



**THE CORPORATION OF
THE CITY OF COURTENAY**

Statement of Financial Information

Community Charter SBC Chapter 26, Section 168.1,
Financial Information Act [RSBC 1996] Chap.140

For the Year Ended December 31, 2015

INDEX

<u>Statement</u>	<u>Page No.</u>
Management Report	2
Auditor Report	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flow	7
Consolidated Schedule of Segment Disclosure by Service	8,9
Notes to Consolidated Financial Statements	10-24
Consolidated Schedule of Tangible Capital Assets	25
Consolidated Schedule of Debenture and Other Long Term Debt	26, 27
Schedule of Remuneration and Expenses of Elected Officials	28
Schedule of Salaries, Wages and Expense	29
Schedule of Payments Made to Suppliers of Goods and Services	30-32
Schedule of Guarantee and Indemnity Agreements	33
Statement of Financial Information Approval	34

MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with Canadian Public Sector Accounting Standards and are outlined under “Significant Accounting Policies” in the notes to the financial statements, and the integrity and objectivity of these statements are management’s responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

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

The Council of the City of Courtenay is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The external auditors, MNP LLP, conduct an independent examination, in accordance with Canadian Public Sector accounting standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation’s system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of the Corporation of the City of Courtenay:



Brian Parschauer, BA, CPA, CMA

Director of Financial Services

June 27, 2016

Independent Auditors' Report

To the Mayor and Council of the City of Courtenay:

We have audited the consolidated statement of financial position of The Corporation of the City of Courtenay as at December 31, 2015 and the consolidated statements of operations, change in net financial assets and cash flow, and related schedules 1, 3, 4 and 5 for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for 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 necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2015 the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information, including schedules 1 to 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

June 27, 2016

MNP LLP

Chartered Professional Accountants

**THE CORPORATION OF THE CITY OF COURTENAY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015**

STATEMENT A

	2015	2014
FINANCIAL ASSETS		
Cash on Hand and on Deposit (Schedule 5)	\$ 24,589,693	\$ 28,371,670
Receivables (Note 1i)	3,755,852	4,992,181
Term Deposits (Schedule 5)	16,239,121	12,203,715
	44,584,666	45,567,566
LIABILITIES		
Accounts Payable (Note 1j)	6,773,433	5,921,044
Trust and Other Deposits	4,052,355	4,824,201
Deferred Revenue - Development Cost Charges (Note 7)	3,873,262	3,051,916
Deferred Revenue - Other (Note 10)	1,713,694	2,501,039
Long-Term Debt (Schedule 4)	15,474,182	17,190,472
	31,886,926	33,488,672
NET FINANCIAL ASSETS	12,697,740	12,078,894
NON-FINANCIAL ASSETS		
Inventories	179,937	157,028
Prepaid Expenses	331,018	542,012
Tangible Capital Assets (Note 14 & Schedule 3)	131,104,017	123,675,417
	131,614,972	124,374,457
ACCUMULATED SURPLUS (Schedule 2)	\$ 144,312,712	\$ 136,453,351

The accompanying notes are an integral part of these financial statements.

**THE CORPORATION OF THE CITY OF COURTENAY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

STATEMENT B

REVENUE	2015 Budget (Note 16)	2015	2014
Taxes for Municipal Purposes	\$ 23,367,639	\$ 23,359,764	\$ 22,658,118
Sale of Services	12,608,729	12,499,386	11,717,705
Revenue From Own Sources	3,762,162	3,568,322	3,014,344
Federal Transfers	91,800	1,162,778	4,237,931
Provincial Transfers	1,123,185	1,234,578	1,142,728
Other Local Government Transfers	447,092	355,165	412,385
Contributions	3,809,559	3,782,730	1,694,006
DCC Revenue	-	172,009	614,581
Investment Income and Taxation Penalties	788,225	958,161	906,875
Other	465,600	569,615	594,252
Actuarial adjustment	-	146,868	-
Gain on Sale of Tangible Capital Assets	-	22,740	-
TOTAL REVENUE	46,463,991	47,832,116	46,992,925
 EXPENSES			
General Government Services	4,882,647	4,611,266	5,015,423
Protective Services	8,577,696	8,374,891	7,007,779
Transportation Services	7,282,861	6,267,696	6,692,076
Sewer and Water Facilities	8,863,922	8,224,013	8,013,818
Environmental Health Services	3,157,849	3,088,829	2,913,719
Public Health and Welfare Services	268,520	266,639	255,009
Environmental Development Services	911,871	828,767	832,936
Recreational and Cultural Services	9,047,014	8,310,654	8,387,319
TOTAL EXPENSES	42,992,380	39,972,755	39,118,079
 ANNUAL SURPLUS (Schedule 1)	3,471,611	7,859,361	7,874,846
 ACCUMULATED SURPLUS AT BEGINNING OF YEAR	136,453,351	136,453,351	128,578,505
 ACCUMULATED SURPLUS AT END OF YEAR	\$ 139,924,962	\$ 144,312,712	\$ 136,453,351

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
FOR THE YEAR ENDED DECEMBER 31, 2015**

STATEMENT C

	2015 Budget (Note 16)	2015	2014
ANNUAL SURPLUS	\$ 3,471,611	\$ 7,859,361	\$ 7,874,846
Acquisition of tangible capital assets	(11,556,259)	(9,013,394)	(3,562,838)
Amortization of tangible capital assets	4,569,989	4,569,989	4,475,279
Loss on sale of tangible capital assets		(22,740)	167,871
Proceeds on sale of tangible capital assets		64,604	3,824
Developer tangible capital asset contribution	(3,027,059)	(3,027,059)	(1,312,263)
	<u>(10,013,329)</u>	<u>(7,428,600)</u>	<u>(228,127)</u>
Acquisition of supplies inventories	-	(370,001)	(398,668)
Acquisition of prepaid expense	-	(376,517)	(731,154)
Consumption of supplies inventories	-	347,091	421,267
Use of prepaid expense	-	587,512	581,069
	<u>-</u>	<u>188,085</u>	<u>(127,486)</u>
CHANGE IN NET FINANCIAL ASSETS/NET DEBT	(6,541,718)	618,846	7,519,233
NET FINANCIAL ASSETS/NET DEBT AT BEGINNING OF YEAR	12,078,894	12,078,894	4,559,661
NET FINANCIAL ASSETS/NET DEBT AT END OF YEAR	<u>\$ 5,537,176</u>	<u>\$ 12,697,740</u>	<u>\$ 12,078,894</u>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE CITY OF COURTENAY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2015**

