



**THE CORPORATION OF
THE CITY OF COURTENAY**

**Statement of Financial Information
For the Year Ended December 31, 2018**

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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:



Jennifer Nelson, CPA, CGA
Director of Financial Services
June 17, 2019

Independent Auditor's Report

To the Mayor and Council of the City of Courtenay:

Opinion

We have audited the consolidated financial statements of the City of Courtenay (the "City"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2018, and the results of its consolidated operations, changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Courtenay, British Columbia

May 6, 2019

MNP LLP

Chartered Professional Accountants

**THE CORPORATION OF THE CITY OF COURTENAY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

STATEMENT A

	2018	2017
FINANCIAL ASSETS		
Cash on Hand and on Deposit (Schedule 5)	\$ 20,373,559	\$ 12,176,694
Receivables (Note 1i)	4,903,482	2,960,134
Term Deposits (Schedule 5)	28,209,106	31,487,579
	53,486,147	46,624,407
FINANCIAL LIABILITIES		
Accounts Payable (Note 1j)	9,863,827	7,051,630
Trust and Other Deposits	6,195,200	4,036,811
Deferred Revenue - Development Cost Charges (Note 6)	6,259,106	5,546,196
Deferred Revenue - Other (Note 8)	2,396,837	2,221,668
Long-Term Debt (Schedule 4)	11,458,117	12,851,766
	36,173,087	31,708,071
NET FINANCIAL ASSETS	17,313,060	14,916,336
NON-FINANCIAL ASSETS		
Inventories	207,310	191,031
Prepaid Expenses	552,308	446,715
Tangible Capital Assets (Note 12 & Schedule 3)	145,878,140	139,559,441
	146,637,758	140,197,187
ACCUMULATED SURPLUS (Schedule 2)	\$ 163,950,818	\$ 155,113,523

CONTINGENT LIABILITIES AND COMMITMENTS (NOTE 2)

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

**THE CORPORATION OF THE CITY OF COURTENAY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

REVENUE	2018 Budget (Note 13)	2018	2017
Taxes for Municipal Purposes	\$ 26,704,700	\$ 26,905,048	\$ 25,701,418
Sale of Services	15,068,500	15,636,658	14,934,108
Revenue From Own Sources	3,300,700	3,957,453	3,384,772
Federal Transfers	1,415,800	1,237,229	1,108,235
Provincial Transfers	1,788,400	4,368,365	1,877,196
Other Local Government Transfers	546,800	209,114	340,167
Contributions	50,000	4,158,398	3,037,373
DCC Revenue	-	543,473	149,539
Investment Income and Taxation Penalties	812,500	1,149,368	927,737
Other	484,400	499,078	739,066
Gain on Sale of Tangible Capital Assets	-	34,350	51,105
TOTAL REVENUE	50,171,800	58,698,534	52,250,716
EXPENSES			
General Government Services	6,090,086	6,410,965	5,034,969
Protective Services	9,998,125	8,893,741	8,919,927
Transportation Services	7,551,268	8,062,954	7,399,060
Sewer and Water Facilities	11,843,005	11,751,671	11,043,443
Environmental Health Services	3,447,602	3,664,589	3,389,673
Public Health and Welfare Services	329,813	367,106	383,499
Environmental Development Services	1,410,083	1,287,329	1,350,794
Recreational and Cultural Services	9,266,818	9,149,613	8,971,151
TOTAL EXPENSES	49,936,800	49,587,968	46,492,516
ANNUAL SURPLUS (Schedule 1)	235,000	9,110,566	5,758,200
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	155,113,523	155,113,523	149,355,323
CHANGE OF CONTROL IN SID WILLIAMS THEATRE SOCIETY (SWTS) SURPLUS REDUCTION (Note 7b)	-	(273,268)	-
ACCUMULATED SURPLUS AT END OF YEAR	\$ 155,348,523	\$ 163,950,818	\$ 155,113,523

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

**THE CORPORATION OF THE CITY OF COURTENAY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

STATEMENT C

	2018 Budget (Note 13)	2018	2017
ANNUAL SURPLUS	\$ 235,000	\$ 9,110,566	\$ 5,758,200
Acquisition of tangible capital assets	(14,727,700)	(8,778,512)	(7,131,998)
Amortization of tangible capital assets	4,425,000	5,450,879	5,183,920
(Gains)/losses and other adjustments to tangible capital assets	-	1,022,292	437,222
Proceeds on sale of tangible capital assets	-	74,586	62,811
Developer tangible capital asset contribution	-	(4,087,948)	(2,869,183)
Change of control of SWTS surplus reduction (Note 7b)	-	(273,268)	-
	<u>(10,302,700)</u>	<u>(6,591,971)</u>	<u>(4,317,228)</u>
Acquisition of supplies inventories	-	(663,437)	(517,235)
Acquisition of prepaid expense	-	(921,956)	(492,414)
Consumption of supplies inventories	-	636,213	514,612
Use of prepaid expense	-	801,176	537,023
Change of control of SWTS inventory and prepaids (Note 7b)	-	26,133	-
	<u>-</u>	<u>(121,871)</u>	<u>41,986</u>
CHANGE IN NET FINANCIAL ASSETS	(10,067,700)	2,396,724	1,482,958
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	<u>14,916,336</u>	<u>14,916,336</u>	<u>13,433,378</u>
NET FINANCIAL ASSETS AT END OF YEAR	<u>\$ 4,848,636</u>	<u>\$ 17,313,060</u>	<u>\$ 14,916,336</u>

