and replaced with new asphalt, also known as "grind and pave". This cost-effective form of asset rejuvenation can be performed when the road surface is damaged but the roads sub-base is stable and the underground utilities don't yet need replacing or upgrading. The City is making long-range plans for future repairs throughout the City as part of the overall Asset Management program.

Sidewalk Trip Hazard Removal

Courtenay completed a city-wide sidewalk repair project in December.

The project improved mobility, safety, walking comfort, and aesthetics on sidewalks throughout the city.

To prepare for the project, Courtenay commissioned a third-party condition assessment for all Courtenay sidewalks, measuring 164 kilometres. The project catalogued any sidewalk defects and prioritized those most in need of repair, as well as noting any other future maintenance and inspection requirements.

Nearly 70 defects were prioritized for immediate repair, with most in West Courtenay. Priority was assigned to trip hazards with over 1 inch (2.5 cm) vertical displacement.

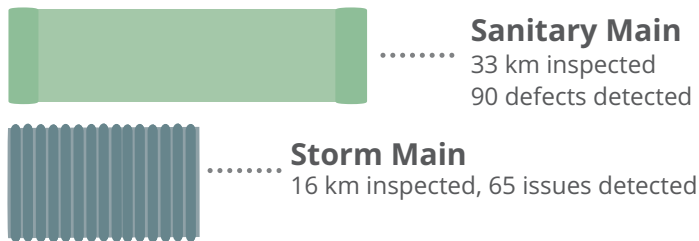
With priority sidewalk repairs now complete, City staff will complete future inspections and repairs on an ongoing basis.

Sewer Pipe Inspections

Proactive maintenance is an important part of the underground infrastructure network - particularly since any problems may be hidden from view.

As part of regular maintenance on the sanitary sewer network, inspections were completed over a two-month period in large sections of west Courtenay, with an additional work zone north of Ryan Road along Braidwood and Back Roads.

The inspections were completed using a remote control camera to grade the condition of the underground sanitary and drainage pipes in order to prioritize utility renewal throughout the city.



Water Main Flushing

In 2017, Courtenay Public Works Services launched a Uni-directional Flushing (UDF) program, flushing over 16 kilometres of water mains in an area of east Courtenay.

There are a few differences between conventional flushing methods and UDF. The UDF technique involves the strategic use of valves and hydrants to isolate sections of water mains. Through this method, crews are able to achieve higher water velocity, which in turn increases effectiveness and reduces water use by 40% compared to conventional flushing methods.

UDF enhances overall water quality within the water distribution system, and improves system operations by reducing turbidity, removing sediment, silt and biofilms, lowering chlorine demand, increasing system hydraulic capacity, and increasing the life of system components.

Comox Road Water Main Replacement

In the fall of 2016, the Ministry of Transportation and Infrastructure (MoTI) notified the City of Courtenay that Comox Road would be repaved in the late spring or early summer of 2017.

Coordinating infrastructure projects between jurisdictions is more efficient, and ensures the road surface isn't damaged unnecessarily later on. This upcoming work by MoTI meant the City of Courtenay needed to accelerate future plans to replace the water main along this corridor — quickly.

Planning for a project of this size and scope would typically take a full year. In this case, project plans were completed in just a few months to meet these external deadlines.

Construction on the water main replacement between the 17th Street Bridge and the K'ómoks First Nation boundary began in late March and continued until late May.

This project was also unusual in that it extended beyond the City of Courtenay boundary, which is located just east of the old Field's Sawmill site. While typically the City does not provide municipal services outside this boundary, due to preexisting circumstances, the City provides potable water to the properties along Comox Road up to the K'ómoks First Nation.

In addition to replacing the underground water main, the project also improved fire safety in the area through updating fire hydrant infrastructure to current standards. Thank you to all commuters and area residents for your patience during this major infrastructure replacement.

Other major 2017 utility replacement projects:

- Headquarters Road sewer main
- Vanier Drive water main



Winter 2017 Snowstorms



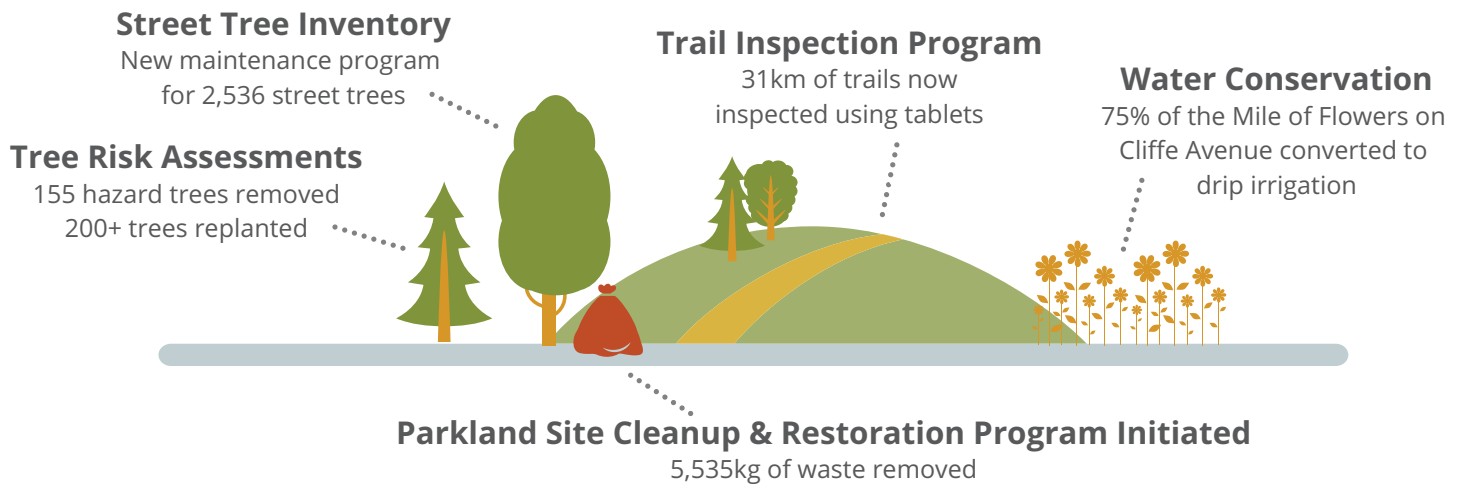
The snowman at right, waving the white flag of surrender, illustrates how many in our community felt during the major snowfalls in 2017, particularly in the early part of the year. From January to March, 105 centimetres fell on Courtenay, plus another 20 centimetres to finish the year in November and December.

During periods of heavy snow, crews work shifts from 12 to 16 hours, often in splitshifts, up to 7 days a week.

Support is also provided by contractors with additional graders, dump trucks, loaders, and crews.



Parks Projects



Parks & Recreation Master Plan

The City of Courtenay is updating the Parks and Recreation Master Plan — the first major update for the plan in over 20 years. This master plan will inform planning and decision-making for our community's parks, trails, recreation facilities and programs for the next 20 years.

During the summer and fall of 2017, the City of Courtenay consulted with over 150 participants in focus groups and community workshops to solicit input and recommendations for the parks and recreation master plan. An online survey gathered over 900 responses.

This feedback was combined with a thorough evaluation of the condition of the City's parks and recreation assets. Since 2016, thousands of data points have been collected, along with the condition of trails, parks, furnishings, buildings, sports fields, and playgrounds.

Inventory and analysis included the identification of trail gaps, the number and classification of parks, as well as recreation programs and services. The recommendations from this report along with the public input gathered through the consultation phase will inform the final master plan, which will be presented to Council in 2018.

Riverway Repairs

The Courtenay Riverway is our City's most popular trail, prized by pedestrians and cyclists of all ages. It's also subject to the elements during storm season, and after particularly heavy storms, Public Works crews may need to clear wide swaths of logs and driftwood from the most exposed parts of the trail.

In 2017, several Riverway Walkway sections needed repairs, either for tree root damage, storm damage, or routine maintenance.

Repairs were completed at various locations in the spring and fall, including the crossing at 13th Street, behind the Old House Hotel, between Standard Park and 17th Street Bridge, beside the Courtenay Marina, the Courtenay Airpark loop, and along Mansfield Drive Near Rotary Skypark, and south of 31st Street.



Pilot Project for Natural Asset Initiative

The City of Courtenay was shortlisted in 2017 for a national pilot project that will help strengthen the City's resilience to the effects of climate change. The City's selection was made official in March 2018.

72 communities from across Canada are participating in the initiative. Courtenay will be using the pilot project to develop an action plan for flood mitigation in the downtown core through a combination of natural assets and the built environment.

Natural assets are ecosystem features such as wetlands that provide, or could be restored to provide, services like storm water management.

Courtenay's pilot project will be supported through the Municipal Natural Asset Initiative (MNAI), a partnership between the Town of Gibsons, Smart Prosperity Institute, The David Suzuki Foundation, and Brooke & Associates. The initiative supports local governments in their efforts to integrate natural asset management into core asset management and financial processes, with a goal of understanding, managing and valuing natural assets in an equivalent manner as a community's built environment.

Developing a more thorough understanding of the community's natural assets aligns with Courtenay's overall asset management efforts. Natural asset management is a

cost-effective, sustainable option, and Courtenay's efforts could potentially be used as a model for other communities dealing with challenges such as flooding.

Over many decades, the natural flow of the Courtenay River has been modified through a combination of privately and publicly-owned dykes, berms, seawalls, and bridge abutments. Responsibility for nearly all of these constructed assets now falls under the City of Courtenay.