STATEMENT D

	2015	2014
CASH PROVIDED BY (APPLIED TO) FINANCING TRANSACTIONS		
OPERATING TRANSACTIONS		
Annual Surplus	\$ 7,859,361	\$ 7,874,846
Changes in non-cash items including amortization		
Increase in amortization	4,569,989	4,475,279
Change in receivables	1,236,329	(511,457)
Change in accounts payable	852,389	(910,525)
Change in trust and other deposits	(771,846)	2,473,210
Change in deferred revenue	34,001	(2,656,660)
Change in inventories	(22,909)	22,599
Change in prepaids	210,994	(150,084)
Loss on disposal of capital assets	(22,740)	167,871
Developer Tangible Capital Asset Contribution	(3,027,059)	(1,312,263)
Actuarial adjustment	(501,082)	(431,658)
Cash Provided by Operating Transactions	10,417,427	9,041,158
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(9,013,394)	(3,562,838)
Proceeds on sale of tangible capital assets	64,604	3,824
Cash Applied to Capital Transactions	(8,948,790)	(3,559,014)
INVESTING TRANSACTIONS		
Term deposits	(4,035,406)	6,137,256
Cash Provided by (applied to) Investing Transactions	(4,035,406)	6,137,256
FINANCING TRANSACTIONS		
Repayment of long-term debt	(1,215,206)	(1,214,599)
Cash applied to Financing Transactions	(1,215,206)	(1,214,599)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,781,975)	10,404,800
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	28,371,670	17,966,870
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 24,589,693	\$ 28,371,670
Interest paid on outstanding debt and included in annual surplus above	\$ 823,506	\$ 1,000,660

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF COURTENAY
 CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE BY SERVICE
 YEAR ENDED DECEMBER 31, 2015
 (Audited)

SCHEDULE 1
 (Note 13)

Page 1 of 2

	General Government Services		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE:										
Taxation	\$ 20,746,851	\$ 20,065,807								
Sales of Services			806,693	802,719			3,023,920	2,817,834		
Revenue from Own Sources			1,240,560	796,106	86,600	162,224				
Government Transfers	1,284,803	1,142,360	17,825	18,910	1,060,403	4,167,185			90,532	118,818
Transfer from Other Funds										
Other Revenue	86,543	118,664			50,666				143,966	148,921
Other Contributions	166,309				1,793,030	1,089,224	409,432			
Interest Earned	856,382	816,103	5,974	9,579	35,368	16,865				
Actuarial Adjustment	26,881		119,987							
Proceeds on sale of TCA	2,000				20,740					
Total Revenues	23,169,769	22,142,934	2,191,039	1,627,314	3,046,807	5,435,498	3,433,352	2,817,834	234,498	267,739
EXPENSES										
Salaries and Benefits	2,886,969	2,636,886	1,610,394	1,657,059	1,979,066	2,138,771	55,794	48,163	163,223	147,564
Goods and Services	1,132,525	946,752	6,217,957	4,911,720	1,343,946	1,412,868	2,747,548	2,590,060	81,396	80,380
Capital Expenditures										
Amortization Expense	170,925	188,353	292,512	244,026	2,462,585	2,461,561	280,487	271,437	22,020	21,337
Debt Servicing	24,034	14,617	80,007	11,635	263,575	314,539				
Transfer to Other Funds										
Other Expenditures	396,813	1,228,815	174,021	183,339	218,524	216,205	5,000	4,059	-	5,728
Loss on Disposal of TCA						148,132				
Total Expenses	4,611,266	5,015,423	8,374,891	7,007,779	6,267,696	6,692,076	3,088,829	2,913,719	266,639	255,009
ANNUAL SURPLUS	18,558,503	17,127,511	(6,183,852)	(5,380,466)	(3,220,889)	(1,256,578)	344,523	(95,885)	(32,141)	12,730

**THE CORPORATION OF THE CITY OF COURTENAY
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE BY SERVICE
YEAR ENDED DECEMBER 31, 2015**
(Audited)