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

**THE CORPORATION OF THE CITY OF COURTENAY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2018**

STATEMENT D

	2018	2017
CASH PROVIDED BY (APPLIED TO) FINANCING TRANSACTIONS		
OPERATING TRANSACTIONS		
Annual Surplus	\$ 9,110,566	\$ 5,758,200
Changes in non-cash items		
Amortization	5,450,879	5,183,920
Change in receivables	(1,943,349)	218,706
Change in accounts payable	2,812,197	(1,219,976)
Change in trust and other deposits	2,158,389	(705,692)
Change in deferred revenue	888,079	1,876,493
Change in inventories	(16,279)	(2,623)
Change in prepaids	(105,593)	44,610
Net (gains)/losses and other adjustments to tangible capital assets	1,022,292	437,222
Developer Tangible Capital Asset Contribution	(4,087,948)	(2,869,183)
Actuarial adjustment	(441,747)	(386,693)
Change of control of SWTS cash flows (Note 7b)	(273,268)	-
	14,574,218	8,334,984
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(8,778,512)	(7,131,998)
Proceeds on sale of tangible capital assets	74,586	62,811
	(8,703,926)	(7,069,187)
INVESTING TRANSACTIONS		
Purchase of term deposits	3,278,473	(78,097)
Cash Provided by (applied to) Investing Transactions	3,278,473	(78,097)
FINANCING TRANSACTIONS		
Repayment of long-term debt	(951,900)	(951,245)
Cash applied to Financing Transactions	(951,900)	(951,245)
INCREASE IN CASH ON HAND AND ON DEPOSIT	8,196,865	236,455
CASH ON HAND AND ON DEPOSIT AT BEGINNING OF YEAR	12,176,694	11,940,239
CASH ON HAND AND ON DEPOSIT AT END OF YEAR	\$ 20,373,559	\$ 12,176,694
Interest paid on outstanding debt and included in annual surplus above	\$ 604,010	\$ 635,742

**THE CORPORATION OF THE CITY OF COURTENAY
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE BY SERVICE
YEAR ENDED DECEMBER 31, 2018**
(Audited)

SCHEDULE 1
(Note 11)
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	General Government Services		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE										
Taxation	23,742,557	22,816,507	-	-	-	-	-	-	-	-
Sales of Services	-	-	880,487	933,653	-	-	3,385,701	3,201,028	-	-
Revenue from Own Sources	-	-	969,042	682,622	97,016	130,868	-	-	-	-
Government Transfers	1,311,012	1,359,000	19,200	300,373	4,105,692	1,259,640	-	-	79,604	103,870
Transfer from Other Funds	-	-	-	-	-	-	-	-	-	-
Other Revenue	81,430	87,010	-	-	121,061	141,500	-	-	138,828	167,440
Other Contributions	-	-	-	-	2,824,512	2,357,482	-	-	-	-
Interest Earned	919,980	804,432	14,898	3,735	92,925	49,964	-	-	-	-
Actuarial Adjustment	-	-	-	-	-	-	-	-	-	-
Gain on sale of TCA	900	9,369	300	-	17,737	33,356	-	-	-	-
Total Revenues	26,055,879	25,076,318	1,883,927	1,920,363	7,258,943	3,972,790	3,385,701	3,201,028	218,432	271,310
EXPENSES										
Salaries and Benefits	3,862,230	3,365,498	2,028,793	2,081,233	2,470,821	2,382,224	66,410	51,637	250,400	233,328
Goods and Services	1,212,412	1,186,907	6,482,558	6,467,288	2,431,965	1,811,402	3,126,043	3,011,456	85,777	122,419
Amortization Expense	303,689	240,240	352,734	352,012	2,816,126	2,743,677	319,600	315,948	30,929	27,752
Debt Servicing	(41,366)	(35,375)	(433)	2,355	146,989	199,953	-	-	-	-
Other Expenditures	246,982	277,699	1,477	-	1,019	640	152,200	8,000	-	-
Loss on Disposal of TCA	827,018	-	28,612	17,039	196,034	261,164	336	2,632	-	-
Total Expenses	6,410,965	5,034,969	8,893,741	8,919,927	8,062,954	7,399,060	3,664,389	3,389,673	367,106	383,499
ANNUAL SURPLUS	\$ 19,644,914	\$ 20,041,349	\$ (7,009,814)	\$ (6,999,564)	\$ (804,011)	\$ (3,426,270)	\$ (278,888)	\$ (188,645)	\$ (148,674)	\$ (112,189)

THE CORPORATION OF THE CITY OF COURTENAY
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE BY SERVICE
YEAR ENDED DECEMBER 31, 2018
(Audited)

