

## APPLICATION FORM

Northern Community Economic Development Program 2019

<b>NAME OF ORGANIZATION:</b> Town of Qualicum Beach		<b>AMOUNT REQUESTED:</b> <b>\$ 50,000.00</b>
<b>MAILING ADDRESS:</b> #201-660 Primrose St Qualicum Beach, BC V9K 1S7		
<b>CONTACT PERSON:</b> #201-660 Primrose St Qualicum Beach, BC V9K 1S7	<b>TELEPHONE NUMBER:</b> 250-738-2203 <b>FAX NUMBER:</b>	<b>E-MAIL ADDRESS:</b> raugustyn@qualicumbeach.co m

<b>PROJECT TITLE:</b> <b>Qualicum Beach Airport Parking &amp; Signage</b>
<b>PROJECT DESCRIPTION:</b> See attached.          (Please attach any supporting materials and documents produced as a result of the project.)
<b>PROJECT AREA (SELECT ALL THAT APPLY):</b> <input checked="" type="checkbox"/> PARKSVILLE <input checked="" type="checkbox"/> QUALICUM BEACH <input checked="" type="checkbox"/> EA E <input checked="" type="checkbox"/> EA F <input checked="" type="checkbox"/> EA G <input checked="" type="checkbox"/> EA H
<b>DESCRIBE IN DETAIL WHAT THE NORTHERN COMMUNITY ECONOMIC DEVELOPMENT FUNDS WILL BE USED FOR:</b> See attached.          (Please attach additional pages as necessary.)
<b>LIST ALL GRANTS RECEIVED AND/OR APPLIED FOR FROM OTHER SOURCES:</b> See attached.          (Please attach additional pages as necessary.)

**Please Note:** The Regional District of Nanaimo is subject to the provisions of *The Freedom of Information and Protection of Privacy Act* and cannot guarantee that information provided can or will be held in confidence.

**EXPLAIN HOW YOUR PROJECT SUPPORTS THE PRINCIPLES AND PRIORITY AREAS OF THE PROGRAM:**

See attached.

(Please attach additional pages as necessary.)

**LIST ANY MEASURABLE ECONOMIC BENEFITS OR OTHER OUTCOMES THAT WILL RESULT FROM THIS PROJECT:**

See attached.

(Please attach additional pages as necessary.)

**PLEASE PROVIDE THE FOLLOWING SUPPLEMENTAL MATERIAL:**

- ☒ An Organizational Chart illustrating the structure of your organization, including Directors and volunteers.
- ☒ A copy of a bank statement showing your organization's name and address.
- ☒ A copy of your organization's financial statements for the current year and one year prior.
- ☒ A copy of your organization's budget for the current year and one year prior.
- ☒ Any supporting materials you consider necessary to communicate your project idea.

**SIGNATURE**



**DATE:**

Apr 12/19

By signing here, you confirm that you have read the Program Guide and that you are signing on behalf of an eligible applicant.

**SUBMIT HARD COPIES TO:** NORTHERN COMMUNITY ECONOMIC DEVELOPMENT PROGRAM  
REGIONAL DISTRICT OF NANAIMO  
6300 HAMMOND BAY ROAD  
NANAIMO, BC V9T 6N2

**SUBMIT DIGITAL COPIES TO:** [nced@rdn.bc.ca](mailto:nced@rdn.bc.ca)

**OFFICE USE ONLY:**

**DATE RECEIVED:**

**RECEIVED BY:**

**COMMENTS:**

**FUNDING  
AWARDED:**

☐

YES

☐

NO

**AMOUNT AWARDED:**

**Please Note:** The Regional District of Nanaimo is subject to the provisions of *The Freedom of Information and Protection of Privacy Act* and cannot guarantee that information provided can or will be held in confidence.

## **NCED Application Town of Qualicum Beach – Airport Parking & Signage**

### **PROJECT DESCRIPTION:**

The Town of Qualicum Beach is applying for the Northern Community Economic Development (NCED) Grant to help fund the expansion of the Qualicum Beach Airport facilities, specifically, the long-term parking, as well as the installation of signage at key locations. The Qualicum Beach Airport (XQU) is a key airport for the northern communities in the RDN, serving the Town of Qualicum Beach, City of Parksville, and surrounding rural areas located within the RDN. The airport provides an important link between northern communities in the RDN and the lower mainland, specifically Vancouver, and serves to ensure the economic wellbeing of the region by providing jobs locally and ensuring access to jobs for those who commute afar for employment. The airport also provides recreational opportunities, such as skydiving and helicopter tours and connects recreational tourists to the region. Lastly, the airport provides regional training grounds for helicopter pilots and is used for fire fighting helicopters, air ambulances and other emergency air transport, which serves the social wellbeing of the region and ensures healthier residents and visitors. In addition, the airport's current success in providing a range of services and opportunities to the region, the airport has been identified as being well-positioned to offer further niche market service to both general aviation and small regional carriers. Both Comox and Nanaimo airports cater to larger scheduled traffic and are located a minimum of an hour from Qualicum Beach, leaving the Qualicum Beach airport in a strategic position for the region.

Annual revenue from the airport is approximately \$400,000, however expenses for aviation fuel, airport staff, and internal allocations result in an annual loss for current operations. The 2016 Airport Business Plan establishes goals and objectives over a 10-year timeline to help minimize this annual loss and create greater financial stability for the airport. The proposed project is supported by the Plan.

The NCED grant proposal seeks to fund the long-term parking and signage for the airport, which will increase business to the airport, increase the airport's revenue stream, and increase serviceability to the northern communities in the RDN. This project proposes to construct a terminal access road that will link to a secure parking area. The works list for this project includes, grading, paving, and painting a designated area for parking, as well as installing lighting, security cameras and a pay parking kiosk. This is the first of two phases, which is anticipated to satisfy short and medium term parking demands for the airport. This type of phased parking reconfiguration was recommended in the 2016 Airport Business Plan, and is in support of the Town's 2019-2022 Strategic Plan. Currently, there is no secure parking at the airport terminal. While residents of Qualicum Beach are relatively close to the airport, those residents in the City of Parksville and the RDN who want to utilize the airport are further away and the lack of long-term parking is a barrier to attracting them to the airport since there is no option to park and fly. Other airports, such as those in Comox and Nanaimo, all have paid, secure parking. By having a secure, long-term paid parking area, the airport will attract more users and remove a barrier for those who live a further distance from the airport.

There is currently minimal visibility of the Qualicum Beach Airport's existence or location from arterial roads, with only small directional signs indicating an airport in the area. For those living in the community the airport is seen as an asset and a quick way to Vancouver, but the benefits and economic impact are not well advertised, and thus not well known outside of Qualicum Beach. The Town is proposing to install new highway signage at key areas around the region to highlight the Qualicum Beach airport. Large signage that meets the Ministry of Transportation requirements is proposed for

Highway 19A and Highway 19. This signage will include the name of the airport and the location identifier. It is important to note that the Town is proposing to add signage on the Island Highway, south of the City of Parksville, which reflects the larger area serviced by the Qualicum Beach Airport. Other directional signage will be installed in key areas. Appendix A provides a map with all highway signage locations and provides examples of the signage that will be installed.

The Town is also proposing to replace the existing airport entrance sign located at the base of the Qualicum Beach airport. This sign is dated, small, and inconsistent with the other signage around the Town. The Town is proposing to install a larger sign that will include the name of the airport and a location identifier in an effort to brand and advertise the airport. The 2016 Airport Business Plan identifies the need for additional signage at the airport, as well as along the highway, due to the airport currently not being advertised or marketed.

**DESCRIBE IN DETAIL WHAT THE NORTHERN COMMUNITY ECONOMIC DEVELOPMENT FUNDS WILL BE USED FOR:**

The NCED grant proposal seeks to fund the following components of the airport:

Item No.	Description	Est. Cost	Funding Request
1	Signage on Hwy 19, 19A and Rupert Road directing to airport location	\$20,000	\$20,000
2	Airport entrance signage	\$50,000	\$22,500
3	Construction of a terminal access road including grading, paving, and installation of lighting	\$196,550	N/A
4	Security cameras and software licencing	\$5,000	\$5,000
5	Pay parking signage	\$2,500	\$2,500
	<b>TOTAL</b>	<b>\$274,050</b>	<b>\$50,000</b>

**LIST ALL GRANTS RECEIVED AND/OR APPLIED FOR FROM OTHER SOURCES:**

The Town has received funding from the BC Air Access Program to help fund this project. The BC Air Access Program provided \$183,645 towards the long-term parking project cost, which leaves \$122,430 as the Town's portion to fund. The total cost of the project is estimated to be \$306,075.

**EXPLAIN HOW YOUR PROJECT SUPPORTS THE PRINCIPLES AND PRIORITY AREAS OF THE PROGRAM:**

The Qualicum Beach Airport (XQU) is a catalyst for employment in the Parksville/Qualicum Beach area and contributes to the social, recreational, and economic wellbeing of the Northern Communities in the RDN. The airport is a local employer of 65 people and supports a committed flying club, world-class skydiving company, commercial carriers, private aircraft owners, and provides a safe location for Medivacs from the central Vancouver Island region (currently, the airport sees around three Medivacs per month). The airport is an asset for the tourism industry and by expanding the current parking facilities and installing signage, the airport will be well-positioned for managed growth. This will in turn, attract more visitors to the region. The airport is poised to be an important employer in the region and is able to accommodate a range of sectors, including the high tech sector, industry, and start-up businesses. Through signage and expansion of the airport facilities, the Town will be able to situate the airport to support a range of sectors in the region. Specifically, investment in the airport is likely to lead to an increase in:

- Economic activity and employment in the Northern Communities of the RDN;

- Business and investments to the Northern Communities of the RDN.