	Environmental Development Services		Recreational and Cultural Services		Water Utility Services		Sewer Utility Services		Other Services		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE:												
Taxation					\$ 697,061	\$ 691,749	\$ 1,915,852	\$ 1,900,562			\$ 23,359,764	\$ 22,658,118
Sales of Services	482,351	459,628	1,593,716	1,399,074	4,643,240	4,530,857	3,518,427	3,107,819	507,106	458,476	12,499,386	11,717,705
Revenue from Own Sources	1,100	4,947	92,408	125,506	116,095	139,834	49,000	57,478	168,750	177,568	3,568,322	3,014,344
Government Transfers					36,700	37,750					2,752,521	5,793,044
Transfer from Other Funds												
Other Revenue	227,915	222,667	60,525	104,000							569,615	594,252
Other Contributions	139,500	62,457	234,845	143,262	307,486	308,765	839,531	632,654	64,606	72,225	3,954,739	2,308,587
Interest Earned	3,583	4,479	15,759	18,387	8,473	11,635	5,960	7,195	26,662	22,632	958,161	906,875
Actuarial Adjustment											146,868	
Proceeds on sale of TCA											22,740	
Total Revenues	854,449	754,178	1,997,253	1,686,229	5,809,055	5,824,590	6,328,770	5,705,708	767,124	730,901	47,832,116	46,992,925
EXPENSES												
Salaries and Benefits	547,205	546,670	3,652,569	3,767,220	608,242	555,115	350,897	368,688	575,559	584,369	12,429,918	12,450,505
Goods and Services	272,741	274,703	2,306,143	2,207,425	2,723,450	2,741,230	810,026	798,111	300,328	278,380	17,936,060	16,241,629
Capital Expenditures												
Amortization Expense	2,533	2,533	786,895	789,298	353,082	339,732	199,680	157,002			4,569,989	4,475,279
Debt Servicing			42,269	116,356	20,745	21,595	47,845	101,571			478,475	580,313
Transfer to Other Funds												
Other Expenditures	6,288	9,030	646,891	637,229	40,126	90,686	3,069,188	2,823,568			4,556,851	5,198,659
Loss on Disposal of TCA				7,042		10,202	732	6,318			732	171,694
Total Expenses	828,767	832,936	7,434,767	7,524,570	3,745,645	3,758,560	4,478,368	4,255,258	875,887	862,749	39,972,755	39,118,079
ANNUAL SURPLUS	\$ 25,682	\$ (78,758)	\$ (5,437,514)	\$ (5,838,341)	\$ 2,063,410	\$ 2,066,030	\$ 1,850,402	\$ 1,450,451	\$ (108,763)	\$ (131,848)	\$ 7,859,361	\$ 7,874,846

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

PAGE 1 OF 15

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.

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

PAGE 2 OF 15

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.

(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	\$5000 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

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

PAGE 3 OF 15

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, 2015. 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, 2015 with 2014 comparatives:

	2015	2014
Federal Government	\$ 179,108	\$ 141,115
Provincial Government	397,979	358,570
Regional and other Local Governments	136,689	200,262
Property Taxes	1,526,701	1,799,573
Other	1,515,375	2,492,661
 Total Receivables	 \$ 3,755,852	 \$ 4,992,181

(j) Accounts Payable

Following is a breakdown of accounts payable and accrued liabilities outstanding at December 31, 2015 with 2014 comparatives:

	2015	2014
Federal Government	\$ 56,763	\$ 1,182,722
Provincial Government	281,965	232,957
Regional and other Local Governments	948,585	909,367
Employee Retirement Benefits	875,700	892,449
Trade and accrued liabilities	4,610,420	2,703,549
 Total Accounts Payable	 \$ 6,773,433	 \$ 5,921,044

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

PAGE 4 OF 15

(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, 2015.

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) Change in Accounting Policy

Effective January 1, 2015, the City of Courtenay adopted the recommendations in PS 3260 Liabilities for Contaminated Sites, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations, the City of Courtenay is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in Note (k), Significant Accounting Policies.

The City of Courtenay expects to record a liability for remediation of a contaminated site in a future year, pending the completion of Phase II assessments and further work done at the site. The City is not able to determine a reasonable estimate of the liability as at the financial statement date, but expects the amount to be significant.

(m) Recent Accounting Pronouncements

PS 2200 Related Party Disclosures

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

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

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

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

PAGE 5 OF 15

PS 3210 Assets

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

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained. Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions. The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

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

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

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

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

PS 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 bases 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 CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

PAGE 6 OF 15

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

PS 3380 Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). 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. The City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3430 Restructuring Transactions

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on 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 derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense. Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date. The financial position and results of operations prior to the restructuring date are not restated. Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The 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.

**THE CORPORATION OF THE CITY OF COURTENAY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

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 2015 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:

2016	\$	950,606
2017		951,245
2018		951,900
2019		934,846
2020		<u>935,535</u>
	\$	<u>4,724,131</u>

- (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, 2015, 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.

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

PAGE 8 OF 15

3. PENSION LIABILITY

The municipality and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2014, the Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 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 member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1.37 billion funding deficit for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2015 with results available in 2016.

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 \$809,258 (2014 - \$774,416) for employer contributions to the Plan in fiscal 2015.

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.

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

PAGE 9 OF 15

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 2015 with comparatives to 2014.

	2015	2014
Opening Balance of Unspent Funds	\$ 4,008,322	\$ 3,121,718
Additions:		
Amounts Received During the Year	1,034,277	1,034,277
Interest Earned	20,774	23,441
Deductions:		
Amount Spent on Projects	(1,327,448)	(171,114)
Closing Balance of Unspent Funds	\$ 3,735,925	\$ 4,008,322

6. DEBENTURE AND OTHER LONG-TERM DEBT

Funding of certain general debenture and other long-term debt repayment is provided by sources other than general taxation. Other sources include short term loan proceeds used to bridge the gap for debenture debt proceeds, and lease and rental revenues, which reduce the requirement to fund debt repayment from general taxation revenues. This source of funding detail at the time of the annual tax levy, with 2014 comparatives, is as follows:

	2015	2014
Municipal debt levy, general taxation	\$1,654,293	\$1,811,805
Lease and rental revenues	224,761	228,025
Total funding required – general debt repayment	<u>\$1,879,054</u>	<u>\$2,039,830</u>

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

7. 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 2015 and 2014.