SCHEDULE 1
(Note 11)
Page 2 of 2

	Environmental Development Services		Recreational and Cultural Services		Water Utility Services		Sewer Utility Services		Other Services		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE												
Taxation	-	-	-	-	1,164,158	922,220	1,998,334	1,962,691	-	-	26,905,048	25,701,418
Sales of Services	-	-	-	-	6,505,181	5,826,949	4,865,289	4,338,650	-	633,848	15,636,658	14,934,108
Revenue from Own Sources	561,481	616,227	2,048,292	1,690,319	255,072	220,792	26,551	43,944	-	-	3,957,453	3,384,772
Government Transfers	52,621	28,958	129,310	180,547	99,129	-	18,140	-	-	93,210	5,814,708	3,325,598
Transfer from Other Funds	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	137,759	324,581	20,000	18,535	-	-	-	-	-	-	499,078	739,066
Other Contributions	223,889	41,000	354,501	118,068	566,455	379,007	732,514	243,033	-	48,322	4,701,871	3,186,912
Interest Earned	13,053	4,821	14,317	5,046	42,445	18,322	51,750	20,222	-	21,195	1,149,368	927,737
Actuarial Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Gain on sale of TCA	-	-	15,413	8,400	-	-	-	-	-	-	34,350	51,105
Total Revenues	988,803	1,015,587	2,581,833	2,020,915	8,632,440	7,367,290	7,692,578	6,608,540	-	796,575	58,698,534	52,250,716
EXPENSES												
Salaries and Benefits	899,836	804,788	4,921,832	4,152,743	972,987	648,115	511,384	444,095	-	665,604	15,984,693	14,829,265
Goods and Services	314,705	427,386	2,954,328	2,681,291	5,049,174	4,574,027	591,012	850,299	-	226,697	22,247,974	21,359,172
Amortization Expense	2,533	2,533	898,864	842,040	427,823	403,958	298,581	255,758	-	-	5,450,879	5,183,918
Debt Servicing	-	-	50,444	69,364	(369)	824	6,998	11,928	-	-	162,263	249,049
Other Expenditures	70,255	116,087	322,655	309,529	2,585	144	3,890,928	3,670,687	-	-	4,685,516	4,382,786
Loss on Disposal of TCA	-	-	1,490	23,883	-	183,608	568	-	-	-	1,056,643	488,326
Total Expenses	1,287,329	1,350,794	9,149,613	8,078,850	6,452,200	5,810,676	5,299,471	5,232,767	-	892,301	49,587,968	46,492,516
ANNUAL SURPLUS	\$ (298,526)	\$ (335,207)	\$ (6,567,780)	\$ (6,057,935)	\$ 2,180,240	\$ 1,556,614	\$ 2,393,107	\$ 1,375,773	\$ -	\$ (95,726)	\$ 9,110,566	\$ 5,758,200

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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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, and Reserve Funds. Transactions between these funds 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, 2018

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated financial statements.

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

(d) **Use of Estimates**

The preparation of consolidated 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 consolidated 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) **Non-financial assets**

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

(f) **Inventories**

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

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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.

(h) Financial Instruments

Financial Instruments consist of cash on hand and on 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, 2018. Actuarial adjustments are offset against interest charged. Principal payments are applied directly to loan balances in the period they accrue.

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Receivables

Following is a breakdown of receivables outstanding at December 31, 2018 with 2017 comparatives:

	2018	2017
Federal Government	\$ 251,016	\$ 226,908
Provincial Government	2,802,609	659,170
Regional and other Local Governments	189,455	275,880
Property Taxes	860,963	955,208
Other	799,439	842,968
 Total Receivables	 \$ 4,903,482	 \$ 2,960,134

(j) Accounts Payable

Following is a breakdown of accounts payable and accrued liabilities outstanding at December 31, 2018 with 2017 comparatives:

	2018	2017
Federal Government	\$ 1,355,232	\$ 1,348,962
Provincial Government	85,303	78,412
Regional and other Local Governments	1,189,404	724,355
Employee Retirement Benefits (Note 10)	1,023,084	944,400
Trade and accrued liabilities	6,210,804	3,955,501
 Total Accounts Payable	 \$ 9,863,827	 \$ 7,051,630

(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, 2018.

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.

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Adoption of New Accounting Standards

PS 2200 Related Party Disclosures

Effective January 1, 2018, the City adopted the recommendations relating to PS 2200 *Related Party Disclosures*, as set out in the CPA Canada public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

This new Section defines a related party and establishes 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.

There was no material impact on the consolidated financial statements of adopting the new Section.

PS 3420 Inter-entity Transactions

Effective January 1, 2018, the City adopted the recommendations relating to PS 3420 *Inter-entity Transactions*, as set out in the CPA Canada public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

The new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The main features of the new Section are:

- Under a policy of cost allocation, revenues and expenses are recognized on a gross basis.
- Transactions are measured at the carrying amount, except in specific circumstances.
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice.
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.
- Inter-entity transactions are considered in conjunction with PS 2200 *Related Party Disclosures*.

There was no material impact on the consolidated financial statements of adopting the new Section.

PS 3210 Assets

Effective January 1, 2018, the City adopted the recommendations relating to PS 3210 *Assets*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

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.

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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.

There was no material impact on the consolidated financial statements of adopting the new Section.

PS 3320 Contingent Assets

Effective January 1, 2018, the City adopted the recommendations relating to PS 3320 *Contingent Assets*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

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.

There was no material impact on the consolidated financial statements of adopting the new Section.

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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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 2018 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:

2019	\$	934,845
2020		935,534
2021		885,800
2022		810,918
2023		<u>733,004</u>
	\$	<u>4,300,101</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, 2018, 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, 2018

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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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 may be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1.927 billion was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The City of Courtenay paid \$1,042,964 (2017 - \$939,145) for employer contributions to the plan in fiscal 2018.