**LIST ANY MEASURABLE ECONOMIC BENEFITS OR OTHER OUTCOMES THAT WILL RESULT FROM THIS PROJECT**

The airport employs 65 people and supports a committed flying club, world-class skydiving company, commercial carriers, private aircraft owners, and provides a safe location for Medivacs from the central Vancouver Island region (currently, the airport sees around three Medivacs per month). It is anticipated that with the addition of secure parking and the installation of signage, there will be an increase in the usage of the airport, which in turn will attract more businesses to utilize the airport. The Town currently tracks businesses, including the type of business and duration of business, that are located within the Town. The Town will continue to track businesses and will be able to determine any increases in business activity around the airport. By tracking businesses at the airport, the Town will be able to measure the economic benefits that are anticipated from investing in upgrades to the airport. The Town will also track the long-term parking, which will help the Town determine usage rates and understand occupancy levels for the parking area. This will give an indication of how often the airport is used and will permit the Town to understand and measure the impact of increased marketing for the airport.

Appendix A  
Parking and Signage Plan

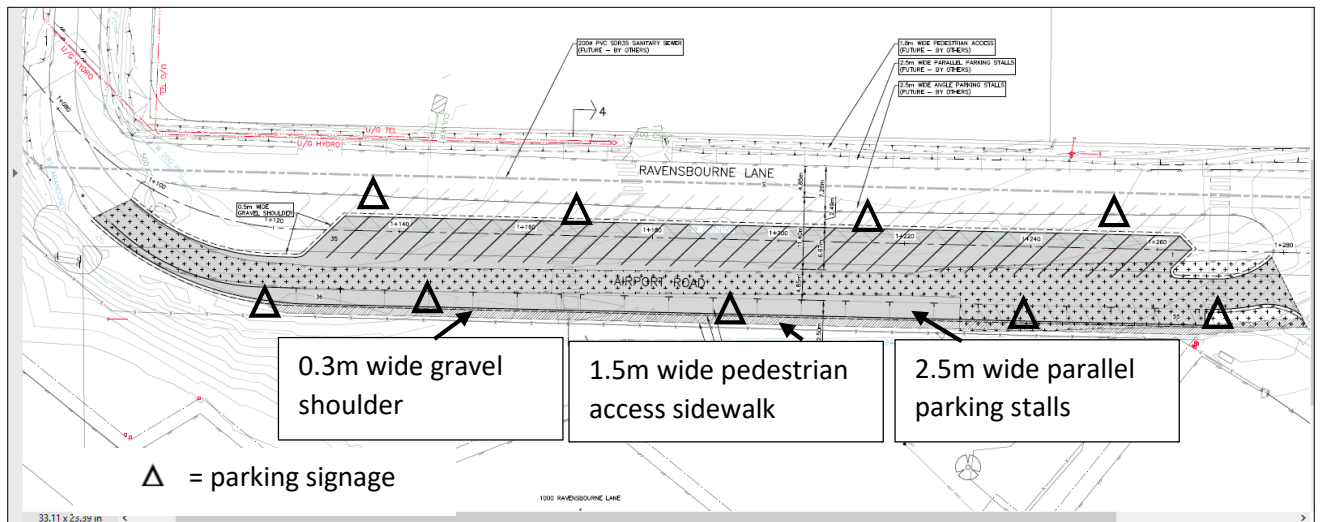
Sample Signage on Highway



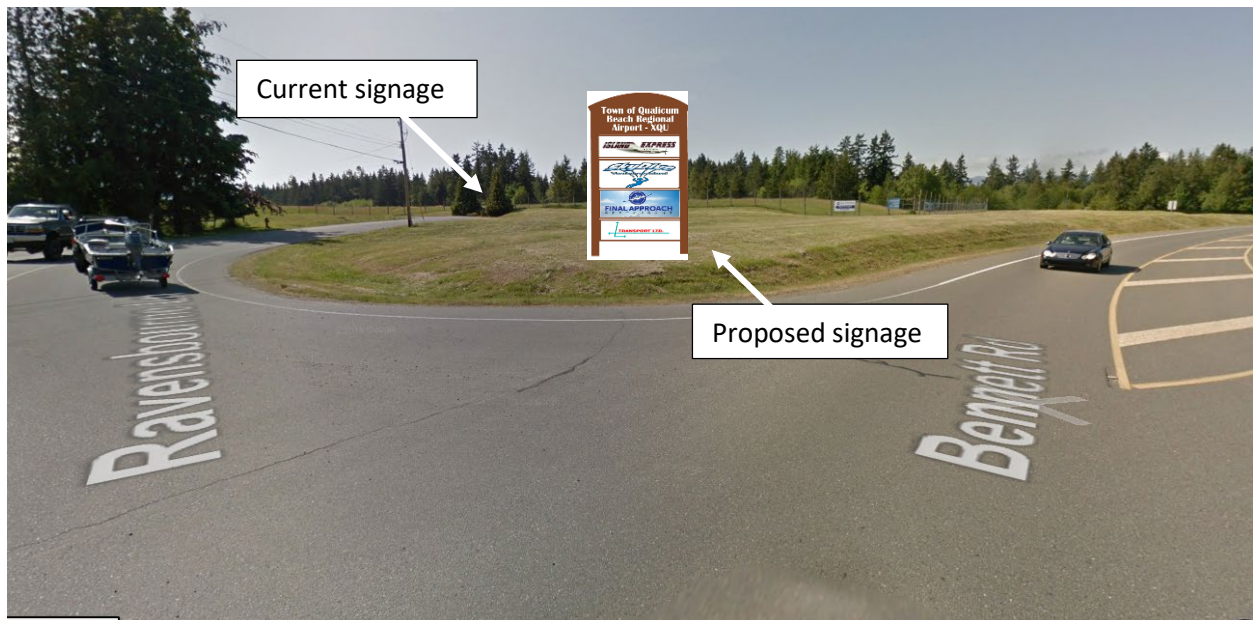
Sample Airport Entrance Sign



## Proposed Plan for Long Term Parking



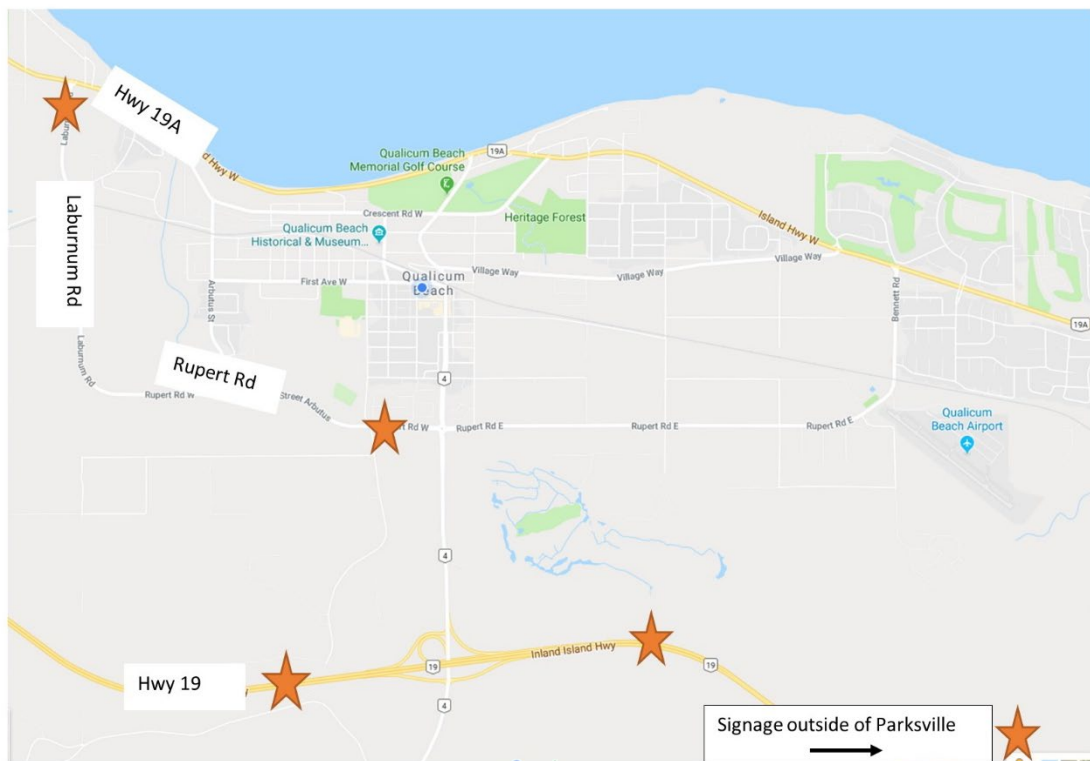
## Proposed Airport Entrance Signage



## Current Airport Entrance Signage



## Proposed Plan for Highway / Road Signage





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

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

Management's Responsibility Report	S1
Independent Auditors' Report	S2
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**TOWN OF QUALICUM BEACH  
MANAGEMENT'S RESPONSIBILITY REPORT  
2016 FINANCIAL STATEMENTS**

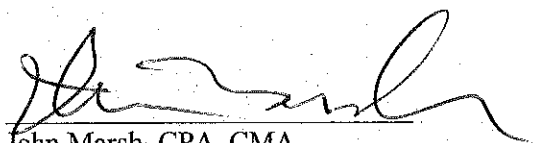
The preparation of these financial statements is the responsibility of management. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility.

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

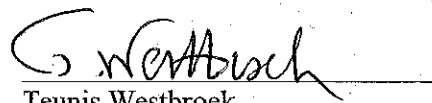
Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility. Council meets with the external auditors two times per year.

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

On behalf of the Town of Qualicum Beach



John Marsh, CPA, CMA  
Financial Administrator/Deputy CAO



Teunis Westbroek  
Mayor

# **McGORMAN MacLEAN**

Chartered Professional Accountants

Mark A. A. McGorman, Ltd.  
Campbell B. MacLean, Ltd.  
Stana Pazicka, Inc.  
Leanne M. Souchuck, Ltd.