	General Reserve DCC BL #2426	Water Utility Reserve DCC BL #2426	2015 Sewer Utility Reserve DCC BL #2426	Sewer Utility Reserve DCC BL #1638	2015 Total
Balance Forward	\$ 2,491,051	\$ 365,857	\$ 161,701	\$ 33,307	\$ 3,051,916
Increases					
Interest	13,280	2,033	1,227	167	16,707
Other Contributions	712,454	99,952	164,242	-	976,648
	<u>725,734</u>	<u>101,985</u>	<u>165,469</u>	<u>167</u>	<u>993,355</u>
Decreases					
Revenue Recognized to Fund Capital Projects	(167,744)	(4,265)	-	-	(172,009)
Reclassifications, redemptions, refunds	-	-	-	-	-
	<u>(167,744)</u>	<u>(4,265)</u>	<u>-</u>	<u>-</u>	<u>(172,009)</u>
Ending Balance Deferred Revenue - DCC	<u>\$ 3,049,041</u>	<u>\$ 463,577</u>	<u>\$ 327,170</u>	<u>\$ 33,474</u>	<u>\$ 3,873,262</u>

	General Reserve DCC BL #2426	Water Utility Reserve DCC BL #2426	2014 Sewer Utility Reserve DCC BL #2426	Sewer Utility Reserve DCC BL #1638	2014 Total
Balance Forward	\$ 2,444,779	\$ 356,089	\$ 518,737	\$ 33,075	\$ 3,352,680
Increases					
Interest	17,953	2,588	3,797	232	24,570
Other Contributions	211,451	33,698	44,098	-	289,247
	<u>229,404</u>	<u>36,286</u>	<u>47,895</u>	<u>232</u>	<u>313,817</u>
Decreases					
Revenue Recognized to Fund Capital Projects	(183,132)	(26,518)	(404,931)	-	(614,581)
Reclassifications, redemptions, refunds	-	-	-	-	-
	<u>(183,132)</u>	<u>(26,518)</u>	<u>(404,931)</u>	<u>-</u>	<u>(614,581)</u>
Ending Balance Deferred Revenue - DCC	<u>\$ 2,491,051</u>	<u>\$ 365,857</u>	<u>\$ 161,701</u>	<u>\$ 33,307</u>	<u>\$ 3,051,916</u>

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

8. ENVIRONMENTAL REGULATIONS

The City makes every reasonable effort to comply with all environmental regulations that apply to its operations. These regulations may require future expenditures to meet applicable standards. Amounts required to meet these obligations will be charged to operations when incurred or set aside as future reserves when they can be reasonably estimated.

9. 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 2015 and 2014, which has been excluded from the City's financial statements.

CEMETERY PERPETUAL CARE FUND FINANCIAL POSITION	<u>2015</u>	<u>2014</u>	CEMETERY PERPETUAL CARE FUND FINANCIAL ACTIVITIES	<u>2015</u>	<u>2014</u>
Financial Assets			Revenue		
Cash on Hand	\$ 71,736	\$ 62,262	Fees Levied	\$ 11,966	\$ 12,543
Investments - MFA	<u>234,169</u>	<u>232,194</u>	Interest Revenue	<u>2,696</u>	<u>3,211</u>
Liabilities			Expenditure		
Interest Payable to City	<u>2,696</u>	<u>3,212</u>	Interest Expense	<u>2,696</u>	<u>3,212</u>
Net Financial Position	<u>\$ 303,209</u>	<u>\$ 291,244</u>	Excess Revenue over Expenditure	<u>\$ 11,966</u>	<u>\$ 12,542</u>

- (b) The Sid Williams Theatre has endowment funds on deposit with the Comox Valley Community Foundation in the amount of \$323,031 (2014 - \$323,031). 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.

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

10. DEFERRED REVENUE – OTHER

Other Deferred Revenue recorded in the Liability section of the City’s Financial Statements consists of the revenues related to Development Cost Charge instalment payments owing from Developers and to be received in future years, 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 2015 and 2014:

	2015	2014
Opening Balance	\$ 2,501,039	\$ 708,020
Additions to Deferred Revenue	1,700,823	2,502,993
Revenue Recognized	(2,488,168)	(709,974)
	\$ 1,713,694	\$ 2,501,039

11. 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, 2015 the City had debt reserve funds of \$318,466 (\$409,821 in 2014).

12. 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 2015 were based on an interest (discount) rate of 3.10% per annum (2014 - 3.10%). The total estimated employee retirement benefit liability at December 31, 2015 is \$875,700 (\$892,500 in 2014) and is included in the accounts payable balance on Statement A.

13. 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 2015 revenues and expenses with 2014 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.

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.

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

14. TANGIBLE CAPITAL ASSET DETAILS

(See Schedule 3 for further details)

Tangible Capital Assets consist of the following:

	2015	2014
Land	\$ 21,396,279	\$ 21,396,279
Land Improvements	3,988,015	2,764,871
Buildings	19,970,079	18,991,089
Equipment, Furniture, & Vehicles	6,651,284	5,388,205
Engineering Structures:		
Roads	46,721,004	45,082,389
Water	11,358,181	10,515,070
Sewer	8,319,284	7,705,661
Other (Includes Storm)	12,600,065	11,752,085
Other Tangible Capital Assets	99,809	79,768
	\$131,104,017	\$123,675,417

The net book value of capital assets not being amortized and under construction in 2015 is \$5,380,573 (\$3,245,696 in 2014).

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 2015 is \$3,027,059 (\$1,312,263 in 2014).

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 artefacts. These items have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property.

15. COMPARATIVE FIGURES

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

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

16. RESTATEMENT OF 2015 BUDGET

The budget amounts presented throughout these financial statements are based upon the Five Year Financial Plan approved by Council on April 20, 2015 except in regard to budget amounts for amortization, developer contributions for tangible capital assets, gains and losses on tangible capital asset disposals, and the use of debt, reserves and prior year surpluses.

The budget amounts presented throughout these financial statements for the tangible capital asset related budgets are the actual values determined at the completion of the municipalities' tangible capital asset accounting process. These values have been added to the April 20, 2015 budget and actual values in the Financial Statements.

The summary below shows the adjustments to the April 20, 2015 budget approved by Council after adjusting the budget values by the actual revenues and expenses incurred for tangible capital asset related items (amortization, developer contributions for tangible capital assets, and gains and losses on tangible capital asset disposals) and other transfers that were not included in the approved 2015 budget.