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.

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, 2018**

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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 2018 with comparatives to 2017.

	<u>2018</u>	<u>2017</u>
Opening Balance of Unspent Funds	\$ 3,517,375	\$ 4,733,397
Additions:		
Amounts Received During the Year	1,119,960	1,083,236
Interest Earned	48,701	29,466
Deductions:		
Amount Spent on Projects	<u>(2,731,332)</u>	<u>(2,328,724)</u>
Closing Balance of Unspent Funds	<u>\$ 1,954,704</u>	<u>\$ 3,517,375</u>

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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6. DEFERRED REVENUE - DEVELOPMENT COST CHARGES

In order to conform with the Public Sector Accounting Standards of CPA Canada, the unspent development cost charges 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 2018 and 2017.

	2018				
	General Reserve DCC BL #2840	Water Utility Reserve DCC BL #2840	Sewer Utility Reserve DCC BL #2840	Sewer Utility Reserve DCC BL #1638	2018 Total
Balance Forward	\$ 4,314,899	\$ 594,553	\$ 602,938	\$ 33,806	\$ 5,546,196
Increases					
Interest	64,900	8,485	9,834	448	83,667
Other Contributions	982,379	45,968	144,369		1,172,715
	<u>1,047,279</u>	<u>54,453</u>	<u>154,203</u>	<u>448</u>	<u>1,256,383</u>
Decreases					
Revenue Recognized to Fund Capital Projects	(246,866)	(159,300)	(137,307)	-	(543,473)
Ending Balance Deferred Revenue - DCC	<u>\$ 5,115,312</u>	<u>\$ 489,706</u>	<u>\$ 619,834</u>	<u>\$ 34,254</u>	<u>\$ 6,259,106</u>
	2017				
	General Reserve DCC BL #2840	Water Utility Reserve DCC BL #2840	Sewer Utility Reserve DCC BL #2840	Sewer Utility Reserve DCC 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
	<u>1,013,729</u>	<u>64,716</u>	<u>135,491</u>	<u>198</u>	<u>1,214,134</u>
Decreases					
Revenue Recognized to Fund Capital Projects	(149,539)	-	-	-	(149,539)
Ending Balance Deferred Revenue - DCC	<u>\$ 4,314,899</u>	<u>\$ 594,553</u>	<u>\$ 602,938</u>	<u>\$ 33,806</u>	<u>\$ 5,546,196</u>

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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 2018 and 2017, which has been excluded from the City's consolidated financial statements.

**CEMETERY PERPETUAL CARE FUND
FINANCIAL POSITION**

**CEMETERY PERPETUAL CARE FUND
FINANCIAL ACTIVITIES**

	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
Financial Assets			Revenue		
Cash on Hand	\$ 101,292	\$ 88,440	Fees Levied	\$ 14,299	\$ 10,590
Investments - MFA	<u>242,228</u>	<u>238,312</u>	Interest Revenue	<u>5,711</u>	<u>3,242</u>
Liabilities			Expenditure		
Interest Payable to City	<u>5,711</u>	<u>3,242</u>	Interest Expense	<u>5,711</u>	<u>3,242</u>
Net Financial Position	<u>\$ 337,809</u>	<u>\$ 323,510</u>	Excess Revenue over Expenditure	<u>\$ 14,299</u>	<u>\$ 10,590</u>

- (b) Effective June 30, 2018, the Sid Williams Theatre Society (SWTS) updated its constitution and bylaws to conform with the new BC Societies Act. The new bylaws remove the City's control (as defined by Canadian Public Sector Accounting Standards) therefore the City has removed the balances and transactions of the Society from these financial statements as of June 30, 2018.

8. DEFERRED REVENUE – OTHER

Other Deferred Revenue recorded in the Liability section of the City's Consolidated 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. Following is a breakdown of the change in this balance for 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Opening Balance	\$ 2,221,668	\$ 1,409,770
Additions to Deferred Revenue	1,561,741	2,221,668
Revenue Recognized	(1,386,572)	(1,409,770)
Ending Balance Deferred Revenue Other	<u>\$ 2,396,837</u>	<u>\$ 2,221,668</u>

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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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, 2018 the City had debt reserve funds of \$334,600 (\$333,765 in 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 2018 were based on an interest (discount) rate of 3.20% per annum (2017 - 3.0%) and an inflation rate of 2.5% for both 2018 and 2017. The total estimated employee retirement benefit liability at December 31, 2018 is \$1,023,500 (\$944,400 in 2017) and is included in the accounts payable balance on Statement A. Following is a breakdown of the benefit liability:

	2018	2017
Accrued benefit liability at beginning of year	\$ 944,400	\$ 926,000
Expense	144,445	100,861
Benefit Payments	(65,345)	(82,461)
Accrued benefit liability at end of year	\$ 1,023,500	\$ 944,400

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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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 2018 revenues and expenses with 2017 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 2017 operations of the Sid Williams Theatre Society (SWTS).

THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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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 in the consolidated financial statements in 2018 is \$4,087,948 (\$2,869,183 in 2017).

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.