Principal funding for the MNAI projects will come from the pilot project communities for their own purposes. Funding up to \$110,000 had already been set aside in the City of Courtenay's 2017 budget for flood mitigation planning. As an MNAI pilot project, Courtenay will now have access to additional funding, expert support and guidance.

This initiative is offered through the Municipalities for Climate Innovation Program (MCIP) which is delivered by the Federation of Canadian Municipalities and funded by the Government of Canada. MCIP is a five-year, \$75-million program designed to support and encourage Canadian municipalities to reduce greenhouse gas emissions and adapt to climate change.

Courtenay's MNAI pilot project will review opportunities for natural asset management throughout the flood plain, including the Kus-kus-sum property.

Restoration of old Field Sawmill site: Kus-Kus-Sum

In September, the Comox Valley Project Watershed Society and the K'ómoks First Nation announced they had reached an agreement with Interfor to purchase and restore the former Field Sawmill site on the Courtenay River. Project Watershed hopes to "unpave a parking lot to put up paradise."

The City of Courtenay is reviewing opportunities for joint land ownership with K'ómoks First Nation to facilitate the site restoration process, and the potential for flood mitigation through returning the site to a more natural condition.

In June, Council unanimously supported a motion agreeing in principle to share in ownership of the property alongside K'ómoks First Nation.



We support diversity in housing and reasoned land use planning

Subdivision and Development Servicing Bylaw Update

In 2017, the City of Courtenay continued working on an update to the almost 30-year old Subdivision and Development Servicing Bylaw. This bylaw regulates the subdivision and development of land within the City, and details the necessary standards for infrastructure works and services.

These standards are important, because they ensure that when this infrastructure is installed, it's designed to last - protecting the City and its taxpayers from potentially having to repair inadequate infrastructure in the future.

The goal of the update was to modernize the bylaw to meet current community needs by updating engineering design guidelines, construction specifications and detailed drawings.

Works and services for land development may include:

- Utilities (water, storm, and sewer systems)
- Roadways, curb and gutter and sidewalks
- Traffic signals and roadway lighting
- Street trees

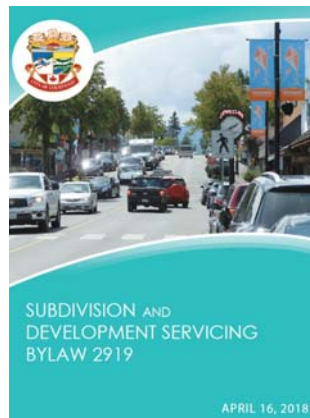
The objectives of the Subdivision and Development Servicing Bylaw update were to

- Provide common expectations and requirements for all new developments in the city
- Identify base requirements for infrastructure to be provided with new development; and
- Formalize the current infrastructure practices of the City.

The updated engineering design guidelines, construction specifications and detailed drawings are based on documents from the Master Municipal Construction Documents Association (MMCD) but include supplementary clauses and drawings to incorporate infrastructure design and construction practices specific to Courtenay.

Starting in 2016, the City of Courtenay reached out to the development community, conservation and stewardship groups, and the public to gather feedback on potential changes to the bylaw. Additional consultation occurred in 2017. All comments were considered, with several changes incorporated into the draft bylaw as a result.

The final Subdivision and Development Servicing Bylaw was approved by City Council in Spring 2018.



Rise in Multi-Family Housing Applications

Courtenay's vacancy rate is at a historically low level, with a greater need for a variety of housing than ever before.

In 2017, the City of Courtenay processed development applications for over 350 proposed multi-family units, including:

- Mixed use project at 3040 & 3070 Kilpatrick Avenue - 116 units
- Senior Housing on Cliffe Avenue at 29th Street - 78 independent living units and 76 assisted care beds
- 3100 Cliffe Avenue - 34 units
- Affordable housing on Braidwood Road - 34 units
- Piercy Creek Estates Phase Three - 40 units
- Numerous duplex and four-plex buildings

We value multi-modal transportation in our community

5th Street Complete Street Project



“A Complete Street is designed for all ages, abilities, and modes of travel. On Complete Streets, safe and comfortable access for pedestrians, bicycles, transit users and the mobility-impaired is not an afterthought, but an integral planning feature.”

Complete Streets for Canada

Intersection Study, 5th & Fitzgerald

A “pop-up intersection” was in place from April to October at the corner of 5th Street and Fitzgerald Avenue, as part of the planning process for the 5th Street Complete Street Project.

The temporary installation was intended to remain in place for up to six months, and was designed to help preview how a proposed new intersection design would affect traffic patterns, prior to the installation of permanent infrastructure.

Removable pylons and barriers were installed to assess the proposed design and ensure there were no unforeseen consequences due to the new intersection alignment.

The temporary installation reduced the pedestrian crossing distance at

the intersection by repurposing the northbound and westbound auxiliary lanes, as well as reducing pavement width along the southbound and eastbound approaches.

Traffic studies were performed in the area in the spring, summer and fall and included the 5th and Fitzgerald intersection as well as neighbouring intersections.

The results showed the intersection changes did not negatively affect the level of service for vehicles, nor did it result in noticeable differences in traffic volume. In fact, the pop-up installation reduced delay times in the afternoon for vehicles, while improving the pedestrian crossing experience.

The 5th Street Complete Street Pilot Project will include a substantial overhaul of above-ground and below-ground infrastructure on 5th Street between Fitzgerald and Menzies Avenues. Once completed, the project will significantly improve walking and cycling infrastructure, a key factor in encouraging alternate modes of transport in the city.

100 percent of eligible project costs up to \$3.253 million will be covered through the federal Gas Tax Fund, under the Strategic Priorities Fund - Local Roads, Bridges and Active Transportation category.

The project will include:

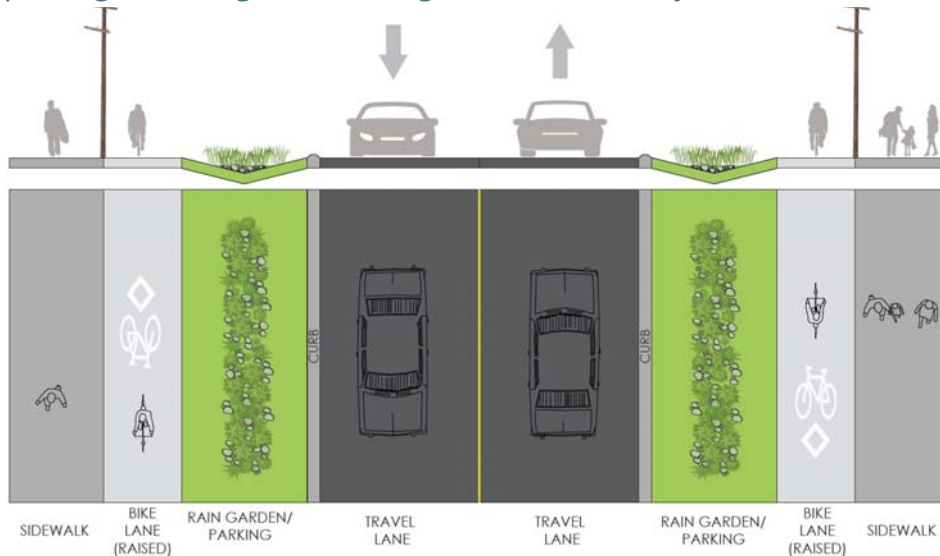
- Two vehicle travel lanes
- Bike lanes separated from vehicle traffic at the same elevation as the sidewalk
- Parking between Fitzgerald and Harmston, and alternating parking and raingardens throughout the remainder of the corridor.

A functional design for 5th Street was presented to Council in May 2017.

Construction on the Complete Street Project began in May 2018, with completion planned by October.

Raingarden cross-section

Parking maintained between Fitzgerald & Harmston, alternating parking and raingarden throughout remainder of corridor



Why was 5th Street chosen?

Planning for a complete street pilot project began in 2014 with a community-wide transportation strategy and a detailed assessment of 15 potential Complete Street corridors.

5th Street was chosen because it will:

- attract people downtown and support economic development

- provide infrastructure to support sharing the roadway for vehicles, pedestrians and cyclists, and is an opportunity to improve transit stops
- provide an opportunity to replace aging underground infrastructure
- construct a gateway to downtown
- connect existing bike routes and trails

Project Goals:

Once re-designed and built, the 5th Street Complete Street project will:

- Create a street that is more comfortable for cyclists and pedestrians to bike and walk
- Encourage residents to walk and bike, instead of drive
- Encourage more children to walk and bike to nearby schools
- Connect to Fitzgerald Avenue and the Rotary Trail
- Manage storm water on site
- Support local economic development opportunities in downtown Courtenay

Timeline so far:

2016

- February:** \$3.253 million funding announcement by Government of Canada
- May:** Stakeholder meetings, open house, online survey
- October:** Conceptual designs presented to Council, second open house and online survey
- December:** Conceptual designs presented to Council

2017

- April-Oct:** Temporary "Pop-Up Intersection" installed to preview traffic patterns
- May:** Functional design presented to Council

2018

- January:** Open house to present final design
- March:** Tender awarded to Copcan Civil Limited
- May:** **Construction starts**

We invest in our key relationships

Mile of Flowers Celebrates 50 Years

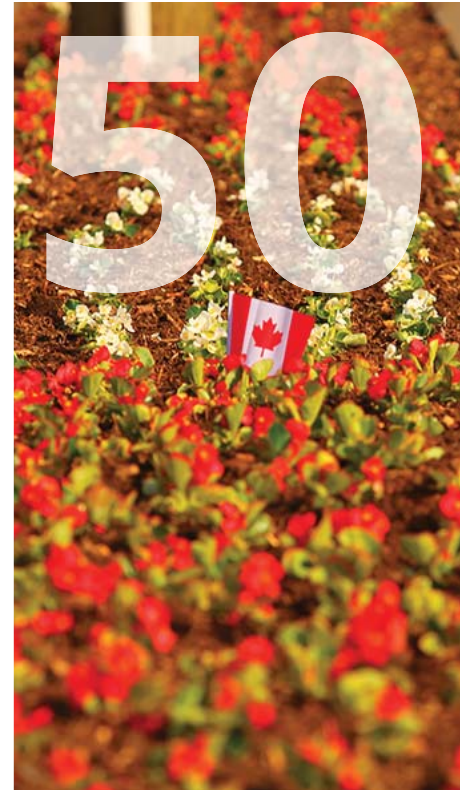
Mile of Flowers, the biggest planting event in Courtenay, celebrated a major milestone in 2017. For 50 years, this annual event has been filling Cliffe Avenue with blooms.