Adjustments to 2015 Budgeted Annual Surplus

Budgeted Surplus per Consolidated Statement of Operations	\$	-
Sid Williams Theatre		28,709
Amortization		(4,569,989)
Contributed Assets		3,027,059
Use of Prior Year Surplus		(1,526,175)
Debt principle repayments in Financial Plan		1,215,206
Transfers to Reserves (net)		5,296,801
Budgeted Surplus per Consolidated Statement of Operations	\$	<u>3,471,611</u>

THE CORPORATION OF THE CITY OF COURTENAY
 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (Audited)

	Engineering Structures							Other Tangible Capital Assets	Total	2014	
	Land	Land Improvements	Buildings	Equipment/ Furniture/ Vehicles	Roads	Water	Sewer				Other
COST											
Opening Balance Construction-in-progress (CIP)	\$ -	\$ 406,032	\$ 291,612	\$ 22,171	\$ 647,731	\$ 133,880	\$ 1,089,953	\$ 654,317	\$ -	\$ 3,245,696	4,389,182
Add: Construction-in-progress (CIP)	-	232,761	334,309	21,040	2,158,464	466,483	236,272	266,172	49,952	3,765,453	2,112,806
Less: Transfers into Service	-	(304,016)	(86,939)	(22,171)	(84,948)	(47,703)	(1,019,548)	(65,251)	-	(1,630,576)	(3,256,292)
Less: Writedowns & Reallocations	-	-	-	-	-	-	-	-	-	-	-
Closing Balance Construction-in-progress	-	334,777	538,982	21,040	2,721,247	552,660	306,677	855,238	49,952	5,380,573	3,245,696
Opening Balance Tangible Capital Assets	\$ 21,396,279	\$ 4,529,281	\$ 27,888,848	\$ 14,446,571	\$ 83,473,099	\$ 16,308,685	\$ 7,966,622	\$ 17,901,209	\$ 711,551	194,622,144	189,264,742
Add: Additions (including Transfers into Service)	1,487,448	1,383,649	1,383,649	2,017,650	1,655,486	742,538	1,551,698	1,067,107	-	9,905,576	6,018,589
Less: Disposals	-	-	-	(359,794)	(17,640)	-	(2,926)	-	-	(380,360)	(661,187)
Less: Write-downs	-	-	-	-	-	-	-	-	-	-	-
Closing Balance Tangible Capital Assets and CIP	21,396,279	6,351,506	29,811,479	16,125,467	87,832,192	17,603,883	9,822,071	19,823,553	761,503	209,527,932	197,867,840
ACCUMULATED AMORTIZATION											
Opening Balance	-	2,170,442	9,189,371	9,080,537	39,038,441	5,927,495	1,350,914	6,803,440	631,783	74,192,423	70,206,637
Add: Amortization	193,048	193,048	652,028	723,639	2,079,041	318,207	154,069	420,046	29,911	4,569,989	4,475,279
Less: Accum Amortization on Disposals	-	-	-	(329,983)	(6,302)	-	(2,195)	-	-	(338,479)	(489,493)
Closing Balance	-	2,363,491	9,841,400	9,474,183	41,111,188	6,245,702	1,502,787	7,223,488	661,694	78,423,934	74,192,423
Net Book Value for year ended December 31, 2015	\$ 21,396,279	\$ 3,988,015	\$ 19,970,079	\$ 6,651,284	\$ 46,721,004	\$ 11,358,181	\$ 8,319,284	\$ 12,600,065	\$ 99,809	\$ 131,104,017	\$ 123,675,417

THE CORPORATION OF THE CITY OF COURTENAY
 CONSOLIDATED SCHEDULE OF DEBENTURE AND OTHER LONG-TERM DEBT
 YEAR ENDED DECEMBER 31, 2015

(Audited)

Bylaw Number	Maturity Date	Interest Rate	Principal Outstanding Dec 31/14	Current Year Borrowing	Actuarial Adjustment/ Princ. Reduction	Principal Outstanding Dec 31/15
General Capital Fund						
Debenture Debt						
2088	Museum	2015	6.45	29,485	-	29,485
2092	Firehall	2015	6.45	226,812	-	226,812
2093	Sid Williams Theatre	2015	6.45	226,812	-	226,812
2171	Library	2021	3.05	1,160,786	142,569	1,018,217
2266	Infrastructure Works - MFA	2018	4.78	130,673	30,319	100,354
2266	Fifth Street Bridge	2023	5.15	305,950	28,911	277,039
2304	Lerwick Road Ext. Prop Acquisition	2029	4.86	736,463	34,130	702,333
2227	City Hall Retaining Wall	2020	5.00	75,443	11,379	64,064
2354	Repaving Program	2025	5.75	305,741	24,431	281,310
2355	Lerwick Road Extension	2030	5.75	522,120	23,923	498,197
2356	City Hall Renovation	2020	5.50	400,761	60,420	340,342
2425	Lerwick Road Construction	2026	4.66	497,210	33,090	464,120
2453	Police Property Acquisition	2026	4.43	987,171	65,699	921,472
2458	Public Works Maintenance Building	2022	4.52	953,743	103,509	850,234
2539	Capital Infrastructure Work	2023	4.13	2,297,935	191,398	2,106,537
2538	Native Sons Hall Renovation	2025	4.50	472,741	35,039	437,702
2680	Lewis Centre Renovation	2027	2.90	3,772,104	226,868	3,545,235
2681	Infrastructure Works - Road Paving	2027	2.90	1,401,068	84,266	1,316,802
				14,503,018	-	12,923,959
TOTAL GENERAL CAPITAL FUND				14,503,018	-	12,923,959

THE CORPORATION OF THE CITY OF COURTENAY
 CONSOLIDATED SCHEDULE OF DEBENTURE AND OTHER LONG-TERM DEBT
 YEAR ENDED DECEMBER 31, 2015

(Audited)