Tel: 250-248-3211  
Fax: 250-248-4504  
www.mcgormanmaclean.com  
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## **INDEPENDENT AUDITORS' REPORT**

To the Mayor and Council of the  
Town of Qualicum Beach

### **Report on Financial Statements**

We have audited the accompanying consolidated statement of financial position of the Town of Qualicum Beach as at December 31, 2016 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

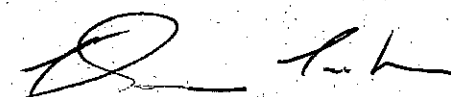
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Town's preparation and fair presentation of the 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 Town's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2016 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



CHARTERED PROFESSIONAL ACCOUNTANTS

Parksville, Canada  
April 10, 2017

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

S3  
**STATEMENT 1**

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

Contingent liabilities and commitments (note 11)

Approved:

\_\_\_\_\_  
Financial Administrator

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

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**STATEMENT 2**

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

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

S\$  
**STATEMENT 3**

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

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

S6  
**STATEMENT 4**

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



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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of presentation**

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

**(b) Principles of consolidation**

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

**(c) Basis of accounting**

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

**(d) Cash and cash equivalents**

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

**(e) Employee future benefits**

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

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Deferred revenue**

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

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

**(g) Non financial assets**

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

Inventories

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

Tangible capital assets

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

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

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Government transfers**

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

**(i) Use of estimates**

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

**2. RESTRICTED CASH AND CASH EQUIVALENTS**

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

**3. ACCOUNTS RECEIVABLE**

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

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

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**4. CAPITAL LEASE RECEIVABLE**

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

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

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

**5. ACCOUNTS PAYABLE**

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

**6. DEFERRED REVENUE - CAPITAL**

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

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

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

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**7. LONG TERM DEBT**

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

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

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

**8. TANGIBLE CAPITAL ASSETS**

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

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

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

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**9. ACCUMULATED SURPLUS**

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

**10. INVESTMENT IN TANGIBLE CAPITAL ASSETS**

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

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

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**11. CONTINGENT LIABILITIES AND COMMITMENTS**

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

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

The most recent actuarial valuation as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

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

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

Employers participating in the plan record their pension expenses as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan. Contributions to the plan were as follows:

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

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

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**11. CONTINGENT LIABILITIES AND COMMITMENTS (continued)**

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

**12. SEGMENT DISCLOSURE BY SERVICE**

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

General Government Services

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

Protective Services

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

Transportation Services

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



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

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**12. SEGMENT DISCLOSURE BY SERVICE (continued)**

Environmental Services

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

Planning and Development Services

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

Parks and Recreation Services

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

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

**13. COMPARATIVE FIGURES**

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

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

S8

**SCHEDULE A**

**2015  
Actual**

**2016  
Budget  
(unaudited)**

**2016  
Actual**

**NET TAXATION**

Taxes collected for municipal purposes

General	\$ 7,770,440	\$ 7,770,913	\$ 7,431,265
Parcel tax - water	785,800	795,410	788,850
Parcel tax - sewer	161,400	163,030	161,630
1% utility tax	145,482	140,876	140,491
	<u>8,863,122</u>	<u>8,870,229</u>	<u>8,522,236</u>

Taxes collected for other governments

Education	4,606,000	4,606,296	4,602,191
Regional District of Nanaimo	3,617,000	3,618,234	3,519,192
Nanaimo Regional Hospital District	474,000	473,791	461,900
Vancouver Island Regional Library	454,000	453,667	436,405
B.C. Assessment Authority	122,600	122,837	126,846
Municipal Finance Authority	400	436	413
	<u>9,274,000</u>	<u>9,275,261</u>	<u>9,146,947</u>

Less taxes paid to other governments

	<u>(9,274,000)</u>	<u>(9,280,934)</u>	<u>(9,140,242)</u>
	<u>-</u>	<u>(5,673)</u>	<u>6,705</u>

Grants-in-lieu of taxes

Federal government	14,000	14,677	13,880
Taxes paid to other governments	(7,571)	(7,623)	(7,316)
Fortis BC	25,000	15,336	-
B.C. Hydro	88,851	59,517	71,871
Permissive tax exemptions	119,933	120,000	117,000
	<u>240,213</u>	<u>201,907</u>	<u>195,435</u>

\$	<u>9,103,335</u>	\$	<u>9,066,463</u>	\$	<u>8,724,376</u>
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**WATER AND SEWER RATES**

Water user rates	\$ 1,086,280	\$ 1,182,716	\$ 1,156,185
Water connection fees	11,000	28,766	44,328
Sewer user rates	543,522	549,759	537,866
Sewer connection fees	11,000	26,250	25,500
	<u>\$ 1,651,802</u>	<u>\$ 1,787,491</u>	<u>\$ 1,763,879</u>

**SALE OF SERVICES**

Public Works	\$ 23,000	\$ 55,162	\$ 37,391
Solid waste pickup	647,319	650,851	644,629
Cemetery	40,366	43,305	36,760
	<u>\$ 710,685</u>	<u>\$ 749,318</u>	<u>\$ 718,780</u>

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

S8

**SCHEDULE A**  
**2015**  
**Actual**

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

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

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**SCHEDULE B**  
**2015**  
**Actual**

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

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

			S9
	2016	2016	SCHEDULE B
	Budget	Actual	2015
	(unaudited)		Actual
<b>WATER SERVICES</b>			
Water maintenance	\$ 1,025,000	\$ 1,006,183	\$ 1,004,411
Amortization of tangible capital assets	<u>362,000</u>	<u>361,848</u>	<u>361,848</u>
	<u>\$ 1,387,000</u>	<u>\$ 1,368,031</u>	<u>\$ 1,366,259</u>
<b>SEWER SERVICES</b>			
Sewer maintenance	\$ 226,000	\$ 206,813	\$ 186,632
Amortization of tangible capital assets	<u>152,000</u>	<u>151,972</u>	<u>151,972</u>
	<u>\$ 378,000</u>	<u>\$ 358,785</u>	<u>\$ 338,604</u>
<b>PUBLIC HEALTH SERVICES</b>			
Cemetery	\$ <u>49,350</u>	\$ <u>41,982</u>	\$ <u>40,214</u>
<b>PLANNING AND DEVELOPMENT SERVICES</b>			
Planning and zoning	\$ 321,002	\$ 297,860	\$ 213,725
Community development	<u>484,261</u>	<u>365,971</u>	<u>296,621</u>
	<u>\$ 805,263</u>	<u>\$ 663,831</u>	<u>\$ 510,346</u>
<b>PARKS AND RECREATION SERVICES</b>			
Recreation	\$ 17,008	\$ 20,064	\$ 13,399
Community Hall	73,657	53,462	49,001
Civic Centre	362,197	301,907	332,908
Parks buildings	187,401	201,148	132,346
Beach maintenance	63,391	57,707	56,211
Parks and landscaping	<u>800,134</u>	<u>801,395</u>	<u>713,719</u>
	1,503,788	1,435,683	1,297,584
Amortization of tangible capital assets	<u>165,000</u>	<u>165,142</u>	<u>165,142</u>
	<u>\$ 1,668,788</u>	<u>\$ 1,600,825</u>	<u>\$ 1,462,726</u>
<b>TOTAL EXPENSES</b>	<u>\$ 13,990,196</u>	<u>\$ 13,490,508</u>	<u>\$ 12,762,607</u>
<b>SUMMARY OF EXPENSES</b>			
Operating costs	\$ 10,760,196	\$ 10,273,040	\$ 9,620,465
Fiscal services	130,000	116,318	31,268
Amortization of tangible capital assets	<u>3,100,000</u>	<u>3,101,150</u>	<u>3,110,874</u>
	<u>\$ 13,990,196</u>	<u>\$ 13,490,508</u>	<u>\$ 12,762,607</u>

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

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**SCHEDULE C**

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

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

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

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SCHEDULE D

	Consolidated		General Government Services		Protective Services		Transportation Services		Environmental Services		Planning and Development Services		Parks and Recreation Services	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Revenue</b>														
Net taxation	\$ 9,066,463	\$ 8,724,376	\$ 8,108,023	\$ 7,773,896	\$ -	\$ -	\$ -	\$ -	\$ 938,440	\$ 950,480	\$ -	\$ -	\$ -	\$ -
Sale of services	2,536,809	2,482,659	-	-	-	-	44,450	28,125	2,490,606	2,452,468	-	-	1,753	2,066
Other operating revenue	1,439,566	1,227,607	645,980	545,728	298,414	246,653	265,927	200,024	-	-	71,113	65,920	158,132	169,272
Government transfers	1,417,498	1,367,215	420,181	433,636	395,268	388,301	-	15,000	471,587	405,309	-	-	132,462	124,969
Gain (loss) on disposal of assets	(225,945)	180,261	(225,945)	180,261	-	-	-	-	-	-	-	-	-	-
Other capital revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14,234,391	13,982,118	8,948,239	8,933,521	691,682	634,954	310,377	243,159	3,920,633	3,808,237	71,113	65,920	292,347	296,307
<b>Expenses</b>														
Wages and salaries	5,508,032	5,068,238	988,348	1,008,371	883,132	825,636	1,304,070	1,046,149	886,637	911,042	320,826	262,581	1,125,019	1,014,459
Goods and services	4,765,008	4,552,227	871,866	938,849	1,280,515	1,190,957	988,269	1,029,323	970,689	862,208	343,005	247,765	310,664	283,125
Amortization	3,101,150	3,110,874	62,815	62,815	131,029	131,029	2,228,344	2,218,068	513,820	513,820	-	-	165,142	165,142
Fiscal services	116,318	31,268	15,820	22,397	100,498	8,871	-	-	-	-	-	-	-	-
	13,490,508	12,762,607	1,938,849	2,032,432	2,395,174	2,156,493	4,520,683	4,313,540	2,371,146	2,287,070	663,831	510,346	1,600,825	1,462,726
Annual surplus (deficit)	\$ 743,883	\$ 1,219,511	\$ 7,009,396	\$ 6,901,089	\$ (1,703,492)	\$ (1,521,539)	\$ (4,210,306)	\$ (4,070,381)	\$ 1,549,487	\$ 1,521,187	\$ (592,718)	\$ (444,426)	\$ (1,308,478)	\$ (1,166,119)