Every year, hundreds of volunteers of all ages fill the garden beds on both sides of Cliffe Avenue with summer flowers provided by the City of Courtenay. Typically, between 200 and 500 volunteers are needed.

In addition to Courtenay's milestone, 2017 was Canada's 150th year. To celebrate, the Mile of Flower's colour palette leaned toward red and white.

Courtenay Rotary and the City of Courtenay hosts an appreciation barbeque every year for planters at Standard Park. In 2017, the barbeque was bigger than ever with special cupcakes to commemorate the 50th anniversary year, family crafts, photos with the fire truck, and a Mile of Flowers historical display.

The Mile of Flowers is a tradition dating back to 1967, when Kathleen Kirk set out to commemorate Canada's centennial year. That year she planted 7,800 seedlings as a welcome to tourists. What began as the initiative of one woman now involves hundreds of volunteers and around 30,000 flowers.



Water Conservation

Did you know that aside from looking great year after year, the Mile of Flowers has also made great strides in reducing water use? A lot less - new methods are saving approximately 600,000 gallons of water per year. This is roughly equivalent to an Olympic size swimming pool!

Management strategies such as compost, mulch and new soil improve water retention. A number of flower beds have also been converted to water-efficient drip-irrigation. Some of the beds have been converted to water-efficient perennial blooms and shrubs.



The City of Courtenay sends heartfelt thanks to all the community volunteers who have helped at the Mile of Flowers over the years



Perogy Party Raises Thousands for Randy Wiwchar Legacy Fund

For many, perogies are the ultimate comfort food, so it's fitting that in the Comox Valley they were the theme for a fundraiser designed to bring comfort to causes devoted to local children and youth.

Randy's Perogy Party, in honour of the late Randy Wiwchar, raised a whopping \$15,000 for the Randy Wiwchar Legacy Fund. The fund is now in excess of \$50,000. The interest will be disbursed yearly through the Comox Valley Community Foundation.

The Randy Wiwchar Legacy Fund supports the development of local children and youth through their participation in academic, athletic, cultural, recreational, vocational, and other activities provided by non-profit organizations in the Comox Valley where funding is a barrier to participation.

The party was made possible thanks to the support of local organizations, businesses and volunteers.

Randy was the City of Courtenay's director of community services. He retired in late 2015 after 25 years of service, and sadly passed away in June 2016.

The Randy Wiwchar Legacy Fund, formerly known as the Centennial Legacy Fund, was renamed in his honour to formally recognize Randy for his contributions to the City of Courtenay and the entire Comox Valley. Should you choose, donations can continue to be made to the Randy Wiwchar Legacy Fund through the Comox Valley Community Foundation at cvcfoundation.org



“40 Houses” Plaque Unveiling

A Courtenay street full of little houses holds a big place in Courtenay's history, and the Courtenay Heritage Advisory Commission has formally recognized the importance of this distinctive community through a permanent plaque.

The plaque unveiling for the “40 Houses” neighbourhood took place in June. The plaque is located at the corner of 17th Street and McPhee Avenue.

The neighbourhood played an important role in the return of veterans to Courtenay following the second World War.

After the war, there was a housing shortage, not just in Courtenay, but across Canada. The houses provided a modest, affordable place to live for veterans and their families as they reestablished their lives back in Canada.

The 40 Houses neighbourhood was completed in 1949, with rents ranging from \$30 to \$37.80 monthly. Houses were between 713 to 891 square feet. The successful applicants were judged based on need, their length of service in Canada and overseas, as well as their marital status and number of dependents. The 40 houses are between the E&N Rail Line, 17th Street, Lewis Avenue, and 18th Street. Similar housing developments were created across the country.



Simms Summer Concert Series

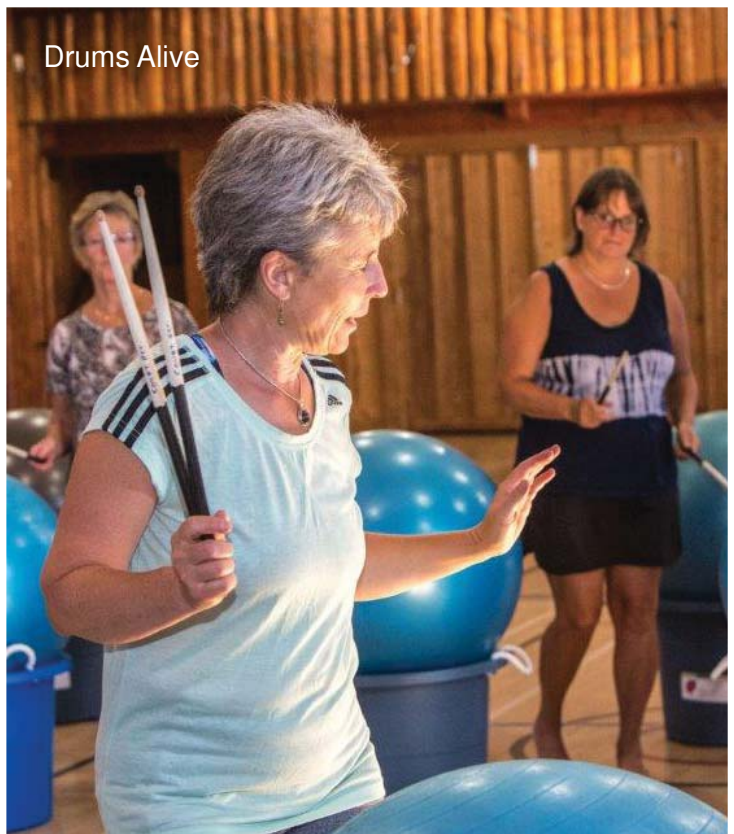
The Simms Park Summer Concert series had its most successful season ever in 2017. On average, 500 to 600 people attended each concert, and the season ended on a high note with approximately 2,000 attendees at the Completely Creedence concert. 2018 Summer Concerts begin in late June. To view the concert schedule, visit www.courtenay.ca/simms

Courtenay Recreation Activities

15,085 
program registrations

1,438 
classes offered

49,740 
Wellness Centre drop-ins





Recreation & Cultural facilities

Lewis Centre | Florence Filberg Centre | LINC Youth Centre
 Native Sons Hall | Courtenay & District Museum
 Comox Valley Centre for the Arts | Sid Williams Theatre | Courtenay Library



Cultural Organizations

The City of Courtenay owns and maintains three major cultural facilities downtown, popular with locals and visitors alike. The City maintains agreements with the cultural organizations which occupy the facilities, each with their own societies and board of directors.

2017 was another busy year for these organizations, each of which is an essential element of Courtenay's vibrant downtown core.

- **Sid Williams Theatre**
 44,156 front door attendance, 12,946 stage door attendance (cast/crew)
- **Comox Valley Art Gallery**
 (located in the Comox Valley Centre for the Arts)
 Approximately 24,000 visitors including 11,500 student engagement visits
- **Courtenay and District Museum**
 28,940 visitors
 Includes fossil tours, year round school programs and visits, gallery visits, annual special events, rentals and visiting groups, in-house lectures, archives/collection visits, conferences and meetings, and out-of-house lectures.

Courtenay Fire Department Battles BC Wildfires



The Courtenay Fire Department assisted the Province of BC with fighting wildfires in the Interior during the summer. In total, six four-person crews were dispatched to locations such as Williams Lake, 150 Mile House, Loon Lake, Kelowna, Monte Lake, and Clinton.

Tasks included protecting a sawmill in Williams Lake, extinguishing hot spots in residential areas, removing fuel loads from homes that had been evacuated, and supporting the BC Forest Service in their attempts to divert the fires around populated areas.

Each crew worked a six day shift on average, gaining valuable experience in a large-scale wildfire response. They returned with great ideas on how to improve wildfire fighting capabilities in our own community.

During these deployments, the Courtenay Fire Department ensured there would still be sufficient volunteers and fire fighting capability for the City of Courtenay and its Fire Protection Districts. Expenses associated with participating in these wildfire events were covered by the Province of BC.

W.A. Lane MacDonald Fire Training Centre



Fire fighters need hands-on training for a variety of scenarios, including single-family house fires, multi-family apartment fires, institutional fires, vehicle extractions, hazmat training, and more. Without this, they put their lives at greater risk each time they respond to a fire or emergency incident.

Courtenay's W.A. Lane MacDonald Fire Training Centre helps ensure volunteers are trained and equipped to come home safely at the end of the day.

2017 Fire Department By the Numbers



44 paid-on-call
volunteers
6 fulltime

7
recruits

565
emergency calls
520 in 2016



316
duty calls
220 in 2016



Financial Reporting

2017 Financial Plan

Municipalities are required by the Community Charter to adopt a balanced five year financial plan by May 15 every year.