Bylaw Number	Maturity Date	Interest Rate	Principal Outstanding Dec 31/14	Current Year Borrowing	Actuarial Adjustment/ Princ. Reduction	Principal Outstanding Dec 31/15
Balance Forward General Capital Fund			\$ 14,503,018	\$ -	\$ 1,579,059	\$ 12,923,959
Water Capital Fund						
Debenture Debt						
2424 Water Extension - Lerwick Road	2026	4.66	414,343	-	27,576	386,767
TOTAL WATER CAPITAL FUND			414,343	-	27,576	386,767
Sewer Capital Fund						
Debenture Debt						
2305 Sewer Extension	2029	4.86	552,348	-	25,598	526,750
2353 Sewer Extension	2030	5.00	1,469,394	-	67,326	1,402,068
2423 Sewer Extension - Lerwick Road	2026	4.66	251,367	-	16,729	234,638
TOTAL SEWER CAPITAL FUND			2,273,109	-	109,653	2,163,456
TOTAL ALL CAPITAL FUNDS			17,190,472	-	1,716,288	15,474,182

THE CORPORATION OF THE CITY OF COURTENAY

2015 Report of Remuneration and Expenses of
Elected Officials

(Community Charter, Section 168)

Remuneration and Expense Payments

<u>Elected Official</u>		<u>Remuneration</u>	<u>Expenses</u>
Jangula, Larry	Mayor	\$ 51,402	\$ 3,330
Frisch, David	Councillor	\$ 22,100	\$ 3,641
Hillian, Douglas A.	Councillor	\$ 22,100	\$ 2,552
Eriksson, Erik	Councillor	\$ 22,100	\$ 3,195
Theos, Manno	Councillor	\$ 22,225	\$ 5,353
Lennox, Rebecca	Councillor	\$ 22,600	\$ 4,021
Wells, Robert	Councillor	\$ 22,100	\$ 6,454
TOTALS		<u>\$ 184,629</u>	<u>\$ 28,547</u>

Benefits

Insurance Policy Coverage: Personal Accident Insurance, Mayor and Council

Industrial Alliance Pacific Insurance & Financial Services

Principal Sum: \$ 150,000

Weekly Accident Indemnity: \$ 400

Accidental Dental Reimbursement Benefit: \$ 3,000

Accidental Medical Reimbursement Benefit: \$ 5,000

Total premium - all members \$ 500.00

Section 107 Disclosure of Contracts with Council Members
and Former Council Members

No contracts

THE CORPORATION OF THE CITY OF COURTENAY

**Statement of Financial Information
(as required under the Financial Information Act)
Statement of Salaries, Wages and Expenses for the Year 2015**

<u>Employee</u>	<u>Position</u>	<u>Base Salary</u>	<u>Taxable Benefits</u>	<u>Total Remuneration</u> <small>(Includes Taxable Benefits)</small>	<u>Expenses</u>
Allen, D	Chief Administrative Officer	\$ 163,600	\$ 2,564	\$ 166,164	\$ 23,907
Bardonnex, D.	Fire Chief	\$ 105,510	\$ 2,201	\$ 107,710	\$ 4,988
Bernard, Y.	Manager of Information Systems	\$ 88,298	\$ 2,094	\$ 90,392	\$ 4,104
Buck, I.	Director of Development Services	\$ 100,007	\$ 2,588	\$ 102,595	\$ 550
Donley, M.	Manager of Human Resources	\$ 89,055	\$ 2,516	\$ 91,571	\$ 504
Guderjahn, B.	Manager of Purchasing	\$ 87,037	\$ 2,438	\$ 89,475	\$ 2,030
Guillo, A.	Manager of Communications	\$ 75,769	\$ 1,792	\$ 77,561	\$ -
Hatch, L.	Director of Engineering & Public Works	\$ 120,084	\$ 2,541	\$ 122,625	\$ 399
Henderson, D.	Deputy Fire Chief / Training Officer	\$ 91,236	\$ 2,116	\$ 93,352	\$ 4,385
Kellinghusen, J.	Equipment Operator	\$ 74,467	\$ 2,188	\$ 76,655	\$ -
Kerr, C.	EVT / Fire Inspector	\$ 77,224	\$ 2,198	\$ 79,422	\$ 2,140
Knapman, P.	Occupational Health & Safety Coordinator	\$ 81,815	\$ 749	\$ 82,564	\$ 4,783
Kushner, T.	Manager of Public Works	\$ 87,879	\$ 2,909	\$ 90,788	\$ 4,978
Lamb, G.	Fire Inspector	\$ 73,251	\$ 2,174	\$ 75,425	\$ 878
Love, D.	Senior Advisor - Strategic Initiatives	\$ 105,000	\$ 1,747	\$ 106,747	\$ 4,752
MacDonald, K.	Deputy Fire Chief	\$ 92,288	\$ 2,285	\$ 94,573	\$ 5,722
Madsen, T.	Manager of Infrastructure Planning	\$ 90,206	\$ 2,528	\$ 92,734	\$ 2,514
Manthey, T	Director of Financial Services/Deputy CAO	\$ 90,828	\$ 4,103	\$ 94,932	\$ 1,003
Mirabelli, D.	Chief Building Inspector	\$ 78,775	\$ 2,139	\$ 80,914	\$ 851
Moore, B	Shop Foreman	\$ 77,934	\$ 1,370	\$ 79,304	\$ 365
Murphy, S.	Manager of Recreation Services	\$ 98,314	\$ 2,157	\$ 100,471	\$ -
Nelson, J.	Manager of Financial Planning	\$ 79,299	\$ 2,279	\$ 81,579	\$ 2,842
Neufeld, K.	Property Management Supervisor	\$ 73,991	\$ 2,260	\$ 76,251	\$ 3,379
Perry, C.	Manager of Transportation & Utilities - Engineer	\$ 98,942	\$ 2,420	\$ 101,361	\$ 646
Rasmussen, R.	Parks Foreman	\$ 92,038	\$ 2,261	\$ 94,298	\$ -
Shaw, D.	Sewer Foreman	\$ 80,062	\$ 2,370	\$ 82,431	\$ 1,702
Sheldon, R.	Water Foreman	\$ 76,144	\$ 2,102	\$ 78,246	\$ 2,615
Snider, D.	Manager of Parks	\$ 94,806	\$ 3,558	\$ 98,364	\$ 3,705
Ward, J.	Director of Legislative Services	\$ 109,146	\$ 10,289	\$ 119,435	\$ 2,827
Welsh, J.	Fire Inspector	\$ 73,251	\$ 2,174	\$ 75,425	\$ 1,639
Wiwchar, R.	Director of Community Services	\$ 112,738	\$ 885	\$ 113,623	\$ 273
Woods, M	Network Coordinator	\$ 76,339	\$ 2,025	\$ 78,364	\$ -
Total for employees where remuneration is > \$75,000		\$ 2,915,333	\$ 80,020	\$ 2,995,352	\$ 88,480
Consolidated total for employees where remuneration < \$75,000				6,949,653	71,764
Elected Officials, direct payments				184,629	28,547
TOTALS				\$ 10,129,634	\$ 188,790