**THE CORPORATION OF THE CITY OF COURTENAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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13. RESTATEMENT OF 2018 BUDGET

The budget amounts presented throughout these consolidated financial statements are based upon the Five Year Financial Plan approved by Council on April 16, 2018 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 April 16, 2018 budget approved by Council and reflected in these consolidated financial statements:

Adjustments to 2018 Budgeted Annual Surplus

Budgeted Surplus per Council approved Budget	\$ -
Purchase of Capital Assets	14,727,700
Amortization Budgeted	(4,425,000)
Transfer from Reserves	(12,621,400)
Transfer to Reserves	3,393,600
Use of Prior Year Surplus	(1,791,700)
Debt principle repayments in Financial Plan	<u>951,800</u>
Budgeted Surplus per Consolidated Statement of Operations	<u>\$ 235,000</u>

**THE CORPORATION OF THE CITY OF COURTENAY
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

14. CONTRACTUAL RIGHTS

Effective January 1, 2018, the City adopted the recommendations relating to PS 3380 *Contractual Rights*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated. 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.

Following is the breakdown of the contractual rights at December 31, 2018:

Contractual Right with	Description of Contractual Right	2019	2020	2021	2022	2023	Total
Courtenay Fire Protection District	Courtenay Fire Protection	411,503	419,733	428,128	436,690	445,424	\$ 2,141,478
Comox Valley Regional District	Merville and Tsolum Farnham Fire Protection	244,710	249,605	254,597	259,689	264,883	\$ 1,273,484

THE CORPORATION OF THE CITY OF COURTENAY
 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (Audited)

	Land	Engineering Structures						Other Tangible Capital Assets	Total	2017
		Land Improvements	Buildings	Equipment/ Furniture/ Vehicles	Roads	Water	Sewer			
Opening Balance Construction-in-progress (CIP)	-	177,147	309,796	151,830	534,349	133,061	-	24,240	1,358,665	1,359,289
Add: Construction-in-progress (CIP)	-	-	211,077	-	3,154,486	1,337,230	284,462	109,549	5,116,804	733,478
Less: Transfers into Service	-	(116,736)	(27,303)	(133,737)	-	-	-	-	(277,776)	(543,849)
Less: Writedowns & Reallocations	-	-	-	-	-	-	-	-	-	(190,233)
Closing Balance Construction-in-progress	-	60,411	493,570	18,093	3,688,835	1,490,291	284,462	133,789	6,197,693	1,358,665
Opening Balance Tangible Capital Assets	22,019,647	6,683,709	30,825,298	17,655,958	93,060,236	20,877,437	10,898,201	22,048,762	1,092,975	216,779,169
Add: Writedown	-	-	-	-	-	-	-	-	-	-
Add: Additions (including Transfers into Service)	836,500	503,777	831,678	1,351,921	1,873,938	900,803	789,888	938,927	8,027,432	9,811,551
Less: Disposals	(827,018)	(16,700)	(30,700)	(402,603)	(310,371)	(7,650)	(1,704)	(1,008)	(1,597,754)	(1,428,495)
Closing Balance Tangible Capital Assets and CIP	22,029,129	7,231,197	32,119,846	18,623,369	98,312,638	23,260,881	11,970,847	23,120,470	1,121,217	226,520,890
Opening Balance	-	2,827,228	11,218,340	10,519,187	44,886,319	6,760,327	1,884,532	8,186,831	678,685	82,896,245
Add: Writedown	-	-	-	-	-	-	-	-	-	-
Add: Amortization	-	252,490	781,037	827,709	2,365,067	395,170	209,085	516,870	103,451	5,450,879
Less: Accum. Amortization on Disposals	-	(16,700)	(29,210)	(332,208)	(115,884)	(5,065)	(1,136)	(672)	-	(500,874)
	-	3,063,018	11,970,167	11,014,688	47,135,502	7,150,432	2,092,481	8,703,029	782,136	86,961,449
Net Book Value for year ended	\$ 22,029,129	\$ 4,168,179	\$ 20,149,679	\$ 7,608,681	\$ 51,177,136	\$ 16,110,449	\$ 9,878,366	\$ 14,417,441	\$ 339,081	\$ 145,878,140
December 31, 2018										139,559,441

COST

ACCUMULATED AMORTIZATION

SCHEDULE 4

THE CORPORATION OF THE CITY OF COURTENAY
 CONSOLIDATED SCHEDULE OF DEBENTURE AND OTHER LONG-TERM DEBT
 YEAR ENDED DECEMBER 31, 2018

(Audited)