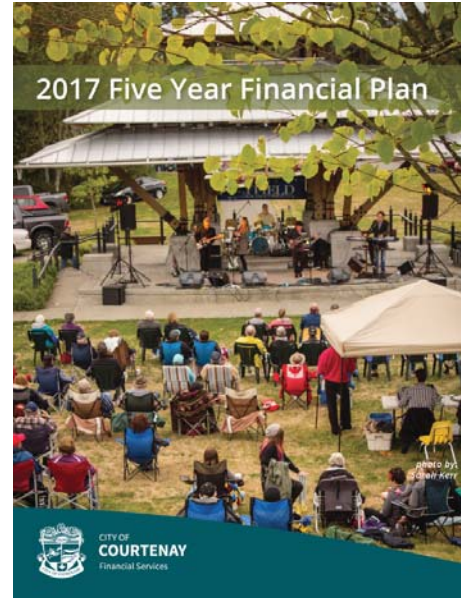
The City's financial plan includes all revenues and expenses in the general, water, and sewer funds. This includes operating costs to maintain infrastructure and provide services to our citizens, as well as the costs associated with major capital projects.

Property tax rates are set during the Financial Plan process based on how much revenue is required to maintain Council approved levels of services to our citizens.

Public feedback is sought early in the budget process through online citizen surveys. Once the Financial Plan has been presented to Council, further feedback is sought through open Council budget sessions and the City website, prior to final adoption.

Courtenay will continue to develop best practices in financial reporting, with the ultimate goal of achieving budget approval in principle by December 31 of the previous year.

Courtenay's Financial Plans are posted annually at www.courtenay.ca/financialplan



Important 2018 Property Tax Dates

**Claim your Home Owner Grant
online by July 3, 2018:**

courtenay.ca/tax

For payment options, visit:

courtenay.ca/billpayments

May 22, 2018

- 2018 Property Tax Notices mailed

July 3, 2018

- Tax payments due
- Provincial Home Owner Grant applications due
- Tax Deferment applications due
- Last day to avoid 10% penalty on unpaid current taxes and unclaimed grants

July 4, 2018

- 10% penalty added to all unpaid current taxes and unclaimed grants

August 1, 2018

- Tax Installment Preauthorized Payment Plan (TIPP) deductions start for the next taxation year

September 24, 2018

- Statutory property tax sale for all properties three years in arrears of taxes

December 31, 2018

- Last day to pay current year taxes prior to rollover into arrears category. (Arrears and delinquent category taxes are subject to a daily interest penalty)

Property Tax Exemptions

Every year, the City of Courtenay receives applications from non-profit organizations that qualify for tax exemption under the requirements of Provincial legislation. For 2017, the following exemptions were approved by Council.

Registered Owners	Exempt Amount of City Property Taxes
Aaron House Ministries	\$1,925
Alano Club of Courtenay	2,379
Canadian Red Cross Society	1,738
City of Courtenay - Leased Office Space	3,234
Comox Valley Boys and Girls Club	1,341
Comox Valley Child Development Association	10,137
Comox Valley Curling Club	12,156
Comox Valley Family Services Association	4,302
Comox Valley Kiwanis Village Society	9,735
Comox Valley Pregnancy Care Centre	673
Comox Valley Recovery Centre Society	4,251
Comox Valley Transition Society	2,710
Courtenay & District Historical Soc. In Trust	2,112
Courtenay Elks Lodge	1,914
Eureka Support Society	2,520
Glacier View Lodge Society	45,622
Habitat for Humanity V.I. North Society	303
John Howard Society of North Island	1,951
L'Arche Comox Valley	3,808
Nature Trust of B.C. - Sandpiper Park	5,679
Old Church Theatre Society	5,440
Royal Cdn. Legion, Courtenay Br. (Pacific) No. 17	6,979
Salvation Army	2,793
Saltwater Education Society	1,571
St. John the Divine Abbeyfield House Society	3,424
Stepping Stones Recovery House for Women	1,098
Upper Island Women of Native Ancestry	748
Youth for Christ Comox Valley	664
Total Non-Profit Annual Tax Exemptions	\$141,207

Council adopted a ten year Permissive Tax Bylaw to exempt the following City owned properties, managed/occupied by non-profit societies. The 2017 value of properties exempt is as follows:

Island Corridor Foundation	\$19,925
Total Island Corridor Foundation exemptions	\$19,925

Council adopted a five-year Permissive Tax Bylaw to exempt the following City owned properties, managed/occupied by non-profit societies. The 2017 value of properties exempt is as follows:

Comox Valley Centre of the Arts	\$23,868
Courtenay & District Museum	17,274
Courtenay Airpark	77,705
Courtenay Marina	9,351
McPhee Meadow Park	2,072
Morrison Nature Park	2,784
Sid Williams Theatre	22,181
Total City owned properties	\$155,235

Provincial Legislation (the Community Charter) statutorily exempts the building and the land on which the building stands, for places of worship, specific seniors' housing, hospitals and private schools. Council may, by bylaw, permissively exempt the land surrounding the building. In 2017, Council adopted a bylaw to exempt the following surrounding lands:

Anglican Synod Diocese of BC	\$1,988
Bishop of Victoria-Catholic Church	958
Central Evangelical Free Church	393
Courtenay Baptist Church	859
Elim Gospel Hall	865
Foursquare Gospel Church of Canada	5,202
Grace Baptist Church	138
Kingdom Hall of Jehovah Witnesses	612
LDS Church	1,420
Lutheran Church	632
River Heights Church Society	919
Salvation Army Canada West	333
Seventh Day Adventist Church	608
St. George's Church	652
Valley United Pentacostal Church	473
Total Permissive Surrounding Statutory Land Tax Exemptions	\$16,052
Total Permissive Exemptions - Overall	\$332,419


The Corporation of the City of Courtenay

Management's Responsibility for Financial Reporting

The preparation of information in these Consolidated Financial Statements is the responsibility of management. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards and are outlined under "Significant Accounting Policies" in the notes to the financial statements.

Management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded, and reported properly. Management also maintains a program of proper business compliance.

MNP LLP, the City's independent auditors, have audited the accompanying financial statements. Their report accompanies this statement.



Brian Parschauer, BA, CPA, CMA
Director of Financial Services



Larry Jangula
Mayor

Meyers Norris Penny

Auditor's Report

To the Mayor and Council of City of Courtenay:

We have audited the accompanying consolidated financial statements of City of Courtenay, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of earnings, changes in net financial assets and cash flows 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 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 City of Courtenay as at December 31, 2017 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information, including schedules 1 to 5, has been presented for purposes of additional analysis. The supplementary information in Schedules 1, 3, 4, and 5 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 Schedule 2 because our examination did not extend to the detailed information therein.

Courtenay, British Columbia

May 7, 2018

MNP LLP

Chartered Professional Accountants

467 Cumberland Road, Courtenay, British Columbia, V9N 2C5, Phone: (250) 338-5464

MNP
LLP

The Corporation of the City of Courtenay

Consolidated Statement Of Financial Position - Statement A As at December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash on Hand and on Deposit (Schedule 5)	\$12,176,694	\$11,940,239
Receivables (Note 1i)	2,960,134	3,178,840
Term Deposits (Schedule 5)	31,487,579	31,409,482
	46,624,407	46,528,561
LIABILITIES		
Accounts Payable (Note 1j)	7,051,630	8,271,606
Trust and Other Deposits	4,036,811	4,742,503
Deferred Revenue - Development Cost Charges (Note 6)	5,546,196	4,481,601
Deferred Revenue - Other (Note 8)	2,221,668	1,409,770
Long-Term Debt (Schedule 4)	12,851,766	14,189,703
	31,708,071	33,095,183
	14,916,336	13,433,378
NET FINANCIAL ASSETS		
NON-FINANCIAL ASSETS		
Inventories	191,031	188,408
Prepaid Expenses	446,715	491,324
Tangible Capital Assets (Note 12 & Schedule 3)	139,559,441	135,242,213
	140,197,187	135,921,945
	\$155,113,523	\$149,355,323
ACCUMULATED SURPLUS (Schedule 2)		

Contingent Liabilities and Commitments (Note 2)

The accompanying notes are an integral part of these financial statements

The Corporation of the City of Courtenay

Consolidated Statement Of Operations - Statement B For the year ended December 31, 2017

	2017 Budget	2017	2016
	<i>(Note 13)</i>		
REVENUE			
Taxes for Municipal Purposes	\$25,752,900	\$25,701,418	\$24,263,225
Sale of Services	14,481,948	14,934,108	13,425,663
Revenue from Own Sources	2,977,700	3,384,772	3,154,810
Federal Transfers	1,483,100	1,108,235	1,094,108
Provincial Transfers	1,709,000	1,877,196	1,383,979
Other Local Government Transfers	941,950	340,167	220,726
Contributions	573,422	3,037,373	4,118,205
DCC Revenue	-	149,539	260,138
Investment Income and Taxation Penalties	831,600	927,737	922,476
Other	727,300	739,066	682,242
Actuarial adjustment	-	-	45,551
Gain on Sale of Tangible Capital Assets	-	51,105	6,785
TOTAL REVENUE	49,478,920	52,250,716	49,577,908
EXPENSES			
General Government Services	5,930,042	5,034,969	4,730,658
Protective Services	9,743,470	8,919,927	8,125,236
Transportation Services	7,818,031	7,399,060	7,037,780
Sewer and Water Facilities	11,172,984	11,043,443	10,191,449
Environmental Health Services	3,364,948	3,389,673	3,291,499
Public Health and Welfare Services	255,297	383,499	259,991
Environmental Development Services	1,298,808	1,350,794	1,249,548
Recreational and Cultural Services	9,266,899	8,971,151	9,649,136
TOTAL EXPENSES	48,850,478	46,492,516	44,535,297
ANNUAL SURPLUS (Schedule 1)	628,442	5,758,200	5,042,611
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	149,355,323	149,355,323	144,312,712
ACCUMULATED SURPLUS AT END OF YEAR	\$149,983,765	\$155,113,523	\$149,355,323