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

S12  
SCHEDULE E

	Land	Buildings	Equipment	Water	Sewer	Drainage	Roads	Other	WIP	Parks	Total
<b>COST</b>											
Opening Balance (Jan 1, 2015)	\$ 33,774,823	\$ 22,503,028	\$ 5,360,484	\$ 14,658,446	\$ 9,599,220	\$ 17,988,715	\$ 42,061,595	\$ 18,853,584	\$ 2,292,023	\$ 1,473,928	\$ 168,565,846
Add: 2015 Additions	286,000	6,753,958	-	-	-	125,134	92,035	-	(2,158,678)	-	5,098,449
Less: 2015 Disposals	(34,899)	-	(44,572)	-	-	-	(31,363)	-	-	-	(110,834)
Closing Balance (Dec 31, 2015)	34,025,924	29,256,986	5,315,912	14,658,446	9,599,220	18,113,849	42,122,267	18,853,584	133,345	1,473,928	173,553,461
Add: 2016 Additions	-	238,986	222,457	-	-	42,345	349,989	42,067	1,490,291	-	2,386,135
Less: 2016 Disposals	-	(113,469)	(233,913)	-	-	-	(344,296)	-	-	-	(691,678)
Closing Balance (Dec 31, 2016)	34,025,924	29,382,503	5,304,456	14,658,446	9,599,220	18,156,194	42,127,960	18,895,651	1,623,636	1,473,928	175,247,918
<b>ACCUMULATED AMORTIZATION</b>											
Opening Balance (Jan 1, 2015)		7,329,341	2,810,325	5,004,033	4,714,014	6,030,265	22,748,911	7,896,785	-	885,844	57,419,518
Add: 2015 Amortization		594,427	313,974	209,328	159,987	314,813	1,106,721	376,607	-	35,017	3,110,874
Less: 2015 Disposals		-	(44,573)	-	-	-	(31,363)	-	-	-	(75,936)
Closing Balance (Dec 31, 2015)		7,923,768	3,079,726	5,213,361	4,874,001	6,345,078	23,824,269	8,273,392	-	920,861	60,454,456
Add: 2016 Amortization		608,981	288,042	209,328	159,987	315,518	1,106,535	377,815	-	34,944	3,101,150
Less: 2016 Disposals		(17,281)	(150,547)	-	-	-	(211,136)	-	-	-	(378,964)
Closing Balance (Dec 31, 2016)		8,515,468	3,217,221	5,422,689	5,033,988	6,660,596	24,719,668	8,651,207	-	955,805	63,176,642
<b>Net Book Value (Dec 31, 2015)</b>	\$ 34,025,924	\$ 21,333,218	\$ 2,236,186	\$ 9,445,085	\$ 4,725,219	\$ 11,768,771	\$ 18,297,998	\$ 10,580,192	\$ 133,345	\$ 553,067	\$ 113,099,005
<b>Net Book Value (Dec 31, 2016)</b>	\$ 34,025,924	\$ 20,867,035	\$ 2,087,235	\$ 9,235,757	\$ 4,565,232	\$ 11,495,598	\$ 17,408,292	\$ 10,244,444	\$ 1,623,636	\$ 518,123	\$ 112,071,276



**TOWN OF QUALICUM BEACH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**TOWN OF QUALICUM BEACH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**TOWN OF QUALICUM BEACH  
MANAGEMENT'S RESPONSIBILITY REPORT  
2017 FINANCIAL STATEMENTS**

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

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

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

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

On behalf of the Town of Qualicum Beach



John Marsh, CPA, CMA  
Financial Administrator /Deputy CAO



Teunis Westbroek  
Mayor

**INDEPENDENT AUDITORS' REPORT**

S2

To the Mayor and Council of the  
Town of Qualicum Beach

**Report on Financial Statements**

We have audited the accompanying consolidated financial statements of the Town of Qualicum Beach, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Town'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 Town's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2017 and consolidated results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



CHARTERED PROFESSIONAL ACCOUNTANTS

Parksville, Canada  
May 28, 2018

**TOWN OF QUALICUM BEACH**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2017**

S3  
**STATEMENT 1**

	<u>2017</u>	<u>2016</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 2)	\$ 13,152,284	\$ 10,825,112
Accounts receivable (note 3)	1,751,064	1,587,944
Capital lease receivable (note 4)	110,734	121,022
Municipal Finance Authority debt reserve fund deposit	<u>48,624</u>	<u>47,694</u>
	15,062,706	12,581,772
<b>FINANCIAL LIABILITIES</b>		
Accounts payable (note 5)	1,009,428	1,058,605
Accrued employee benefits	636,260	578,777
Deferred revenue	1,895,771	1,074,171
Performance bonds and deposits	897,689	188,728
Deferred revenue - capital (note 6)	1,985,065	1,758,244
Long term debt (note 7)	<u>3,703,491</u>	<u>4,166,428</u>
	10,127,704	8,824,953
<b>NET FINANCIAL ASSETS</b>	<u>4,935,002</u>	<u>3,756,819</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventories	61,380	29,868
Prepaid expenses	22,100	5,785
Tangible capital assets (note 8)	<u>112,505,264</u>	<u>112,071,276</u>
	112,588,744	112,106,929
<b>ACCUMULATED SURPLUS (notes 9 and 10)</b>	<u>\$ 117,523,746</u>	<u>\$ 115,863,748</u>

Contingent liabilities and commitments (note 11)

Approved:

 Financial Administrator

The accompanying notes are an integral part of these financial statements

**TOWN OF QUALICUM BEACH**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**AS AT DECEMBER 31, 2017**

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**STATEMENT 2**

	<u>2017</u> <u>Budget</u> <u>(unaudited)</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
<b>REVENUE</b>			
Net taxation	\$ 9,484,612	\$ 9,547,389	\$ 9,066,463
Water and sewer rates	1,700,843	1,935,550	1,787,491
Sale of services	722,502	761,287	749,318
Other revenue from own sources	1,134,496	1,672,672	1,439,566
Government transfers	4,045,525	1,840,600	1,417,498
Gain (loss) on disposal of tangible capital assets	10,000	(40,144)	(225,945)
Developer contributions	-	198,640	-
	<u>17,097,978</u>	<u>15,915,994</u>	<u>14,234,391</u>
<b>EXPENSES</b>			
General government services	1,992,630	1,939,190	1,938,849
Protective services	2,717,425	2,624,617	2,395,174
Transportation services	4,651,636	4,926,068	4,520,683
Environmental health services	673,733	581,999	602,348
Water services	1,422,625	1,301,017	1,368,031
Sewer services	385,875	427,270	358,785
Public health services	51,483	48,535	41,982
Planning and development services	838,302	814,839	663,831
Parks and recreation services	1,707,782	1,592,461	1,600,825
	<u>14,441,491</u>	<u>14,255,996</u>	<u>13,490,508</u>
<b>ANNUAL SURPLUS</b>	2,656,487	1,659,998	743,883
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	<u>115,863,748</u>	<u>115,863,748</u>	<u>115,119,865</u>
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	<u>\$ 118,520,235</u>	<u>\$ 117,523,746</u>	<u>\$ 115,863,748</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF QUALICUM BEACH**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**AS AT DECEMBER 31, 2017**

S\$  
**STATEMENT 3**

	<u>2017</u> <u>Budget</u> <u>(unaudited)</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
<b>ANNUAL SURPLUS</b>	\$ 2,656,487	\$ 1,659,998	\$ 743,883
Acquisition of tangible capital assets	(8,363,487)	(3,761,875)	(2,386,135)
Amortization of tangible capital assets	3,150,000	3,230,333	3,101,150
Proceeds on disposal of tangible capital assets	-	57,410	86,769
Loss on disposal of tangible capital assets	-	40,144	225,945
	<u>(5,213,487)</u>	<u>(433,988)</u>	<u>1,027,729</u>
Consumption of supplies inventories	-	(31,512)	13,243
Decrease in prepaid expenses	-	(16,315)	11,887
	<u>-</u>	<u>(47,827)</u>	<u>25,130</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(2,557,000)	1,178,183	1,796,742
<b>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</b>	<u>3,756,819</u>	<u>3,756,819</u>	<u>1,960,077</u>
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	\$ <u><u>1,199,819</u></u>	\$ <u><u>4,935,002</u></u>	\$ <u><u>3,756,819</u></u>

The accompanying notes are an integral part of these financial statements

**TOWN OF QUALICUM BEACH**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**AS AT DECEMBER 31, 2017**

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**STATEMENT 4**

	<u>2017</u>	<u>2016</u>
<b>CASH PROVIDED BY OPERATIONS</b>		
Annual surplus	\$ 1,659,998	\$ 743,883
Items not involving cash:		
Amortization of tangible capital assets	3,230,333	3,101,150
Loss on disposal of tangible capital assets	40,144	225,945
Change in non-cash operating assets and liabilities:		
Decrease (increase)		
Accounts receivable	(163,120)	(224,997)
Capital lease receivable	10,288	(121,022)
Municipal Finance Authority debt reserve fund deposit	(930)	(1,297)
Inventories	(31,512)	13,243
Prepaid expenses	(16,315)	11,887
Increase (decrease)		
Accounts payable	(49,177)	119,433
Accrued employee benefits	57,483	(18,944)
Deferred revenue	821,600	45,459
Performance bonds and deposits	708,961	26,027
Deferred revenue - capital	226,821	29,413
	<u>6,494,574</u>	<u>3,950,180</u>
<b>FINANCING ACTIVITIES</b>		
Decrease in long term debt	<u>(462,937)</u>	<u>(462,936)</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(3,761,875)	(2,386,135)
Proceeds on disposal of tangible capital assets	<u>57,410</u>	<u>86,769</u>
	<u>(3,704,465)</u>	<u>(2,299,366)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,327,172	1,187,878
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>10,825,112</u>	<u>9,637,234</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 13,152,284</u>	<u>\$ 10,825,112</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 103,059</u>	<u>\$ 116,318</u>

The accompanying notes are an integral part of these financial statements



**TOWN OF QUALICUM BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of presentation**

Consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The consolidated statement of financial position includes all assets and liabilities of the Town.

**(b) Principles of consolidation**

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

**(c) Basis of accounting**

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

**(d) Cash and cash equivalents**

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

**(e) Employee future benefits**

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

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

TOWN OF QUALICUM BEACH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Deferred revenue

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

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

(g) Non financial assets

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

Inventories

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

Tangible capital assets

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

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

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

**TOWN OF QUALICUM BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Government transfers**

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

**(i) Contaminated sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- An environmental standard exists;
- Contamination exceeds the environmental standard
- The Town is:
  - o Directly responsible; or
  - o Accepts responsibility;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

There are no liabilities to be recorded as at December 31, 2017.