Bylaw Number	Maturity Date	Interest Rate	Principal Outstanding Dec 31/17	Current Year Borrowing	Actuarial Adjustment/Princ. Reduction	Principal Outstanding Dec 31/18
General Capital Fund						
Debenture Debt						
2171 Library	2021	3.05	711,341	-	165,040	546,301
2266 Infrastructure Works - MFA	2018	4.78	35,096	-	35,096	-
2266 Fifth Street Bridge	2023	5.15	215,704	-	32,520	183,184
2304 Lerwick Road Ext. Prop Acquisition	2029	4.86	628,869	-	39,509	589,360
2227 City Hall Retaining Wall	2020	5.00	39,935	-	12,793	27,142
2354 Repaving Program	2025	5.75	230,567	-	26,346	204,221
2355 Lerwick Road Extension	2030	5.75	447,441	-	26,911	420,530
2356 City Hall Renovation	2020	5.50	212,155	-	67,963	144,192
2425 Lerwick Road Construction	2026	4.66	393,915	-	37,222	356,693
2453 Police Property Acquisition	2026	4.43	782,086	-	73,901	708,185
2458 Public Works Maintenance Building	2022	4.52	630,633	-	116,432	514,201
2539 Capital Infrastructure Work	2023	4.13	1,700,469	-	215,296	1,485,173
2538 Native Sons Hall Renovation	2025	4.50	363,330	-	39,431	323,899
2680 Lewis Centre Renovation	2027	2.90	3,063,912	-	255,196	2,808,716
2681 Infrastructure Works - Road Paving	2027	2.90	1,138,025	-	94,788	1,043,237
TOTAL GENERAL CAPITAL FUND			10,593,478	-	1,238,444	9,355,034
Water Capital Fund						
Debenture Debt						
2424 Water Extension - Lerwick Road	2026	4.66	328,262	-	31,017	297,244
TOTAL WATER CAPITAL FUND			328,262	-	31,017	297,244
Sewer Capital Fund						
Debenture Debt						
2305 Sewer Extension	2029	4.86	471,653	-	29,633	442,020
2353 Sewer Extension	2030	5.00	1,259,225	-	75,734	1,183,491
2423 Sewer Extension - Lerwick Road	2026	4.66	199,146	-	18,818	180,328
TOTAL SEWER CAPITAL FUND			1,930,026	-	124,185	1,805,839
TOTAL ALL CAPITAL FUNDS			12,851,766	-	1,393,646	11,458,117

THE CORPORATION OF THE CITY OF COURTENAY

Statement of Financial Information

(as required under the Financial Information Act)

**2018 Report of Remuneration and Expenses of
Elected Officials**

Prepared under the Financial Information Regulation, Schedule 1, Section 6

Remuneration and Expense Payments

<u>Elected Official</u>		<u>Remuneration</u>	<u>Expenses</u>
Jangula, Larry	Mayor	\$ 54,670	\$ 4,184
Frisch, David	Councillor	\$ 22,729	\$ 5,665
Hillian, Douglas A.	Councillor	\$ 22,729	\$ 4,516
Eriksson, Erik	Councillor	\$ 20,107	\$ 1,822
Theos, Manno	Councillor	\$ 23,229	\$ 4,562
McCollum, Melanie	Councillor	\$ 2,623	\$ -
Lennox, Rebecca	Councillor	\$ 20,107	\$ 1,372
Wells, Robert	Councillor / Mayor	\$ 27,237	\$ 7,997
Cole-Hamilton, Will	Councillor	\$ 2,623	\$ 492
Morin, Wendy	Councillor	\$ 2,623	\$ -
TOTALS		<u>\$ 198,680</u>	<u>\$ 30,610</u>