The accompanying notes are an integral part of these financial statements

The Corporation of the City of Courtenay

Consolidated Statement Of Change in Net Financial Assets - Statement C For the year ended December 31, 2017

	2017 Budget	2017	2016`
	(Note 13)		
ANNUAL SURPLUS	\$628,442	\$5,758,200	\$5,042,611
Acquisition of tangible capital assets	(11,851,600)	(7,131,998)	(5,625,947)
Amortization of tangible capital assets	4,425,000	5,183,920	4,890,442
(Gains)/losses and other adjustments to tangible capital assets		437,222	194,159
Proceeds on sale of tangible capital assets		62,811	13,675
Developer tangible capital asset contribution	-	(2,869,183)	(3,606,717)
	(7,426,600)	(4,317,228)	(4,134,388)
Acquisition of supplies inventories	-	(517,235)	(402,965)
Acquisition of prepaid expense	-	(492,414)	(714,847)
Consumption of supplies inventories	-	514,612	390,686
Use of prepaid expense	-	537,023	554,541
	-	41,986	(172,585)
CHANGE IN NET FINANCIAL ASSETS	(6,798,158)	1,482,958	735,638
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	13,433,378	13,433,378	12,697,740
NET FINANCIAL ASSETS AT END OF YEAR	\$6,635,220	\$14,916,336	\$13,433,378

The accompanying notes are an integral part of these financial statements

The Corporation of the City of Courtenay

Consolidated Statement Of Cash Flow - Statement D For the year ended December 31, 2017

	2017	2016
CASH PROVIDED BY (APPLIED TO) FINANCING TRANSACTIONS		
OPERATING TRANSACTIONS		
Annual Surplus	\$5,758,200	\$5,042,611
Changes in non-cash items including amortization		
Increase in amortization	5,183,920	4,890,442
Change in receivables	218,706	577,012
Change in accounts payable	(1,219,976)	1,498,173
Change in trust and other deposits	(705,692)	690,148
Change in deferred revenue	1,876,493	304,415
Change in inventories	(2,623)	(8,471)
Change in prepaids	44,610	(160,306)
Net (gains)/losses and other adjustments to tangible capital assets	437,222	190,351
Developer Tangible Capital Asset Contribution	(2,869,183)	(3,606,717)
Actuarial adjustment	(386,693)	(333,874)
	8,334,984	9,083,784
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(7,131,998)	(5,625,947)
Proceeds on sale of tangible capital assets	62,811	13,675
	(7,069,187)	(5,612,272)
INVESTING TRANSACTIONS		
Term deposits	(78,097)	(15,170,361)
FINANCING TRANSACTIONS		
Repayment of long-term debt	(951,245)	(950,605)
INCREASE (DECREASE) IN CASH ON HAND AND ON DEPOSIT	236,455	(12,649,454)
CASH ON HAND AND ON DEPOSIT AT BEGINNING OF YEAR	11,940,239	24,589,696
CASH ON HAND AND ON DEPOSIT AT END OF YEAR	\$12,176,694	\$11,940,239
Interest paid on outstanding debt and included in annual surplus above	\$635,742	\$713,928

The accompanying notes are an integral part of these financial statements

The Corporation of the City of Courtenay

Notes to Consolidated Financial Statements

Year ended December 31, 2017

The Corporation of the City of Courtenay was incorporated in 1915 under the provisions of the British Columbia Municipal Act. Its principal activities are the provision of local government services to the residents of the Municipality.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

It is the policy of the City to follow Canadian public sector accounting standards and to apply such principles consistently. The consolidated financial statements include the operations of General, Water Utility, Sewer, Capital, Reserve Funds, and the Sid Williams Theatre Society, a controlled entity. Transactions between these funds, and between the City and the Sid Williams Theatre Society, have been eliminated on consolidation. The consolidated financial statements have been prepared using guidelines issued by the Public Sector Accounting Board of CPA Canada. The financial resources and operations of the City have been consolidated for financial statement purposes and include the accounts of all of the funds and equity in tangible capital assets of the City. As part of the supplementary information, the resources and operation of the City are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it.

(b) Revenue and Expense Recognition

Expenses are recorded in the period in which the goods or services are acquired and a liability is incurred.

Amortization is based on the estimated useful lives of tangible capital assets.

Revenue is recorded in the period in which the transactions or events that gave rise to the revenue occur. Amounts that have been received from non-government sources in advance of services being rendered are recorded as deferred revenue until the City discharges the obligations that led to the collection of funds. Following are the types of revenue received and a description of their recognition:

Taxes for Municipal Purposes are recognized in the year levied.

Sale of Services are recognized in the year that the service is provided or the amount is earned, provided the amount can be estimated and collection is reasonably assured.

Revenues from own sources are recognized in the period in which the transactions or events that gave rise to the revenue occur or are earned, provided the amount can be estimated and collection is reasonably assured.

The City recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the City recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Contributions are recorded when the event giving rise to the contribution occurs.

DCC Revenue is recorded in the year that it is used to fund a capital project and has been authorized by bylaw.

Investment income, taxation penalties, and actuarial earnings are recorded in the year they are earned.

(c) Accrued Payroll Benefits

Earned but unpaid vacation is fully accrued and recorded in the financial statements.

Post employment benefits are accrued and recorded in the financial statements. This amount is provided by an Actuary that the City has engaged.

(d) 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 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. Accounts Receivable are stated after evaluation of their collectability. Post employment benefits are calculated by an Actuary. Amortization is based on the estimated useful lives of tangible capital assets. These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in earnings in the periods in which they become known. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the City of Courtenay is responsible for.

The Corporation of the City of Courtenay

Notes to Consolidated Financial Statements

Year ended December 31, 2017

(e) Inventories

Inventories are valued at the lower of cost and replacement cost.

(f) Tangible Capital Assets

Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and amortization. Tangible capital asset expenditures exceeding the following thresholds per major category are capitalized. The average useful life is applied straight line to calculate amortization. In the year of acquisition and disposal, amortization is taken at one-half of the calculated amounts.

Major Asset Category	Threshold	Average Useful Life
Land	\$1	Indefinite
Land Improvements	\$10,000	Varies from 10 to 40 years
Building	\$10,000	Varies from 25 to 60 years
Vehicles, Machinery/Equipment	\$5,000 to \$10,000	Varies from 5 to 25 years
Engineering Structures		
Roads	\$5,000 to \$50,000	Varies from 10 to 60 years
Water	\$5,000 to \$10,000	Varies from 8 to 80 years
Sewer	\$10,000	Varies from 8 to 60 years
Other – Includes Storm	\$10,000	Varies from 25 to 75 years
Other Tangible Capital Assets (includes IT software)	\$5,000	5 years

Carrying costs directly attributable to the acquisition, construction or development activity, excluding interest costs, are capitalized to the point in time the asset is substantially complete and ready for use. Contributed tangible capital assets are recorded at their fair value on the date of contribution. Assets under construction are not amortized until the asset is in use.

(g) Financial Instruments

Financial Instruments consist of cash on hand and deposit, term deposits, receivables, accounts payable, trusts and other deposits, and long-term debt. It is management's opinion that the Municipality is not exposed to significant interest, currency, exchange, or credit risk arising from these financial instruments.

(h) Debt Charges

Interest payments are charged against current fund balances in the period they become payable and have been accrued to December 31, 2017. Actuarial adjustments are offset against interest charged. Principal payments are applied directly to loan balances in the period they accrue.

(i) Receivables

Following is a breakdown of receivables outstanding at December 31, 2017 with 2016 comparatives:

	2017	2016
Federal Government	\$226,908	\$206,198
Provincial Government	659,170	566,788
Regional and other Local Governments	275,880	160,397
Property Taxes	955,208	1,489,508
Other	842,968	755,949
Total Receivables	\$2,960,134	\$3,178,840

The Corporation of the City of Courtenay

Notes to Consolidated Financial Statements

Year ended December 31, 2017

(j) Accounts Payable

Following is a breakdown of accounts payable and accrued liabilities outstanding at December 31, 2017 with 2016 comparatives:

	2017	2016
Federal Government	\$1,348,962	\$1,237,832
Provincial Government	78,412	362,370
Regional and other Local Governments	724,355	1,381,811
Employee Retirement Benefits (Note 10)	944,400	926,000
Trade and accrued liabilities	3,955,501	4,363,593
Total Accounts Payable	\$7,051,630	\$8,271,606

(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 of Courtenay 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 of Courtenay reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period when revisions are made. The City of Courtenay 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. This new Standard does not have a material effect on the consolidated financial statements.

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.

The Corporation of the City of Courtenay

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. This new Standard does not 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 impact on the outcome.

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

PS 3380 Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This 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. . Earlier adoption is permitted. This new Standard does not have a material effect on the 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 contingent assets. 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 de-recognition 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.

The Corporation of the City of Courtenay

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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 Section is effective for new restructuring transactions that occur in fiscal periods 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.

2. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Regional District debt is, under the provisions of the Local Government Act (Section 836), a direct, joint and several liability of the District and each member municipality within the District, including the Corporation of the City of Courtenay. Readers are referred to the Comox Valley Regional District 2017 Audited Financial Statements for specific information and detail.