**(j) Use of estimates**

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

**TOWN OF QUALICUM BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**2. RESTRICTED CASH AND CASH EQUIVALENTS**

Included in financial assets are cash and cash equivalents of \$212,445 (2016: \$206,310) that are invested on behalf of the cemetery trust fund. These funds may only be used for the upkeep and care of the cemetery and burial plots.

**3. ACCOUNTS RECEIVABLE**

	2017		2016
Property taxes	\$ 252,684	\$	492,760
Water rates	257,648		238,410
Sewer rates	161,121		153,330
Solid waste	186,072		188,493
Receivable from federal government	675,641		129,315
Trades receivable	217,898		385,636
	<u>\$ 1,751,064</u>	\$	<u>1,587,944</u>

**4. CAPITAL LEASE RECEIVABLE**

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

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

2018	\$ 10,757
2019	10,757
2020	10,757
2021	10,757
2022	10,757

**TOWN OF QUALICUM BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**5. ACCOUNTS PAYABLE**

	<u>2017</u>	<u>2016</u>
Trades payable	\$ 659,687	\$ 599,554
Payable to federal government	339,203	329,218
Payable to provincial government	-	34,897
Holdbacks payable	10,538	94,936
	<u>\$ 1,009,428</u>	<u>\$ 1,058,605</u>

**6. DEFERRED REVENUE - CAPITAL**

	<u>Off Street Parking</u>	<u>Development Cost Charges</u>	<u>Total</u>
Balance at beginning of year	\$ 188,549	\$ 1,569,695	\$ 1,758,244
Additions	-	209,046	209,046
Interest	1,881	15,894	17,775
	<u>\$ 190,430</u>	<u>\$ 1,794,635</u>	<u>\$ 1,985,065</u>

Deferred revenue - capital includes statutory reserves that are required to be set-up under section 188(2) of the Community Charter.

**7. LONG TERM DEBT**

	<u>2017</u>	<u>2016</u>
2.25% Municipal Finance Authority Loan, principal payments of \$231,468.20 semi-annually plus interest, due November 30, 2025	<u>\$ 3,703,491</u>	<u>\$ 4,166,428</u>

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

2018	\$ 462,936
2019	462,936
2020	462,936
2021	462,936
2022	462,936

**TOWN OF QUALICUM BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**8. TANGIBLE CAPITAL ASSETS**

2017

	Historical Cost	Accumulated Amortization	Net Book Value
Land	\$ 34,025,924		\$ 34,025,924
Buildings and structures	29,854,527	\$ 9,133,417	20,721,110
Infrastructure	109,310,808	53,596,364	55,714,444
Equipment	5,464,466	3,420,680	2,043,786
	<u>\$ 178,655,725</u>	<u>\$ 66,150,461</u>	<u>\$ 112,505,264</u>

2016

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

**TOWN OF QUALICUM BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**9. ACCUMULATED SURPLUS**

	2017	2016
Reserves and Surpluses		
Equipment reserve fund	\$ 53,340	\$ 52,814
Property reserve fund	209,185	207,119
Park land reserve fund	91,925	42,996
Emissions reduction reserve fund	13,025	9,255
Park improvements reserve fund	88,665	87,790
Cemetery reserve fund	220,665	212,340
Municipal Finance Authority debt reserve fund	48,624	47,694
Arrowsmith water reserve	48,467	44,457
Protective services reserve	18,732	18,732
Buildings reserve account	56,000	56,000
Unallocated surplus		
General	5,525,393	5,104,752
Water	1,999,408	1,761,407
Sewer	348,544	313,544
	8,721,973	7,958,900
Investment in tangible capital assets (note 10)	108,801,773	107,904,848
Total accumulated surplus	\$ 117,523,746	\$ 115,863,748

**10. INVESTMENT IN TANGIBLE CAPITAL ASSETS**

	2017	2016
Investment in tangible capital assets at beginning of year	\$ 107,904,848	\$ 108,469,641
Add: Acquisition of tangible capital assets	3,761,875	2,386,135
Reduction in long term debt	462,937	462,936
Less: Amortization	(3,230,333)	(3,101,150)
Net book value of tangible capital asset disposals	(97,554)	(312,714)
Investment in tangible capital assets at end of year	\$ 108,801,773	\$ 107,904,848

**TOWN OF QUALICUM BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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**11. CONTINGENT LIABILITIES AND COMMITMENTS**

- (a) Regional District - The Town is responsible, as a member of the Regional District of Nanaimo and of the Nanaimo Regional Hospital District, for its proportion of any operating deficits or capital debt related to functions in which it participates.
- (b) Municipal Pension Plan - The Town and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.

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

The most recent actuarial valuation as at December 31, 2015 indicated a \$2,224 million 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 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Town of Qualicum Beach paid \$368,730 for employer contributions to the plan in the fiscal year ended December 31, 2017.

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

Employers participating in the plan record their pension expenses as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan. Contributions to the plan were as follows:

	2017	2016
Employer portion	\$ 368,730	\$ 374,640
Employee portion	324,990	330,258
	<u>\$ 693,720</u>	<u>\$ 704,898</u>



**TOWN OF QUALICUM BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

S7

**11. CONTINGENT LIABILITIES AND COMMITMENTS (continued)**

- (c) Municipal Finance Authority contingent demand notes - Under borrowing arrangements with the Municipal Finance Authority (MFA), the Town is required to lodge security by means of a demand note and an interest-bearing cash deposit based on the amount of the borrowing. As a condition of the borrowing, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. This deposit is included in the Town's financial assets and is held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposit is refunded to the Town. At December 31, 2017, there was a contingent demand note of \$212,517 (2016 - \$212,517) which was not included in the financial statements of the Town.
- (d) Municipal Insurance Association of British Columbia - The Town is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the Town, along with other participants, would be required to contribute towards the deficit.
- (e) Other contingent liabilities consisting of routine claims will be accounted for as an expense in the period in which the costs are incurred. It is not possible to determine the Town's liability, if any, with respect to these other matters.

**12. SEGMENT DISCLOSURE BY SERVICE**

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

General Government Services

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

Protective Services

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

Transportation Services

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

TOWN OF QUALICUM BEACH  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

S7

**12. SEGMENT DISCLOSURE BY SERVICE (continued)**

Environmental Services

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

Planning and Development Services

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

Parks and Recreation Services

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

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

**13. COMPARATIVE FIGURES**

Certain 2016 comparative figures have been changed to reflect financial statement presentation adopted in the current year.

**TOWN OF QUALICUM BEACH**  
**CONSOLIDATED SCHEDULE OF REVENUES**  
**YEAR ENDED DECEMBER 31, 2017**

S8

**SCHEDULE A**  
**2016**  
**Actual**

	<u>2017</u> <u>Budget</u> <u>(unaudited)</u>	<u>2017</u> <u>Actual</u>	
<b>NET TAXATION</b>			
Taxes collected for municipal purposes			
General	\$ 8,120,110	\$ 8,122,352	\$ 7,770,913
Parcel tax - water	786,800	795,410	795,410
Parcel tax - sewer	161,600	162,995	163,030
1% utility tax	146,047	139,099	140,876
	<u>9,214,557</u>	<u>9,219,856</u>	<u>8,870,229</u>
Taxes collected for other governments			
Education	4,566,000	4,570,418	4,606,296
Regional District of Nanaimo	3,697,000	3,763,068	3,618,234
Nanaimo Regional Hospital District	491,000	492,343	473,791
Vancouver Island Regional Library	483,000	492,259	453,667
B.C. Assessment Authority	112,600	112,773	122,837
Municipal Finance Authority	400	494	436
	<u>9,350,000</u>	<u>9,431,355</u>	<u>9,275,261</u>
Less taxes paid to other governments	<u>(9,350,000)</u>	<u>(9,349,501)</u>	<u>(9,280,934)</u>
	<u>-</u>	<u>81,854</u>	<u>(5,673)</u>
Grants-in-lieu of taxes			
Federal government	14,000	15,563	14,677
Taxes paid to other governments	(7,426)	(7,986)	(7,623)
Fortis BC	50,000	53,034	15,336
B.C. Hydro	90,850	61,804	59,517
Permissive tax exemptions	122,631	123,264	120,000
	<u>270,055</u>	<u>245,679</u>	<u>201,907</u>
	<u>\$ 9,484,612</u>	<u>\$ 9,547,389</u>	<u>\$ 9,066,463</u>
<b>WATER AND SEWER RATES</b>			
Water user rates	\$ 1,124,300	\$ 1,301,878	\$ 1,182,716
Water connection fees	7,000	41,865	28,766
Sewer user rates	562,543	570,807	549,759
Sewer connection fees	7,000	21,000	26,250
	<u>\$ 1,700,843</u>	<u>\$ 1,935,550</u>	<u>\$ 1,787,491</u>
<b>SALE OF SERVICES</b>			
Public Works	\$ 18,000	\$ 63,396	\$ 55,162
Solid waste pickup	663,502	650,386	650,851
Cemetery	41,000	47,505	43,305
	<u>\$ 722,502</u>	<u>\$ 761,287</u>	<u>\$ 749,318</u>