Statement of Severance Agreements

There were no severance agreements under which payment commenced between the City of Courtenay and its union and non-unionized employees during the fiscal year 2015.

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(7)

**The Corporation of the City of Courtenay
Statement of Individual Accounts Paid
For the Twelve Months Ending December 31, 2015**

Vendor ID	Vendor Name	Amount Billed YTD
REG001	COMOX VALLEY REGIONAL DISTRICT	\$16,708,711.36
CAN030	CANADIAN WESTERN BANK	\$5,000,000.00
MIN004	MINISTER OF FINANCE	\$4,910,465.71
REC006	RECEIVER GENERAL FOR CANADA	\$4,128,715.81
REG002	REGIONAL HOSPITAL DIST OF	\$4,092,935.40
REC005	RECEIVER GENERAL FOR CANADA	\$2,813,781.29
EDG001	EDGETT EXCAVATING	\$2,231,388.50
WAC001	WACOR HOLDINGS LTD	\$1,289,119.22
VAN002	VANCOUVER ISLAND REGIONAL LIBRARY	\$1,145,420.00
EMT001	EMTERRA ENVIRONMENTAL	\$1,088,972.17
SCO002	SCOTIABANK VISA	\$820,975.43
BCH002	BC HYDRO	\$724,809.79
BIG005	BIGSTEELBOX STRUCTURES LTD	\$677,931.18
FOR008	FORT GARRY FIRE TRUCKS LTD	\$637,086.17
COU009	COURTENAY RECREATION ASSOC	\$636,550.34
TAY001	TAYCO PAVING	\$613,375.01
TEMP00000007297	CROWNE PACIFIC DEVELOPMENTS	\$565,200.25
PAC001	PACIFIC BLUE CROSS	\$475,744.82
MCE001	MCELHANNEY CONSULTING	\$396,367.71
COM002	COMMISSIONAIRES (THE)	\$392,248.55
BCA002	BC ASSESSMENT AUTHORITY	\$311,624.97
BRA001	BRANDT TRACTOR LTD	\$291,195.36
COM007	COMOX VALLEY BOBCAT & EXC LTD	\$260,317.01
TLC001	TLC HOME & PROPERTY MAINT	\$233,082.18
COM013	COMOX VALLEY ECONOMIC	\$209,615.21
DIL001	DILLON CONSULTING LTD.	\$203,721.27
SID001	SID WILLIAMS THEATRE SOCIETY	\$203,009.30
BCL002	BC LIFE AND CASUALTY COMPANY	\$202,103.19
AON002	AON REED STENHOUSE INC	\$183,442.00
COL002	COLUMBIA FUELS	\$183,435.13
WOR001	WORKERS COMPENSATION BOARD	\$172,317.63
MED001	MEDICAL SERVICES PLAN	\$173,931.50
ARC001	ARCHIE JOHNSTONE PLUMBING & HEATING LTD.	\$171,899.28
TEMP00000007340	ARDEN PROJECTS LTD	\$171,708.00
AND003	ANDREW SHERET LTD	\$154,456.95
MUN002	MUNICIPAL INSURANCE ASSOC OF	\$157,719.08
MUC001	MUCHALAT CONSTRUCTION LTD.	\$156,757.61
URB003	URBAN SYSTEMS LTD.	\$152,233.74
COM092	COMOX VALLEY NISSAN LTD.	\$129,759.56
JOH016	JOHNSTON DAVIDSON ARCHITECTURE & PLANNING INC.	\$125,998.97
COU002	COURTENAY & DISTRICT MUSEUM	\$124,639.00
YOU004	YOUNG ANDERSON	\$112,030.27
ASSOO3	ASSOCIATED ENGINEERING (B.C.) LTD.	\$109,800.38
INT011	INTERACTIONS HR SOLUTIONS INC.	\$107,377.15
APL001	APLIN & MARTIN CONSULTANTS LTD.	\$105,370.30
FOR009	FORTIS BC-NATURAL GAS	\$104,072.95

**The Corporation of the City of Courtenay
Statement of Individual Accounts Paid
For the Twelve Months Ending December 31, 2015**