(b) Principal repayments on long-term debt in each of the next five years are estimated as follows:

2018	\$951,899
2019	934,845
2020	935,534
2021	885,800
2022	810,918
	\$4,518,996

(c) The Municipality is obligated to collect and transmit the tax levies of the following bodies:

Provincial Government – Schools
Comox Valley Regional District
Comox-Strathcona Regional Hospital District
Municipal Finance Authority
British Columbia Assessment Authority
Vancouver Island Regional Library
Downtown Courtenay Business Improvement Area

These levies are not included in the revenues of the Municipality.

(d) As at December 31, 2017, there existed outstanding claims against the City. These claims have been referred to legal counsel and to the City's liability insurers. It is not possible to determine the City's potential liability, if any, with respect to these matters. Management has determined that any potential liabilities arising from these outstanding claims are not significant.

3. PENSION LIABILITY

The employer 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, 2016, the Plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local government.

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

The Corporation of the City of Courtenay

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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 unfunded actuarial liability.

The most recent actuarial valuation 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 and \$297 million of the surplus ensured the required contribution rates remained unchanged.

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

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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan.

The City of Courtenay paid \$939,145 (2016 - \$867,334) for employer contributions to the plan in fiscal 2017.

4. HOST FINANCIAL ASSISTANCE AGREEMENT

The City of Courtenay is a host community for a casino gaming facility operated under agreement with the British Columbia Lottery Corporation. The City receives a percentage of the net gaming income generated by the Chances Courtenay Gaming Centre to be used for public benefit through a quarterly unrestricted transfer from the Province of British Columbia.

5. FEDERAL GAS TAX AGREEMENT FUNDS

Gas Tax Agreement funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the local government and the Union of British Columbia Municipalities. Gas Tax Agreement funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

The City of Courtenay received the first contribution of Gas Tax funding in 2005 and reports the balance in a General Fund Reserve – New Works Community Gas Tax Funds (Schedule 2) until it is used to fund the specified projects outlined in the funding agreement. Interest is accrued and allocated monthly to the balance.

Following is a schedule of Gas Tax receipts and disbursements received in 2017 with comparatives to 2016.

	2017	2016
Opening balance of unspent funds	\$4,733,397	\$3,735,925
Additions:		
Amounts received during the year	1,083,236	1,069,107
Interest earned	29,466	15,865
Deductions:		
Amount spent on projects	(2,328,724)	(87,500)
Closing balance of unspent funds	\$3,517,375	\$4,733,397

The Corporation of the City of Courtenay

Notes to Consolidated Financial Statements

Year ended December 31, 2017

6. DEFERRED REVENUE - DEVELOPMENT COST CHARGES

In order to conform with the Public Sector Accounting Board of CPA Canada, the unspent development cost charges in the following financial statements have been recorded as a liability. Following is a breakdown of cash increases and decreases for the General, Water, and Sewer development costs charge reserves for 2017 and 2016.

2017 Development Cost Charge Reserves

	General BL #2840	Water Utility BL #2840	Sewer Utility BL #2840	Sewer Utility BL #1638	2017 Total
Balance Forward	\$3,450,709	\$529,837	\$467,447	\$33,608	\$4,481,601
Increases					
Interest	21,924	3,265	3,147	198	28,534
Other Contributions	991,805	61,451	132,344	-	1,185,600
	1,013,729	64,716	135,491	198	1,214,134
Decreases					
Revenue Recognized to Fund Capital Projects	(149,539)				(149,539)
Ending Balance Deferred Revenue - DCC	\$4,314,899	\$594,553	\$602,938	\$33,806	\$5,546,196

2016 Development Cost Charge Reserves

	General BL #2840	Water Utility BL #2840	Sewer Utility BL #2840	Sewer Utility BL #1638	2016 Total
Balance Forward	\$3,049,041	\$463,577	\$327,170	\$33,474	\$3,873,262
Increases					
Interest	13,300	1,967	1,511	134	16,912
Other Contributions	638,568	73,593	139,404		851,565
	651,868	75,560	140,915	134	868,477
Decreases					
Revenue Recognized to Fund Capital Projects	(250,200)	(9,300)	(638)		(260,138)
Ending Balance Deferred Revenue - DCC	\$3,450,709	\$529,837	\$467,447	\$33,608	\$4,481,601

The Corporation of the City of Courtenay

Notes to Consolidated Financial Statements

Year ended December 31, 2017

7. TRUST AND ENDOWMENT FUNDS

- (a) The Cemetery Perpetual Care Fund has been assigned to the City to be administered as directed by statute. The City holds the assets for the benefit of, and stands in fiduciary relationship to, the beneficiary. Following is a summary of the financial position and activities for 2017 and 2016, which has been excluded from the City's financial statements.

CEMETERY PERPETUAL CARE FUND FINANCIAL POSITION		2017	2016	CEMETERY PERPETUAL CARE FUND FINANCIAL ACTIVITIES		2017	2016
Financial Assets				Revenue			
Cash on Hand	\$88,440	\$82,201		Fees Levied	\$10,590	\$9,711	
Investments - MFA	238,312	236,023		Interest Revenue	3,242	2,608	
Liabilities				Expenditure			
Interest Payable to City	3,242	5,303		Interest Expense	3,242	2,608	
Net Financial Position	\$323,510	\$312,921		Excess Revenue over Expenditure	\$10,590	\$9,711	

- (b) The Sid Williams Theatre has endowment funds on deposit with the Comox Valley Community Foundation in the amount of \$423,132 (2016 - \$384,442). The principal amount of this endowment cannot be utilized or withdrawn and as such are not considered assets of the City of Courtenay. The endowment funds are not reported as an asset on the statement of financial position.

8. DEFERRED REVENUE – OTHER

Other Deferred Revenue recorded in the Liability section of the City's Financial Statements consists of the revenues related to business license revenue levied and to be recognized in future years, Government transfers received prior to revenue recognition criteria being met, and gift certificates issued and to be redeemed in future years at the Sid Williams Theatre. Following is a breakdown of the change in this balance for 2017 and 2016:

	2017	2016
Opening Balance	\$1,409,770	\$1,713,694
Additions to Deferred Revenue	2,221,668	1,406,868
Revenue Recognized	(1,409,770)	(1,710,791)
Ending Balance Deferred Revenue Other	\$2,221,668	\$1,409,770

9. MFA DEBT RESERVE FUNDS

The City secures its long term borrowing through the Municipal Finance Authority. As a condition of these borrowings a portion of the debenture proceeds are retained by the Authority as a debt reserve fund. These funds are not reported in the financial statements as they are eliminated upon consolidation. As at December 31, 2017 the City had debt reserve funds of \$333,765 (\$327,368 in 2016).

The Corporation of the City of Courtenay

Notes to Consolidated Financial Statements

Year ended December 31, 2017

10. EMPLOYEE RETIREMENT BENEFIT LIABILITY

Employees with 10 years of continuous service retiring under the terms of the Municipal Superannuation Act are entitled to a payout of up to 72 days of their accumulated unused sick leave bank and up to a maximum of 8 additional severance days for each year of service in which the employee used no sick leave. Additionally, upon death of the employee, the bank, up to a maximum of 72 days, will be payable to the employee's life benefit beneficiary. The value of this liability is calculated by an Actuary engaged by the City and reflects the likelihood that all eligible City employees will become entitled to this benefit. Actuarial valuation assumptions for 2017 were based on an interest (discount) rate of 3.0% per annum (2016 - 3.3%) and an inflation rate of 2.5% for both 2017 and 2016. The total estimated employee retirement benefit liability at December 31, 2017 is \$944,400 (\$926,000 in 2016) and is included in the accounts payable balance on Statement A. Following is a breakdown of the benefit liability:

	2017	2016
Accrued benefit liability at beginning of year	926,000	875,700
Expense	100,861	124,300
Benefit Payments	(82,461)	(74,000)
Accrued benefit liability at end of year	\$944,400	\$926,000

11. CONSOLIDATED SEGMENT DISCLOSURE BY SERVICE

The City of Courtenay Consolidated Financial Statements includes the financial activities of various services made available to the community. Following is a description of the types of services included in each of the main service segments of the City's financial statements. A detailed summary of the 2017 revenues and expenses with 2016 comparatives for each segment can be found in Schedule 1 of the accompanying financial statements.

General Government Services

Provide services related to general corporate and legislative administration as well as human resources, information technology, financial management, and revenues received from the Province related to gaming.

Protective Services

Includes services related to providing fire protection, bylaw enforcement, and building inspection to the City, as well as the City's share of expenses related to providing police protection to the Comox Valley.

Transportation Services

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

Environmental Health Services

Includes services related to the collection of garbage, recycling, and yard waste, as well as environmental testing and monitoring.

Public Health and Welfare Services Includes cemetery services.

Environmental Development Services

Includes services related to planning, zoning, sustainability, and hotel taxes, as well as actions relating to homelessness.

Recreational and Cultural Services

Provides recreation and leisure services to the community and includes parks and facilities that allow for fitness, aquatic, cultural, and other activities for the public to enjoy.

The Corporation of the City of Courtenay

Notes to Consolidated Financial Statements

Year ended December 31, 2017

Water Utility Services

Provides for the delivery of water to users and includes the planning, development and maintenance of the City's water infrastructure.

Sewer Utility Services

Provides for the delivery of sewerage removal and includes the planning, development and maintenance of the City's sewer infrastructure.

Other Services

Includes the operations of the Sid Williams Theatre.