**TOWN OF QUALICUM BEACH**  
**CONSOLIDATED SCHEDULE OF REVENUES (continued)**  
**YEAR ENDED DECEMBER 31, 2017**

S8

**SCHEDULE A**

	<b>2017 Budget (unaudited)</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>OTHER REVENUE FROM OWN SOURCES</b>			
Licences and permits	\$ 203,800	\$ 355,946	\$ 288,519
Leases and rentals	352,710	447,506	431,840
Interest on investments	45,000	124,279	82,397
Interest on property taxes	73,153	57,910	77,661
Miscellaneous - operating	59,000	233,307	107,566
Contributions and other	40,000	106,401	78,344
Airport services	204,336	202,040	225,926
Community Hall	31,709	29,287	24,102
Civic Centre	124,788	115,996	123,211
	<u>\$ 1,134,496</u>	<u>\$ 1,672,672</u>	<u>\$ 1,439,566</u>
<b>GOVERNMENT TRANSFERS</b>			
Operating			
Revenue sharing grants	\$ 475,000	\$ 462,725	\$ 477,722
Fire protection	111,650	105,000	97,850
Community parks and other	126,875	136,007	132,462
Other grants	13,000	11,317	59,038
	<u>726,525</u>	<u>715,049</u>	<u>767,072</u>
Capital			
Infrastructure	2,916,000	701,500	231,468
Federal gas tax revenue	403,000	424,051	418,958
	<u>3,319,000</u>	<u>1,125,551</u>	<u>650,426</u>
	<u>\$ 4,045,525</u>	<u>\$ 1,840,600</u>	<u>\$ 1,417,498</u>
<b>OTHER CAPITAL REVENUE</b>			
Gain (loss) on disposal of tangible capital assets	\$ 10,000	\$ (40,144)	\$ (225,945)
Developer contributions	-	198,640	-
	<u>\$ 10,000</u>	<u>\$ 158,496</u>	<u>\$ (225,945)</u>
<b>TOTAL REVENUE</b>	<u>\$ 17,097,978</u>	<u>\$ 15,915,994</u>	<u>\$ 14,234,391</u>
<b>SUMMARY OF REVENUE</b>			
Operating revenue	\$ 13,728,978	\$ 14,631,947	\$ 13,809,910
Capital and other revenue	3,369,000	1,284,047	424,481
	<u>\$ 17,097,978</u>	<u>\$ 15,915,994</u>	<u>\$ 14,234,391</u>

**TOWN OF QUALICUM BEACH**  
**CONSOLIDATED SCHEDULE OF EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

S9  
**SCHEDULE B**  
**2016**  
**Actual**

	<b>2017 Budget (unaudited)</b>	<b>2017 Actual</b>	
<b>GENERAL GOVERNMENT SERVICES</b>			
Legislative	\$ 129,000	\$ 129,000	\$ 129,482
Grants-in-aid	207,320	209,312	206,600
Office and ground maintenance	197,000	150,145	164,380
Administrative	1,248,161	1,263,073	1,241,429
Other	122,149	105,114	118,323
	<u>1,903,630</u>	<u>1,856,644</u>	<u>1,860,214</u>
Fiscal services	26,000	19,731	15,820
Amortization of tangible capital assets	63,000	62,815	62,815
	<u>\$ 1,992,630</u>	<u>\$ 1,939,190</u>	<u>\$ 1,938,849</u>
<b>PROTECTIVE SERVICES</b>			
RCMP	\$ 1,337,000	\$ 1,216,428	\$ 1,090,090
Fire department	757,155	793,348	679,271
Other	401,270	400,484	394,286
	<u>2,495,425</u>	<u>2,410,260</u>	<u>2,163,647</u>
Fiscal services	91,000	83,328	100,498
Amortization of tangible capital assets	131,000	131,029	131,029
	<u>\$ 2,717,425</u>	<u>\$ 2,624,617</u>	<u>\$ 2,395,174</u>
<b>TRANSPORTATION SERVICES</b>			
Public Works administration and yard	\$ 644,000	\$ 751,925	\$ 699,855
Roads and drainage	852,171	904,193	784,085
Airport	358,422	454,724	346,510
Less fuel sales	(224,082)	(254,547)	(207,902)
Street lighting	169,125	183,783	174,574
Equipment operating costs	575,000	528,463	495,217
	<u>2,374,636</u>	<u>2,568,541</u>	<u>2,292,339</u>
Amortization of tangible capital assets	2,277,000	2,357,527	2,228,344
	<u>\$ 4,651,636</u>	<u>\$ 4,926,068</u>	<u>\$ 4,520,683</u>
<b>ENVIRONMENTAL HEALTH SERVICES</b>			
Waste removal	\$ 614,754	\$ 533,517	\$ 500,363
Solid waste landfill	6,479	5,268	6,976
Other solid waste	52,500	43,214	95,009
	<u>\$ 673,733</u>	<u>\$ 581,999</u>	<u>\$ 602,348</u>

**TOWN OF QUALICUM BEACH**  
**CONSOLIDATED SCHEDULE OF EXPENSES (continued)**  
**YEAR ENDED DECEMBER 31, 2017**

S9  
**SCHEDULE B**  
**2016**  
**Actual**

	2017 Budget (unaudited)	2017 Actual	
<b>WATER SERVICES</b>			
Water maintenance	\$ 1,060,625	\$ 939,169	\$ 1,006,183
Amortization of tangible capital assets	<u>362,000</u>	<u>361,848</u>	<u>361,848</u>
	<u>\$ 1,422,625</u>	<u>\$ 1,301,017</u>	<u>\$ 1,368,031</u>
<b>SEWER SERVICES</b>			
Sewer maintenance	\$ 233,875	\$ 275,298	\$ 206,813
Amortization of tangible capital assets	<u>152,000</u>	<u>151,972</u>	<u>151,972</u>
	<u>\$ 385,875</u>	<u>\$ 427,270</u>	<u>\$ 358,785</u>
<b>PUBLIC HEALTH SERVICES</b>			
Cemetery	<u>\$ 51,483</u>	<u>\$ 48,535</u>	<u>\$ 41,982</u>
<b>PLANNING AND DEVELOPMENT SERVICES</b>			
Planning and zoning	\$ 328,000	\$ 332,699	\$ 297,860
Community development	<u>510,302</u>	<u>482,140</u>	<u>365,971</u>
	<u>\$ 838,302</u>	<u>\$ 814,839</u>	<u>\$ 663,831</u>
<b>PARKS AND RECREATION SERVICES</b>			
Recreation	\$ 18,000	\$ 15,054	\$ 20,064
Community Hall	77,124	53,935	53,462
Civic Centre	372,596	282,965	301,907
Parks buildings	192,085	110,620	201,148
Beach maintenance	65,256	63,650	57,707
Parks and landscaping	<u>817,721</u>	<u>901,095</u>	<u>801,395</u>
	1,542,782	1,427,319	1,435,683
Amortization of tangible capital assets	<u>165,000</u>	<u>165,142</u>	<u>165,142</u>
	<u>\$ 1,707,782</u>	<u>\$ 1,592,461</u>	<u>\$ 1,600,825</u>
<b>TOTAL EXPENSES</b>	<u>\$ 14,441,491</u>	<u>\$ 14,255,996</u>	<u>\$ 13,490,508</u>
<b>SUMMARY OF EXPENSES</b>			
Operating costs	\$ 11,174,491	\$ 10,922,604	\$ 10,273,040
Fiscal services	117,000	103,059	116,318
Amortization of tangible capital assets	<u>3,150,000</u>	<u>3,230,333</u>	<u>3,101,150</u>
	<u>\$ 14,441,491</u>	<u>\$ 14,255,996</u>	<u>\$ 13,490,508</u>

**TOWN OF QUALICUM BEACH**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS OF GAS TAX AGREEMENT**  
**YEAR ENDED DECEMBER 31, 2017**

S10  
**SCHEDULE C**

	<u>2017</u>	<u>2016</u>
Gas Tax Agreement Funds		
Opening balance	\$ (1,562,237)	\$ (210,781)
Add: Amount received during the year	424,051	418,958
Less: Amount spent on projects	<u>(1,955,418)</u>	<u>(1,770,414)</u>
	<u>\$ (3,093,604)</u>	<u>\$ (1,562,237)</u>

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

TOWN OF QUALICUM BEACH  
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE BY SERVICE  
DECEMBER 31, 2017

S11  
SCHEDULE D

2017	Consolidated	General Government Services	Protective Services	Transportation Services	Environmental Services	Planning and Development Services	Parks and Recreation Services
<b>Revenue</b>							
Net taxation	\$ 9,547,389	\$ 8,588,984	\$ -	\$ -	\$ 958,405	\$ -	\$ -
Sale of services	2,696,837	-	-	52,766	2,642,312	-	1,759
Other operating revenue	1,672,672	687,894	492,258	262,340	-	79,797	150,383
Government transfers	1,840,600	418,015	149,710	701,500	435,368	-	136,007
Gain (loss) on disposal of assets	(40,144)	(40,144)	-	-	-	-	-
Other capital revenue	198,640	-	-	198,640	-	-	-
	<u>15,915,994</u>	<u>9,654,749</u>	<u>641,968</u>	<u>1,215,246</u>	<u>4,036,085</u>	<u>79,797</u>	<u>288,149</u>
<b>Expenses</b>							
Wages and salaries	5,852,314	1,023,968	989,351	1,382,803	962,075	357,367	1,136,750
Goods and services	5,070,290	832,676	1,420,909	1,185,738	882,926	457,472	290,569
Amortization	3,230,333	62,815	131,029	2,357,527	513,820	-	165,142
Fiscal services	103,059	19,731	83,328	-	-	-	-
	<u>14,255,996</u>	<u>1,939,190</u>	<u>2,624,617</u>	<u>4,926,068</u>	<u>2,358,821</u>	<u>814,839</u>	<u>1,592,461</u>
Annual surplus (deficit)	<u>\$ 1,659,998</u>	<u>\$ 7,715,559</u>	<u>\$ (1,982,649)</u>	<u>\$ (3,710,822)</u>	<u>\$ 1,677,264</u>	<u>\$ (735,042)</u>	<u>\$ (1,304,312)</u>