Benefits

Insurance Policy Coverage: Personal Accident Insurance, Mayor and Council

Industrial Alliance Pacific Insurance & Financial Services

Principal Sum: \$ 250,000

Weekly Accident Indemnity: \$ 750

Accidental Dental Reimbursement Benefit: \$ 5,000

Accidental Medical Reimbursement Benefit: \$ 25,000

Total premium - all members \$ 350

**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 2018

Prepared under the Financial Information Regulation, Schedule 1, Section 6

<u>Employee</u>	<u>Position</u>	<u>Total Remuneration</u> <small>(Includes Taxable Benefits)</small>	<u>Expenses</u>
Adams, I	Engineering Technologist	\$ 76,145	\$ 3,409
Allen, D	Chief Administrative Officer	\$ 175,647	\$ 9,019
Armstrong, R.	Manager of Infrastructure Planning	\$ 95,762	\$ 6,202
Bardonnex, D.	Fire Chief	\$ 118,544	\$ 3,072
Beatson, D.	Land Use Planner	\$ 77,224	\$ 321
Bell, M	Parks Utility Supervisor	\$ 78,054	\$ 99
Berard, A.	Manager of Business Performance	\$ 86,213	\$ 3,357
Boguski, B.	Roads Foreman	\$ 83,300	\$ 1,688
Borecky, N.	Information Systems Manager	\$ 90,740	\$ 814
Brand, B.	Water Foreman	\$ 95,399	\$ 344
Buck, I.	Director of Development Services	\$ 125,597	\$ 2,398
Carmichael, S.	Turfgrass Supervisor	\$ 77,801	\$ 1,057
Chan, J.	Manager of Business Administration	\$ 86,926	\$ 2,676
Coelho, N	Roads 2	\$ 79,478	\$ -
Collins, K.	Manager of Recreation Programming	\$ 94,420	\$ 2,210
Craven, D.	Carpenter	\$ 75,928	\$ -
Dojack, T.	Carpenter	\$ 78,551	\$ 385
Doty, L.	Engineering Technologist	\$ 76,902	\$ 345
Featherstone, B	Equipment Operator	\$ 75,068	\$ -
Feucht, R.	Development Engineer	\$ 110,055	\$ 1,281
Fisher, K.	Sewer Foreman	\$ 97,204	\$ 1,767
Guderjahn, B.	Manager of Purchasing	\$ 94,839	\$ 1,616
Guillo, A.	Manager of Communications	\$ 94,789	\$ -
Henderson, D.	Deputy Fire Chief / Training Officer	\$ 101,232	\$ 2,382
Jernslet, E.	Manager of Civic Properties Mtce.	\$ 91,361	\$ -
Johns, T.	Horticulture Supervisor	\$ 78,757	\$ 163
Kearns, M	Manager of Parks	\$ 95,453	\$ 5,119
Kellinghusen, J.	Equipment Operator	\$ 76,388	\$ 70
Kerr, C.	EVT / Fire Inspector & Volunteer Firefighter	\$ 94,146	\$ 882
Kitching, L.	Pay & Benefits Coordinator	\$ 75,073	\$ 2,544
Knapman, P.	Occupational Health & Safety Coordinator	\$ 88,135	\$ 6,627
Kushner, T.	Director of Public Works	\$ 136,025	\$ 4,629
Lamb, G.	Fire Inspector & Volunteer Firefighter	\$ 100,602	\$ 1,833
Law, C.	Engineering Technologist	\$ 76,154	\$ 826
Love, D.	Senior Advisor - Strategic Initiatives	\$ 124,923	\$ 3,540
MacDonald, K.	Deputy Fire Chief	\$ 102,636	\$ 4,068
Millar, C.	Manager of Recreation Facilities Operations	\$ 93,970	\$ -
Moore, B	Shop Foreman	\$ 85,183	\$ 614
Nelson, J.	Director of Financial Services	\$ 107,652	\$ 2,837
O'Grady, R.	Director of Engineering Services	\$ 127,428	\$ 11,932
Perry, C.	Manager of Transportation & Utilities - Engineering	\$ 111,638	\$ 1,131
Reid, R.	Manager of Human Resources	\$ 101,915	\$ 420
Rose, L.	Utilities Construction Foreman	\$ 91,965	\$ 1,889
Salmon, D.	Network Coordinator	\$ 83,058	\$ 9,084
Schleppe, S	Utilities Mtce - Water 2	\$ 75,576	\$ 1,572
Setta, T.	Manager of Planning	\$ 95,490	\$ 1,255
Shaw, D.	Public Works Inspector	\$ 82,044	\$ 99
Shaw, K.	Manager of Transportation & Utilities - Public Works	\$ 113,436	\$ 4,591
Snider, D.	Director of Recreation & Cultural Services	\$ 126,766	\$ 4,542
Sorichta, W.	Manager of Corporate Services Administration	\$ 95,355	\$ 1,895
Strachan, D.	Roads Foreman	\$ 88,294	\$ -
Sweeney, T	Manager of Building Admin Services	\$ 84,835	\$ 1,491
Thompson, C.	Asset Management Technician	\$ 76,216	\$ 1,592
Ward, J.	Director of Legislative Services / Deputy CAO	\$ 140,339	\$ 870
Welsh, J.	Fire Inspector & Volunteer Firefighter	\$ 90,993	\$ 2,032
Wood, I	Mechanic	\$ 80,035	\$ -
Total for employees where remuneration is > \$75,000		\$ 5,337,656	\$ 122,589
Consolidated total for employees where remuneration < \$75,000		\$ 7,709,296	\$ 63,041
Elected Officials, direct payments		\$ 198,680	\$ 30,610
TOTALS		\$ 13,245,632	\$ 216,239

Statement of Severance Agreements

There were two severance agreements under which payment commenced between the City of Courtenay and its unionized and non-unionized employees during the fiscal year 2018.

These agreements represent from 1 to 8 months of compensation.

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

THE CORPORATION OF THE CITY OF COURTENAY

**Statement of Individual Vendors Paid
(as required under the Financial Information Act)
For the Year Ended December 31, 2018**

Prepared under the Financial Information Regulation, Schedule 1, Section 7

Vendor Name	Amount Paid YTD 2018
7 STORY CIRCUS	48,781
ABOVE & BEYOND TREE SERVICE	39,304
ACME SUPPLIES LTD	32,754
ACS COMPUTER SOLUTIONS	54,704
ACTIVE NETWORK, THE	47,690
ANDERSEN'S NURSEY LTD	27,980
ANDREW SHERET LTD	229,858
AON REED STENHOUSE INC	209,857
ASSOCIATED ENGINEERING (B.C.) LTD.	143,214
ASSOCIATED FIRE & SAFETY	32,076
BADGER DAYLIGHTING LP	61,680
BC ASSESSMENT AUTHORITY	275,656
BC HYDRO	753,447
BC LIFE AND CASUALTY COMPANY	199,043
BEE CLEAN BUILDING MAINTENANE	27,329
BERKS INTERTRUCK LTD	87,892
BLACK PRESS GROUP	61,114
BRIAN MCLEAN CHEVROLET BUICK GMC LTD	29,563
BUMPER TO BUMPER	63,435
C3 MAINLINE INSPECTIONS INC.	199,899
CAMPBELL RIVER SHAKE & SHINGLE CO. LTD.	72,240
CENTRAL BUILDERS' SUPPLY LTD	91,421
CI INVESTMENTS	52,211
CINDERELLA'S CLEANING SERVICES LTD.	53,095
CIVICINFO BC	29,350
COMMISSIONAIRES (THE)	357,205
COMOX BAY SAILING CLUB	30,114
COMOX VALLEY BOBCAT & EXC LTD	67,796
COMOX VALLEY ECONOMIC	163,717
COMOX VALLEY MARTIAL ARTS & FITNESS	38,571
COMOX VALLEY REGIONAL DISTRICT	18,606,514
COPCAN CIVIL LIMITED	2,441,159
CORIX WATER PRODUCTS LTD PARTNERSHIP	119,951
COURTENAY & DISTRICT MUSEUM	131,212
COURTENAY DOWNTOWN BUSINESS ASSOC	60,300
CUMBERLAND READY MIX LTD	54,951
CUMBERLAND SAND & GRAVEL LTD	32,961
CUMBERLAND, VILLAGE OF	33,656
CUPE LOCAL 556	129,801
D.K.I SERVICES LTD.	71,222
DIAMOND HEAD CONSULTING	89,646
DILLON CONSULTING LTD.	79,358
E B HORSMAN & SON	41,979
EDGEETT EXCAVATING	524,330
EMTERRA ENVIRONMENTAL	1,715,880
ESC AUTOMATION	91,044
ESRI CANADA	71,565
FACILITY CONDITION ASSESSMENT PORTFOLIO EXPERTS LTD.	119,708
FINELINE ROAD MARKING	30,671
FINNING (CANADA)	333,006
FORBIDDEN CONCRETE	31,984
FORTIS BC - NATURAL GAS	57,446
FRASERWAY PREKAST LTD	25,767
GOAL ENGINEERING	45,360
GREEN ROOTS PLAY EQUIPMENT INC.	59,805
GROW TREE CARE	69,350
GUILLEVIN INTERNATIONAL INC	82,464
HARRIS OCEANSIDE CHEVROLET BUICK GMC LTD.	52,056
HOULE ELECTRIC LTD.	272,883
IMS INFRASTRUCTURE MANAGEMENT SERVICES	41,325
INFINITE ROAD MARKING LTD.	123,875
INTERNATIONAL WEB EXPRESS INC.	33,980
KNAPPETT INDUSTRIES (2006) LTD	761,646