12. TANGIBLE CAPITAL ASSET DETAILS (See Schedule 3 for further details)

Contributed capital assets received and recognized in the year from developers, for various infrastructure works and related land and parks, and recorded on the financial statements in 2017 is \$2,869,183 (\$3,606,717 in 2016).

Tangible capital assets include land under the City's roads, recorded at a nominal amount.

Art and historic treasures are displayed at various city facilities and consist of paintings, historical photographs, sculptures, carvings, and other cultural artifacts. These items have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property.

13. RESTATEMENT OF 2017 BUDGET

The budget amounts presented throughout these financial statements are based upon the Five Year Financial Plan approved by Council on May 8, 2017 except in regard to budget amounts for amortization, tangible capital assets, and the use of debt, reserves and prior year surpluses.

The summary below shows the adjustments to the May 8, 2017 budget approved by Council and reflected in these financial statements:

Adjustments to 2017 Budgeted Annual Surplus

Budgeted Surplus per Council approved Budget		\$
Sid Williams Theatre		8,942
Purchase of Capital Assets		11,851,600
Amortization Budgeted		(4,425,000)
Transfer from Reserves		(10,563,000)
Transfer to Reserves		4,201,900
Use of Prior Year Surplus		(1,397,200)
Debt principle repayments in Financial Plan		951,200
Budgeted Surplus per Consolidated Statement of Operations		\$628,442

The Corporation of the City of Courtenay

Consolidated Schedule of Segment Disclosure by Service - Schedule 1 Year ended December 31, 2017 (Audited)

(Note 11)
Page 1 of 3

	General Government Services		Protective Services		Transportation Services		Environmental Health Services	
	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE								
Taxation	\$22,816,507	\$21,603,976						
Sales of Services			933,633	887,972			3,201,028	3,073,262
Revenue from Own Sources			682,622	858,811	130,868	47,356		
Government Transfers	1,359,000	1,196,053	300,373	76,006	1,259,640	1,158,804		
Other Revenue	87,010	94,430			141,500	132,218		
Other Contributions					2,357,482	2,306,421		661,925
Interest Earned	804,432	848,349	3,735	2,106	49,964	27,320		
Actuarial Adjustment		45,549						
Gain on sale of TCA	9,369			200	33,336	6,585		
Total Revenues	25,076,318	23,788,357	1,920,363	1,825,095	3,972,790	3,678,704	3,201,028	3,735,187
EXPENSES								
Salaries and Benefits	3,365,498	3,090,741	2,081,233	1,905,934	2,382,224	2,357,809	51,637	55,009
Goods and Services	1,186,907	1,260,600	6,467,288	5,835,208	1,811,402	1,806,460	3,011,456	2,909,185
Amortization Expense	240,240	170,291	352,012	345,789	2,743,677	2,618,140	315,948	318,718
Debt Servicing	(35,375)	16,080	2,355	35,907	199,953	236,551		
Other Expenditures	277,699	191,383		2,398	640	15,323	8,000	430
Loss on Disposal of TCA		1,563	17,039		261,164	3,497	2,632	8,157
Total Expenses	5,034,969	4,730,658	8,919,927	8,125,236	7,399,060	7,037,780	3,389,673	3,291,499
ANNUAL SURPLUS	20,041,349	19,057,699	(6,999,564)	(6,300,141)	(3,426,270)	(3,359,076)	(188,645)	443,688

The Corporation of the City of Courtenay

Consolidated Schedule of Segment Disclosure by Service - Schedule 1 (continued) Year ended December 31, 2017 (Audited)

(Note 11)
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	Public Health & Welfare Services		Environmental Development Services		Recreational and Cultural Services		Water Utility Services	
	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE								
Taxation							\$922,220	\$709,738
Sales of Services							5,826,949	4,956,600
Revenue from Own Sources			616,227	510,715	1,690,319	1,612,910	220,792	122,574
Government Transfers	103,870	88,353	28,958	20,000	180,547	82,097		-
Other Revenue	167,440	128,455	324,581	290,282	18,535	24,857		12,000
Other Contributions			41,000	233,188	118,068	141,459	379,007	504,275
Interest Earned			4,821	3,539	5,046	14,139	18,322	6,952
Actuarial Adjustment								
Gain on sale of TCA					8,400			
Total Revenues	271,310	216,808	1,015,587	1,057,724	2,020,915	1,875,462	7,367,290	6,312,139
EXPENSES								
Salaries and Benefits	233,328	162,794	804,788	712,196	4,152,743	4,304,997	648,115	681,696
Goods and Services	122,419	72,805	427,386	440,246	2,681,291	2,752,573	4,574,027	2,915,963
Amortization Expense	27,752	24,392	2,533	2,533	842,040	800,883	403,958	371,577
Debt Servicing					69,364	118,425	824	7,451
Other Expenditures			116,087	94,573	309,529	644,699	144	37,158
Loss on Disposal of TCA					23,883	7,668	183,608	18,497
Total Expenses	383,499	259,991	1,350,794	1,249,548	8,078,850	8,629,245	5,810,676	4,032,342
ANNUAL SURPLUS	(112,189)	(43,183)	\$(335,207)	\$(191,824)	\$(6,057,935)	\$(6,753,783)	\$1,556,614	\$2,279,797

The Corporation of the City of Courtenay

Consolidated Schedule of Segment Disclosure by Service - Schedule 1 (continued) Year ended December 31, 2017 (Audited)

(Note 11)
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	Sewer Utility Services		Other Services		Consolidated	
	2017	2016	2017	2016	2017	2016
REVENUE						
Taxation	\$1,962,691	\$1,949,511			\$25,701,418	\$24,263,225
Sales of Services	4,338,650	3,883,643	633,848	624,186	14,934,108	13,425,663
Revenue from Own Sources	43,944	2,445			3,384,772	3,154,810
Government Transfers		10,000	93,210	67,500	3,325,598	2,698,813
Other Revenue					739,066	682,242
Other Contributions	243,033	475,163	48,322	55,912	3,186,912	4,378,343
Interest Earned	20,222	5,547	21,195	14,523	927,737	922,476
Actuarial Adjustment					-	45,551
Proceeds on sale of TCA					51,105	6,785
Total Revenues	6,608,540	6,326,309	796,575	762,121	52,250,716	49,577,908
EXPENSES						
Salaries and Benefits	444,095	449,920	665,604	643,891	14,829,265	14,364,987
Goods and Services	850,299	943,956	226,697	376,000	21,359,172	19,312,996
Amortization Expense	255,758	238,117			5,183,918	4,890,440
Debt Servicing	11,928	20,334			249,049	434,748
Other Expenditures	3,670,687	4,484,685			4,382,786	5,470,649
Loss on Disposal of TCA		22,095			488,326	61,477
Total Expenses	5,232,767	6,159,107	892,301	1,019,891	46,492,516	44,535,297
ANNUAL SURPLUS	\$1,375,773	\$167,202	\$(95,726)	\$(257,770)	\$5,758,200	\$5,042,611

The Corporation of the City of Courtenay

Consolidated Schedule Of Accumulated Surplus & Reserves - Schedule 2 Year ended December 31, 2017 (Unaudited)

	2017	2016
Surplus		
Invested in Tangible Capital Assets	\$126,707,678	\$121,052,517
General Operating Fund	4,298,104	4,693,224
General Capital Fund	1,724,304	1,724,307
Water Utility Operating Fund	1,334,835	677,363
Water Utility Capital Fund	108,869	108,869
Sewer Utility Operating Fund	1,220,160	944,924
Sewer Utility Capital Fund	21,706	21,706
Sid Williams Theatre Society	306,861	220,987
Gaming Fund	1,706,495	1,515,339
Total Surplus	137,429,012	130,959,236
Reserves		
General Fund Reserves:		
Machinery and Equipment	1,551,970	1,478,260
Land Sale	150,621	149,738
New Works and Equipment	3,412,220	3,969,896
New Works - Community Gas Tax Funds (Note 5)	3,517,375	4,733,397
General Asset Management Reserve	654,306	650,474
Risk Reserve	100,992	100,401
Public Parking	48,805	44,068
Parkland Acquisition	210,250	209,019
Police Contingency Reserve	417,602	
Assessment Appeal	50,038	
Housing Amenity	492,421	449,161
Tree Reserve	4,538	4,012
Amenity	299,581	286,744
	10,910,719	12,075,170
Water Utility Reserves:		
Water Utility	1,557,915	1,516,303
Water Asset Management Reserve	1,298,207	1,322,838
Machinery and Equipment	284,643	253,053
	3,140,765	3,092,194
Sewer Utility Reserves:		
Sewer Utility	488,983	476,139
Sewer Asset Management Reserve	2,437,517	2,125,000
Machinery and Equipment	706,527	627,584
	3,633,027	3,228,723
Total Reserves	17,684,511	18,396,087
ACCUMULATED SURPLUS (Statement A)	\$155,113,523	\$149,355,323

The Corporation of the City of Courtenay

Consolidated Schedule of Tangible Capital Assets - Schedule 3 For the year ended December 31, 2017 (Audited)