TOWN OF QUALICUM BEACH  
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE BY SERVICE  
DECEMBER 31, 2017

S11  
SCHEDULE D

2016	Consolidated	General Government Services	Protective Services	Transportation Services	Environmental Services	Planning and Development Services	Parks and Recreation Services
<b>Revenue</b>							
Net taxation	\$ 9,066,463	\$ 8,108,023	\$ -	\$ -	\$ 958,440	\$ -	\$ -
Sale of services	2,536,809	-	-	44,450	2,490,606	-	1,753
Other operating revenue	1,439,566	645,980	298,414	265,927	-	71,113	158,132
Government transfers	1,417,498	420,181	393,268	-	471,587	-	132,462
Gain (loss) on disposal of assets	(225,945)	(225,945)	-	-	-	-	-
Other capital revenue	-	-	-	-	-	-	-
	<u>14,234,391</u>	<u>8,948,239</u>	<u>691,682</u>	<u>310,377</u>	<u>3,920,633</u>	<u>71,113</u>	<u>292,347</u>
<b>Expenses</b>							
Wages and salaries	5,508,032	988,348	883,132	1,304,070	886,637	320,826	1,125,019
Goods and services	4,765,008	871,866	1,280,515	988,269	970,689	343,005	310,664
Amortization	3,101,150	62,815	131,029	2,228,344	513,820	-	165,142
Fiscal services	116,318	15,820	100,498	-	-	-	-
	<u>13,490,508</u>	<u>1,938,849</u>	<u>2,395,174</u>	<u>4,520,683</u>	<u>2,371,146</u>	<u>663,831</u>	<u>1,600,825</u>
Annual surplus (deficit)	<u>\$ 743,883</u>	<u>\$ 7,009,390</u>	<u>\$ (1,703,492)</u>	<u>\$ (4,210,306)</u>	<u>\$ 1,549,487</u>	<u>\$ (592,718)</u>	<u>\$ (1,308,478)</u>

TOWN OF QUALICUM BEACH  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
DECEMBER 31, 2017

S12  
SCHEDULE E

	Land	Buildings	Equipment	Water	Sewer	Drainage	Roads	Other	WTP	Parks	Total
<b>COST</b>											
Opening Balance (Jan 1, 2016)	\$ 34,025,924	\$ 29,256,986	\$ 5,315,912	\$ 14,658,446	\$ 9,599,220	\$ 18,113,849	\$ 42,122,267	\$ 18,853,384	\$ 133,345	\$ 1,473,928	\$ 173,553,461
Add: 2016 Additions	-	238,986	222,457	-	-	42,345	349,989	42,067	1,490,291	-	2,386,135
Less: 2016 Disposals	-	(113,469)	(233,913)	-	-	-	(344,296)	-	-	-	(691,678)
Closing Balance (Dec 31, 2016)	34,025,924	29,382,503	5,304,456	14,658,446	9,599,220	18,156,194	42,127,960	18,895,651	1,623,636	1,473,928	175,247,918
Add: 2017 Additions	-	484,526	306,680	211,460	7,150	1,238,082	1,606,711	940,339	(1,033,073)	-	3,761,875
Less: 2017 Disposals	-	(12,502)	(146,670)	(26,012)	-	(21,219)	(143,997)	(3,668)	-	-	(354,068)
Closing Balance (Dec 31, 2017)	34,025,924	29,854,527	5,464,466	14,843,894	9,606,370	19,373,057	43,590,674	19,832,322	590,563	1,473,928	178,655,725
<b>ACCUMULATED AMORTIZATION</b>											
Opening Balance (Jan 1, 2016)		7,923,768	3,079,726	5,213,361	4,874,001	6,343,078	23,824,269	8,273,392	-	920,861	60,454,456
Add: 2016 Amortization		608,981	288,042	209,328	159,987	315,518	1,106,535	377,815	-	34,944	3,101,150
Less: 2016 Disposals		(17,281.00)	(150,547)	-	-	-	(211,136)	-	-	-	(378,964)
Closing Balance (Dec 31, 2016)		8,515,468	3,217,221	5,422,689	5,033,988	6,660,596	24,719,668	8,651,207	-	955,805	63,176,642
Add: 2017 Amortization		624,965	297,955	211,977	160,106	335,741	1,169,008	395,637	-	34,944	3,230,333
Less: 2017 Disposals		(7,016)	(94,496)	(14,492)	-	(16,913)	(120,654)	(2,943)	-	-	(256,514)
Closing Balance (Dec 31, 2017)		9,133,417	3,420,680	5,620,174	5,194,094	6,979,424	25,768,022	9,043,901	-	990,749	66,150,461

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

Net Book Value (Dec 31, 2017) \$ 34,025,924 \$ 20,721,110 \$ 2,043,786 \$ 9,223,720 \$ 4,412,276 \$ 12,393,633 \$ 17,822,652 \$ 10,788,421 \$ 590,563 \$ 483,179 \$ 112,505,264

**TOWN OF QUALICUM BEACH**  
**BYLAW NO. 728**

The Council of the Town of Qualicum Beach, in open meeting assembled, enacts as follows:

1. Schedule "A" attached hereto, and forming part of this Bylaw, is hereby adopted and is the Financial Plan of the Town of Qualicum Beach for the five-year period from January 1, 2019 to December 31, 2023.
2. Schedule "B" attached hereto, and forming part of this Bylaw, is hereby adopted and is the Statement of Objectives and Policies of the Town of Qualicum Beach for the five-year period from January 1, 2019 to December 31, 2023.
3. This Bylaw may be cited for all purposes as "Town of Qualicum Beach Financial Plan 2019 - 2023 Bylaw No. 728, 2018".

READ A FIRST TIME on the 17th day of December, 2018.

PUBLIC INFORMATION MEETING held the 25<sup>th</sup> day of February, 2019.

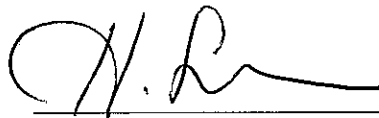
READ A SECOND TIME on the 25<sup>th</sup> day of February, 2019.

READ A THIRD TIME on the 18<sup>th</sup> day of March, 2019, as amended.

ADOPTED on the 8<sup>th</sup> day of April, 2019.



Brian Wiese, Mayor



Heather Svensen, Corporate Administrator

**SCHEDULE "A"**  
**QUALICUM BEACH FINANCIAL PLAN BYLAW NO. 728, 2018**  
**FOR THE FIVE YEAR PERIOD 2019 TO 2023**

<b>Revenues</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Property Value Taxes					
Municipal Taxation	8,880,097	9,279,701	9,697,288	10,133,666	10,589,681
Grants in Lieu of Taxes	407,085	416,098	425,322	434,763	445,632
Parcel Taxes	959,200	895,200	896,200	897,200	899,000
Fees and Charges	2,581,000	2,625,000	2,666,000	2,707,000	2,748,000
Other Sources					
Own Sources	1,369,622	1,267,928	1,275,385	1,282,998	1,298,710
Government Grants	4,162,000	3,392,278	1,158,162	1,161,959	4,406,088
<b>Total Revenues</b>	<b>18,359,004</b>	<b>17,876,205</b>	<b>16,118,357</b>	<b>16,617,586</b>	<b>20,387,111</b>
<b>Expenditures</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>
Other					
Debt Interest	96,000	86,000	76,000	66,000	29,000
Amortization Expense	3,250,000	3,300,000	3,350,000	3,400,000	3,450,000
Municipal Purposes					
General Government	2,141,000	2,178,040	2,232,756	2,290,360	2,345,003
Protective Services	2,699,000	2,805,737	2,895,527	2,976,147	3,050,124
Transportation Services	2,551,000	2,582,327	2,649,866	2,760,936	2,830,253
Environmental Health	2,027,000	2,150,247	2,221,604	2,265,330	2,321,963
Community Development	1,032,000	879,746	894,912	923,177	943,114
Parks and Recreation	1,788,000	1,659,567	1,706,672	1,772,277	1,816,582
<b>Total Expenditures</b>	<b>15,584,000</b>	<b>15,641,664</b>	<b>16,027,337</b>	<b>16,454,227</b>	<b>16,786,039</b>
<b>Annual Surplus/Deficit</b>	<b>2,775,004</b>	<b>2,234,541</b>	<b>91,020</b>	<b>163,359</b>	<b>3,601,072</b>
<b>Other Non Operating Items</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>
Amortization	3,250,000	3,300,000	3,350,000	3,400,000	3,450,000
Capital Expenditures	-9,685,958	-5,017,541	-2,924,020	-3,046,359	-6,534,072
Debt Principal	-463,000	-463,000	-463,000	-463,000	-463,000
Proceeds from Sale of Assets	3,785,000	10,000	10,000	10,000	10,000
Proceeds from Borrowing	0	0	0	0	0
Transfer from Surplus/Reserves	402,954	0	0	0	0
Transfer to Surplus/Reserves	-64,000	-64,000	-64,000	-64,000	-64,000
<b>Total Other Non Operating</b>	<b>-2,775,004</b>	<b>-2,234,541</b>	<b>-91,020</b>	<b>-163,359</b>	<b>-3,601,072</b>
<b>Financial Plan Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**SCHEDULE "B"**  
**STATEMENT OF OBJECTIVES AND POLICIES FOR BYLAW NO. 728**  
**FOR THE FIVE-YEAR PERIOD 2019 TO 2023**

In accordance with Section 165(3.1) of the *Community Charter*, the Town of Qualicum Beach is required to include in the Five-Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*;
2. The distribution of property taxes among the property classes, and
3. The use of permissive tax exemptions.

**FUNDING SOURCES**

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2019. Property taxes form the greatest proportion of revenue. As a revenue source, property taxation offers a number of advantages; for example, it is simple to administer and it is fairly easy for residents to understand. It offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis. These include services such as general administration, fire protection, police services, bylaw enforcement and public works.

User fees and charges form the second largest portion of planned revenue. Many services can be measured and charged on a user-pay basis. Services where fees and charges can be easily administered include water and sewer usage, building permits, business licences, and sale of services – these are charged on a user-pay basis. User fees attempt to apportion the value of a service to those who use the service.

**Objective**

Over the next five years, the Town will continue to review the proportion of revenue that is received from user fees and charges to determine whether the user-fee component could be increased to lessen the requirement for property taxation.

**Policies**

- The Town will review all user-fee levels to ensure that they are adequately meeting the costs of the service. This will include garbage, recycling, kitchen waste, cemetery, airport, licences and permits, and all other fees and charges.
- Water metering will be reviewed to ensure that appropriate user fees are being collected for water and sewer usage and, perhaps, reduce the reliance on the parcel tax component.
- Where possible, the Town will endeavour to supplement revenues from user fees and charges, rather than taxation, to lessen the burden on a limited property tax base. This will include a comprehensive review of all fees and charges bylaws.