THE CORPORATION OF THE CITY OF COURTENAY

Statement of Individual Vendors Paid
 (as required under the Financial Information Act)
For the Year Ended December 31, 2018

Prepared under the Financial Information Regulation, Schedule 1, Section 7

Vendor Name	Amount Paid YTD 2018
LAFARGE CANADA INC	27,194
LEIGHTON CONTRACTING (2009) LTD	264,414
LIDSTONE & COMPANY	55,703
LUXTON	131,250
MCELHANNEY CONSULTING	103,691
MEDICAL SERVICES PLAN	92,250
METRO MOTORS LTD	256,958
MEYERS NORRIS PENNY LLP	54,320
MICROSOFT LICENSING GP	60,617
MINISTER OF FINANCE	3,902,483
MONK OFFICE SUPPLY LTD	135,720
MUNICIPAL INSURANCE ASSOC OF	203,641
MYRA SYSTEMS CORP.	119,249
NELSON ROOFING AND SHEET METAL LTD	111,548
NORTH ISLAND TRACTOR LTD	143,416
OAKCREEK GOLF & TURF INC	165,817
PACIFIC AUDIO WORKS	35,760
PACIFIC BLUE CROSS	636,143
PARKLAND REFINING (BC) LTD	225,497
PBX ENGINEERING LTD.	63,945
PERFECT MIND TECHNOLOGY INC.	52,266
PILON TOOL RENTALS (1972) LTD	69,732
PIPE-EYE VIDEO INSPECTIONS & SERVICES LTD.	37,002
PLANET CLEAN COURTENAY	41,696
POSTAGE-ON-CALL	26,000
PRAIRIE SIDE EQUIPMENT LTD.	26,225
R HENN & ASSOCIATES	26,022
RAYLEC POWER LTD	70,051
RECEIVER GENERAL FOR CANADA - PAYROLL	3,444,579
RECEIVER GENERAL FOR CANADA - RCMP	5,128,956
REGIONAL HOSPITAL DIST OF COMOX-STRATHCONA	4,177,374
SCHOOL DISTRICT NO 71	30,239
RICOH CANADA INC	51,992
SID WILLIAMS THEATRE SOCIETY	228,158
STRATEGIC DYNAMICS	25,890
TAYCO PAVING	1,580,228
TELUS COMMUNICATIONS (BC)	75,073
TELUS MOBILITY (BC)	76,531
TLC HOME & PROPERTY MAINT	261,713
TOWER FENCE PRODUCTS	59,859
UNIVERSITY OF OTTAWA	30,000
URBAN SYSTEMS LTD.	1,798,994
VANCOUVER ISLAND REGIONAL LIBRARY	1,288,732
VAROOM STUDIOS	25,928
WAYPOINT INSURANCE	69,322
WEST ISLAND CAPITAL CORPORATION	35,457
WESTERN TRAFFIC	151,038
WESTERRA EQUIPMENT	44,096
WISHBONE INDUSTRIES LTD.	72,060
WOLSELEY CANADA	27,342
WORKERS COMPENSATION BOARD	251,505
YOUNG ANDERSON	52,594
TOTAL VENDORS OVER \$25,000	56,144,117
TOTAL VENDORS LESS THAN \$25,000	3,296,849
TOTAL PAID TO ALL VENDORS	59,440,966

SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

The City of Courtenay describes guarantees and indemnities in the Notes to the Consolidated Financial Statements. For 2018, 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*.



Bob Wells
Mayor

JUN 19 2019

Date



Jennifer Nelson, CPA, CGA
Director of Financial Services

June 17, 2019

Date