COST	Land		Equipment/ Furniture/ Vehicles		Engineering Structures			Other Tangible Capital Assets		Total	2016
	Land	Improvements	Buildings	Land	Roads	Water	Sewer	Other	Capital Assets		
Opening Balance		153,365	178,647	199,496	709,508	62,138	11,653	24,240	20,242	1,359,289	5,380,573
Construction-in-progress (CIP)											
Add: Construction-in-progress		40,544	175,453	168,561	245,608	95,312			8,000	733,478	660,814
Less: Transfers into Service			(44,304)	(209,106)	(254,397)	(24,389)	(11,653)			(543,849)	(4,682,098)
Less: Writedowns & Reallocations		(16,762)		(7,121)	(166,370)					(190,253)	
Closing Balance		177,147	309,796	151,830	534,349	133,061		24,240	28,242	1,358,665	1,359,289
Construction-in-progress											
Opening Balance	21,609,649	6,579,867	30,007,859	16,700,686	90,184,974	19,041,144	10,477,712	21,423,210	754,068	216,779,169	204,147,360
Tangible Capital Assets											
Add: Opening Adjustment											(133,603)
Add: Additions (including Transfers into Service)	410,000	103,842	817,439	1,248,419	3,624,667	2,150,109	420,489	633,072	403,514	9,811,551	13,254,951
Less: Disposals				(293,147)	(749,405)	(313,816)		(7,520)	(64,607)	(1,428,495)	(489,539)
Closing Balance Tangible Capital Assets and CIP	22,019,649	6,860,856	31,135,094	17,807,788	93,594,585	21,010,498	10,898,201	22,073,002	1,121,217	226,520,890	218,138,458
ACCUMULATED AMORTIZATION											
Opening Balance		2,588,859	10,516,382	9,997,477	43,221,167	6,517,509	1,685,566	7,689,093	680,192	82,896,245	78,423,934
Add: Writedown											3,040
Add: Amortization		238,369	701,683	786,387	2,319,763	373,026	198,966	502,626	63,100	5,183,920	4,890,442
Less: Accum Amortization on Disposals			275	(264,677)	(654,611)	(130,208)		(4,888)	(64,607)	(1,118,716)	(421,171)
Closing Balance		2,827,228	11,218,340	10,519,187	44,886,319	6,760,327	1,884,532	8,186,831	678,685	86,961,449	82,896,245
Net Book Value for year ended December 31, 2017	\$22,019,649	\$4,033,628	\$19,916,754	\$7,288,601	\$48,708,266	\$14,250,171	\$9,013,669	\$13,886,171	\$442,532	\$139,559,441	\$135,242,213

The Corporation of the City of Courtenay

Consolidated Schedule of Debenture and Other Long-Term Debt - Schedule 4 Year ended December 31, 2017 (Audited)

Bylaw Number	Maturity Date	Interest Rate	Principal Outstanding Dec 31/16	Current Year Borrowing	Actuarial Adjustment/ Princ. Reduct.	Principal Outstanding Dec 31/17
General Capital Fund						
Debenture Debt						
2171	Library	2021	3.05	868,521	157,180	711,341
2266	Infrastructure Works - MFA	2018	4.78	68,521	33,425	35,096
2266	Fifth Street Bridge	2023	5.15	246,973	31,269	215,704
2304	Lerwick Road Ext. Prop Acquisition	2029	4.86	666,497	37,628	628,869
2227	City Hall Retaining Wall	2020	5.00	52,236	12,301	39,935
2354	Repaving Program	2025	5.75	256,258	25,691	230,567
2355	Lerwick Road Extension	2030	5.75	473,316	25,875	447,441
2356	City Hall Renovation	2020	5.50	277,506	65,351	212,155
2425	Lerwick Road Construction	2026	4.66	429,706	35,791	393,915
2453	Police Property Acquisition	2026	4.43	853,146	71,060	782,086
2458	Public Works Maintenance Building	2022	4.52	742,586	111,953	630,633
2539	Capital Infrastructure Work	2023	4.13	1,907,484	207,015	1,700,469
2538	Native Sons Hall Renovation	2025	4.50	401,245	37,915	363,330
2680	Lewis Centre Renovation	2027	2.90	3,309,293	245,381	3,063,912
2681	Infrastructure Works - Road Paving	2027	2.90	1,229,166	91,141	1,138,025
TOTAL GENERAL CAPITAL FUND				11,782,454	1,188,976	10,593,478
Water Capital Fund						
Debenture Debt						
2424	Water Extension - Lerwick Road	2026	4.66	358,088	29,825	328,262
TOTAL WATER CAPITAL FUND				358,088	29,825	328,262
Sewer Capital Fund						
Debenture Debt						
2305	Sewer Extension	2029	4.86	499,873	28,220	471,653
2353	Sewer Extension	2030	5.00	1,332,047	72,822	1,259,225
2423	Sewer Extension - Lerwick Road	2026	4.66	217,240	18,094	199,146
TOTAL SEWER CAPITAL FUND				2,049,161	119,136	1,930,024
TOTAL ALL CAPITAL FUNDS				14,189,703	1,337,937	12,851,766

The Corporation of the City of Courtenay

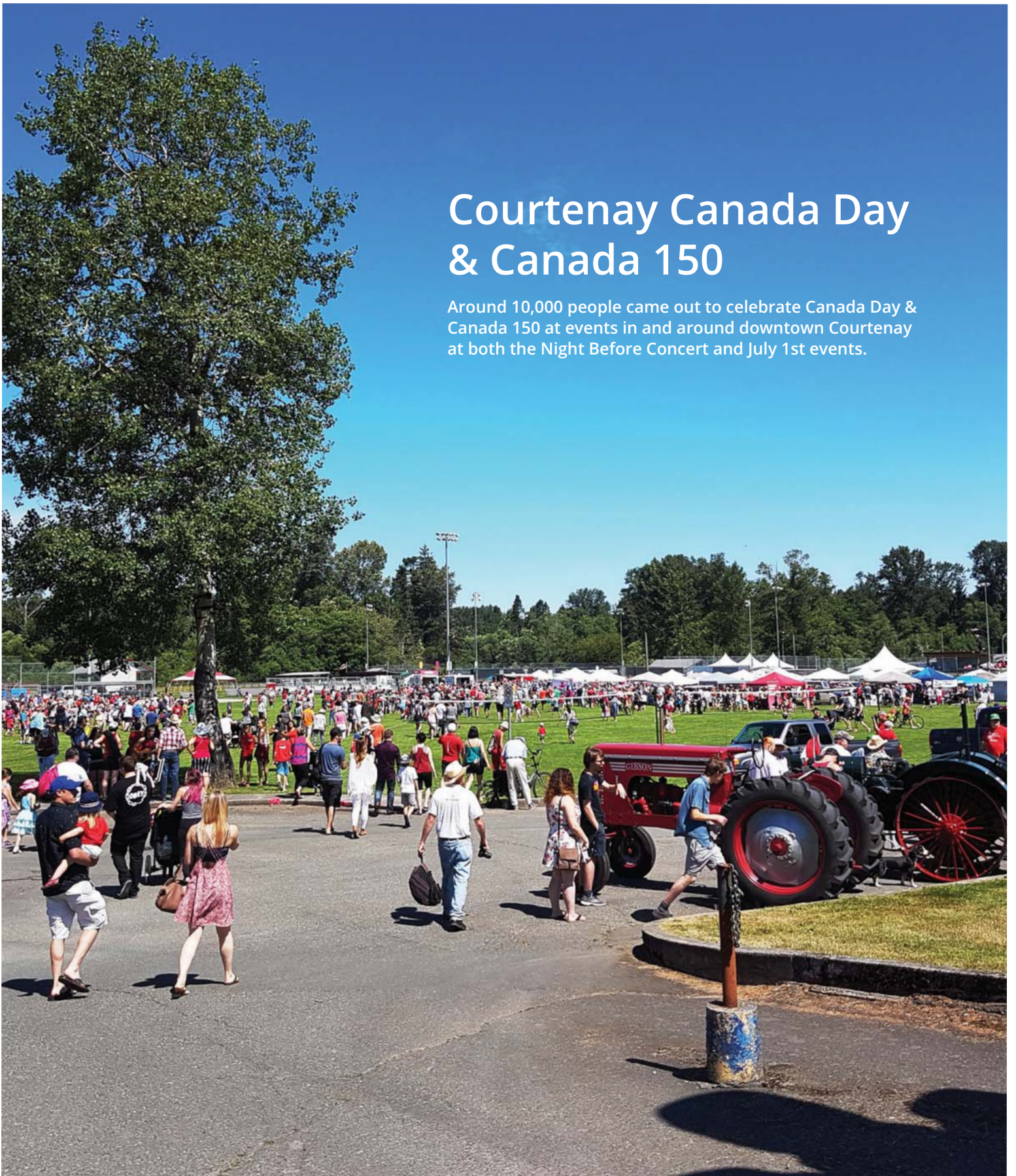
Consolidated Schedule Of Investments - Schedule 5

For the year ended December 31, 2017 (Audited)

	2017	2016
GENERAL OPERATING FUND - Cash on hand	\$9,671,192	\$10,224,738
GAMING FUND - Cash on Hand	\$1,986,037	\$1,322,459
SID WILLIAMS THEATRE SOCIETY - Cash on hand	\$519,465	\$393,042
Total Cash on Hand and on Deposit	\$12,176,694	\$11,940,239
GENERAL OPERATING FUND TERM DEPOSITS		
Municipal Finance Authority, Money Market Fund at fluctuating rate, no maturity date	16,945	16,773
Raymond James, various guaranteed investment certificates	7,624,910	20,095,914
The Bank of Nova Scotia, various guaranteed investment certificates	6,273,400	11,296,795
Coast Capital Credit Union, various guaranteed investment certificates	17,572,324	
Total Term Deposits	31,487,579	31,409,482
TOTAL CASH AND INVESTMENTS (Statement A)	\$43,664,273	\$43,349,721

Courtenay Canada Day & Canada 150

Around 10,000 people came out to celebrate Canada Day & Canada 150 at events in and around downtown Courtenay at both the Night Before Concert and July 1st events.



CITY OF
COURTENAY

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