Vendor ID	Vendor Name	Amount Billed YTD
GAR001	WESTVIEW FORD	\$103,487.77
INS002	INSURANCE CORPORATION OF	\$103,344.86
AAR002	AARDVARK PAVEMENT MARKING SERVICES	\$102,773.06
CEN001	CENTRAL BUILDERS' SUPPLY LTD	\$101,271.28
CUP001	CUPE LOCAL 556	\$101,379.89
KOE001	KOERS & ASSOCIATES ENGINEERING	\$100,394.33
RIC010	RICOH CANADA INC	\$97,189.42
LEI001	LEIGHTON CONTRACTING (2009) LTD	\$95,954.44
TEL001	TELUS COMMUNICATIONS (BC)	\$87,818.68
MON001	MONK OFFICE SUPPLY LTD	\$85,261.72
COM023	BLACK PRESS GROUP	\$83,946.84
LAY001	LAYFIELD GROUP LTD.	\$82,005.00
SOF001	SOFTCHOICE CORPORATION	\$79,719.63
ESC001	ESC AUTOMATION	\$79,539.04
COR005	CORIX WATER PRODUCTS LTD PARTNERSHIP	\$71,133.94
TEMP00000007831	GALAXY MOTORS (1990) INC	\$73,170.00
HAR002	HARTMAN AUTO SUPPLY LTD	\$64,183.60
DIA001	DIAMOND SOFTWARE INC	\$66,173.06
HYL001	HYLAND PRECAST INC	\$61,712.12
COU010	COURTENAY VOLUNTEER FIRE DEPARTMENT	\$64,527.06
MET003	METRO MOTORS LTD	\$63,114.24
THY002	THYSSENKRUPP ELEVATOR	\$62,263.76
COU004	COURTENAY DOWNTOWN BUSINESS ASSOC	\$60,510.00
FLE005	FLETCHER PETTIS CONSULTANTS LTD	\$60,383.44
DKI001	DKI SERVICES LTD	\$59,369.26
BUL003	BULLEX	\$58,589.26
ROC001	ROCKY MOUNTAIN PHOENIX	\$57,472.20
GUI001	GUILLEVIN INTERNATIONAL INC	\$53,516.56
BEL004	BELFOR (CANADA) INC	\$52,946.83
UPL001	UPLAND CONTRACTING LTD	\$52,854.24
TEL003	TELUS MOBILITY (BC)	\$57,598.36
EBH001	E B HORSMAN & SON	\$45,489.91
ABO002	ABOVE & BEYOND TREE SERVICE	\$49,205.63
TOW001	TOWER FENCE PRODUCTS	\$48,312.90
SIL001	SILVERADO LAND CORP	\$48,310.00
MER004	MERTIN NISSAN LTD.	\$47,478.20
TWD001	T.W. DOLL (694650 BC) LTD.	\$47,239.52
TEMP00000007412	PARHAR HOLDINGS LTD	\$46,470.71
MIC001	MICROSOFT LICENSING GP	\$46,412.47
ISL014	ISLAND TRAFFIC SERVICES LTD	\$42,969.97
ABC001	ABC PRINTING	\$44,272.37
7ST001	7 STORY CIRCUS	\$40,816.26
BAN003	BANK OF MONTREAL	\$40,479.60
DOU007	SUPERIOR FARMS INC.	\$39,822.34
WES037	WESTERN TRAFFIC	\$39,570.40
HOT002	HOTELS	\$39,099.59

**The Corporation of the City of Courtenay
Statement of Individual Accounts Paid
For the Twelve Months Ending December 31, 2015**


Vendor ID	Vendor Name	Amount Billed YTD
GRA002	GRANT THORNTON LIMITED	\$39,053.30
NEL001	NELSON ROOFING AND SHEET METAL LTD	\$37,360.83
ELE005	E.LEES & ASSOCIATES CONSULTING LTD.	\$37,336.69
AFC001	AFC CONSTRUCTION LTD	\$36,566.00
CUM002	CUMBERLAND, VILLAGE OF	\$36,382.50
WOR002	WORKTECH INC	\$36,235.64
BAN005	THE BANK OF NOVA SCOTIA	\$35,905.79
STR011	STRATEGIC DYNAMICS	\$35,469.01
NOR001	PLANET CLEAN COURTENAY	\$31,562.77
ESR001	ESRI CANADA	\$34,993.00
CIB003	CIBC	\$34,631.48
MEY001	MEYERS NORRIS PENNY LLP	\$34,453.12
LID004	LIDSTONE & COMPANY	\$34,080.00
ANS001	ANSLEY & COMPANY	\$34,000.00
WES032	WEST ISLAND CAPITAL CORPORATION	\$30,357.86
WIS001	WISHBONE INDUSTRIES LTD.	\$30,333.74
COM082	COMOX DINGHY SAILING SCHOOL	\$29,997.00
OND001	ONDECK SYSTEMS INC	\$28,800.89
FOO001	FOOTPRINTS SECURITY PATROL INC.	\$29,592.06
ASS002	ASSOCIATED FIRE & SAFETY	\$29,493.84
ACM001	ACME SUPPLIES LTD	\$28,655.94
IMP004	IMPERIAL WELDING LTD	\$28,246.04
DUN001	DUNCAN ELECTRIC MOTOR LTD	\$28,333.00
KGC001	KGC FIRE RESCUE INC	\$28,019.34
RAY001	RAYLEC POWER LTD	\$27,411.11
TEMP00000005094	GERRY LARSON & ASSOCIATES LTD	\$27,301.00
CRE007	CREATIVE TRANSPORTATION SOLUTIONS	\$27,116.25
SCH001	SCHOOL DISTRICT NO 71	\$25,757.88
AST001	ASTROGRAPHIC INDUSTRIES	\$25,491.27
	TOTAL AMOUNTS EQUAL/OVER \$25,000	\$57,793,907.81
	TOTAL AMOUNTS LESS THAN \$25, 000	\$3,395,059.93
		<u>\$61,188,967.74</u>

SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

The City of Courtenay describes guarantees and indemnities in the Notes to the Consolidated Financial Statements. For 2015, the schedule and additional notes are not required and have been omitted.

STATEMENT OF FINANCIAL INFORMATION APPROVAL


The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.



Larry Jangula
Mayor

JUNE 27/2016

Date



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

JUNE 22, 2016

Date