**Table 1 Funding Sources**

Revenue Source	% of Total Revenue	Dollar Value
Property taxes	45.44%	\$10,246,382
User fees and charges	11.45%	\$2,581,000
Other sources	6.07%	\$1,369,622
Government grants	18.46%	\$4,162,000
Other transfers/revenue	18.58%	\$4,187,954
<b>Total</b>	<b>100%</b>	<b>\$22,546,958</b>

### **DISTRIBUTION OF PROPERTY TAXES**

Table 2 outlines the distribution of property taxes among the property classes for the Town's portion of the property taxes. The residential property class provides the largest proportion of property tax revenue. This is appropriate, as this class also forms the largest portion of the assessment base and consumes the majority of Town services.

The 2019 property taxes are based on a 3.5% increase over the 2018 property taxes plus 1% in new construction taxes. The Town's portion of the property taxes represents approximately 50% of the total tax bill sent to property owners. The other tax levies are not included in the figures below. These other taxes include the Regional District, School, Hospital, Library and BC Assessment, and Municipal Finance Authority. The 2018 Town tax rate is shown, as 2019 property assessment information has not been received from the BC Assessment Authority. Once assessments are received, tax rates are calculated and this could change the distribution shown on the table below.

**Table 2 Property Tax Distribution**

Class of Property	2018 Town Property Taxes		2018 Town Tax Rate
Residential	\$7,605,072	89.538%	2.966
Utility	\$41,014	0.483%	37.5000
Commercial/Other	\$819,337	10.646%	7.180
Managed Forest	\$318	0.004%	1.483
Recreation/Non-Profit	\$27,705	0.326%	7.180
Farm	\$191	0.002%	1.483
<b>Total</b>	<b>\$8,493,637</b>		

## **Objectives**

- Over the next five years, the tax burden between residential and commercial should continue to be reviewed to ensure fairness.
- Maintain the property tax rate for Commercial/Other (Class 6) at a rate competitive with surrounding communities.
- Tax increases should be stable and, where possible, targeted to specific areas.

## **Policies**

- Supplement, where possible, revenues from user fees and charges to help offset the burden on the entire property tax base.
- Continue to maintain and encourage community and appropriate economic development initiatives designed to enhance the community.
- Align the distribution of tax rates among the property classes with the social and community development initiatives established by Council.
- Regularly review and compare the Town's taxes with comparable surrounding communities.

## **Property Tax Projections**

Over the next 10 years, property taxes are projected to increase as shown below. These projections are reviewed annually and are subject to change, based on a number of factors. These factors could include inflation, infrastructure conditions, economic climate, environmental considerations, public input and Council priorities.

- 2019 to 2028 – 3.5% tax increase comprised of 1.5% inflation, 1% for service changes and 1% for capital projects related to asset management program.

## **PERMISSIVE TAX EXEMPTIONS**

The Town of Qualicum Beach annually exempts from property taxes those properties that are non-profit in nature and provide a community benefit, as determined by Council. Places of public worship are also exempted. These properties are annually advertised and then exempted by bylaw.

**TOWN OF QUALICUM BEACH**  
**BYLAW NO. 718**

The Council of the Town of Qualicum Beach, in open meeting assembled, enacts as follows:

1. Schedule "A" attached hereto, and forming part of this Bylaw, is hereby adopted and is the Financial Plan of the Town of Qualicum Beach for the five-year period from January 1, 2018 to December 31, 2022.
2. Schedule "B" attached hereto, and forming part of this Bylaw, is hereby adopted and is the Statement of Objectives and Policies of the Town of Qualicum Beach for the five-year period from January 1, 2018 to December 31, 2022.
3. This Bylaw may be cited for all purposes as "Town of Qualicum Beach Financial Plan 2018 - 2022 Bylaw No. 718, 2017" and shall become effective as of January 1, 2018.

READ A FIRST TIME the 11<sup>th</sup> day of September, 2017.

PUBLIC INFORMATION MEETING held the 2<sup>nd</sup> day of October, 2017.

READ A SECOND TIME on the 2<sup>nd</sup> day of October, 2017.

READ A THIRD TIME on the 23<sup>rd</sup> day of October, 2017.

ADOPTED on the 20<sup>th</sup> day of November, 2017.

  
\_\_\_\_\_  
Teunis Westbroek, Mayor

  
\_\_\_\_\_  
Heather Svensen, Corporate Administrator



**SCHEDULE "A"**  
**QUALICUM BEACH FINANCIAL PLAN BYLAW NO. 718, 2017**  
**FOR THE FIVE YEAR PERIOD 2018 TO 2022**

<b>Revenues</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Property Value Taxes					
Municipal Taxation	8,493,637	8,880,097	9,279,701	9,697,288	10,133,666
Grants in Lieu of Taxes	398,281	407,085	416,098	425,322	434,763
Parcel Taxes	958,000	959,200	895,200	896,200	897,200
Fees and Charges	2,498,973	2,578,082	2,659,246	2,743,071	2,829,648
Other Sources					
Own Sources	1,210,435	1,222,972	1,235,714	1,245,662	1,256,499
Government Grants	2,647,103	1,320,734	1,154,420	1,158,162	1,161,959
<b>Total Revenues</b>	<b>16,206,429</b>	<b>15,368,170</b>	<b>15,640,379</b>	<b>16,165,705</b>	<b>16,713,735</b>
<b>Expenditures</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Other					
Debt Interest	107,000	96,000	86,000	76,000	66,000
Amortization Expense	3,200,000	3,250,000	3,300,000	3,350,000	3,400,000
Municipal Purposes					
General Government	2,007,718	2,062,996	2,124,520	2,178,210	2,234,901
Protective Services	2,565,008	2,647,538	2,742,961	2,831,459	2,910,897
Transportation Services	2,567,087	2,551,680	2,652,207	2,721,212	2,833,779
Environmental Health	2,014,592	2,082,453	2,170,342	2,242,327	2,286,696
Community Development	864,831	893,780	920,159	940,663	974,580
Parks and Recreation	1,569,938	1,630,765	1,679,929	1,727,418	1,793,415
<b>Total Expenditures</b>	<b>14,896,174</b>	<b>15,215,212</b>	<b>15,676,118</b>	<b>16,067,289</b>	<b>16,500,268</b>
<b>Annual Surplus/Deficit</b>	<b>1,310,255</b>	<b>152,958</b>	<b>-35,739</b>	<b>98,416</b>	<b>213,467</b>
<b>Other Non Operating Items</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Amortization	3,200,000	3,250,000	3,300,000	3,350,000	3,400,000
Capital Expenditures	-8,457,255	-2,885,958	-2,747,261	-2,931,416	-3,096,468
Debt Principal	-463,000	-463,000	-463,000	-463,000	-463,000
Proceeds from Sale of Assets	10,000	10,000	10,000	10,000	10,000
Proceeds from Borrowing	0	0	0	0	0
Transfer from Surplus/Reserves	4,464,000	0	0	0	0
Transfer to Surplus/Reserves	-64,000	-64,000	-64,000	-64,000	-64,000
<b>Total Other Non Operating</b>	<b>-1,310,255</b>	<b>-152,958</b>	<b>35,739</b>	<b>-98,416</b>	<b>-213,468</b>
<b>Financial Plan Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **SCHEDULE "B"**

### **STATEMENT OF OBJECTIVES AND POLICIES FOR BYLAW NO. 718 FOR THE FIVE-YEAR PERIOD 2018 TO 2022**

In accordance with Section 165(3.1) of the *Community Charter*, the Town of Qualicum Beach is required to include in the Five-Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*;
2. The distribution of property taxes among the property classes, and
3. The use of permissive tax exemptions.

#### **FUNDING SOURCES**

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2018. Property taxes form the greatest proportion of revenue. As a revenue source, property taxation offers a number of advantages; for example, it is simple to administer and it is fairly easy for residents to understand. It offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis. These include services such as general administration, fire protection, police services, bylaw enforcement and public works.

User fees and charges form the second largest portion of operating revenue. Many services can be measured and charged on a user-pay basis. Services where fees and charges can be easily administered include water and sewer usage, building permits, business licences, and sale of services – these are charged on a user-pay basis. User fees attempt to apportion the value of a service to those who use the service.

#### **Objective**

Over the next five years, the Town will continue to review the proportion of revenue that is received from user fees and charges to determine whether the user-fee component could be increased to lessen the requirement for property taxation.

#### **Policies**

- The Town will review all user-fee levels to ensure that they are adequately meeting the costs of the service. This will include garbage, recycling, kitchen waste, cemetery, airport, licences and permits, and all other fees and charges.
- Water metering will be reviewed to ensure that appropriate user fees are being collected for water and sewer usage and, perhaps, reduce the reliance on the parcel tax component.
- Where possible, the Town will endeavour to supplement revenues from user fees and charges, rather than taxation, to lessen the burden on a limited property tax base. This will include a comprehensive review of all fees and charges bylaws.

**Table 1 Funding Sources**

<b>Revenue Source</b>	<b>% of Total Revenue</b>	<b>Dollar Value</b>
Property taxes	47.65%	\$9,849,918
User fees and charges	12.09%	\$2,498,973
Other sources	5.86%	\$1,210,435
Government grants	12.80%	\$2,647,103
Other transfers/revenue	<u>21.60%</u>	<u>\$4,464,000</u>
<b>Total</b>	<b>100%</b>	<b>\$20,670,429</b>

### **DISTRIBUTION OF PROPERTY TAXES**

Table 2 outlines the distribution of property taxes among the property classes for the Town's portion of the property taxes. The residential property class provides the largest proportion of property tax revenue. This is appropriate, as this class also forms the largest portion of the assessment base and consumes the majority of Town services.

The 2018 property taxes are based on a 3.5% increase over the 2017 property taxes. The Town's portion of the property taxes represents approximately 47% of the total tax bill sent to property owners. The other tax levies are not included in the figures below. These other taxes represent approximately 53% of the total tax bill and include the Regional District, School, Hospital, Library and BC Assessment. The 2017 Town tax rate is shown, as 2018 property assessment information has not been received from the BC Assessment Authority. Once assessments are received, tax rates are calculated and this could change the distribution shown on the table below.

**Table 2 Property Tax Distribution**

<b>Class of Property</b>	<b>2017 Town Property Taxes</b>		<b>2017 Town Tax Rate</b>
Residential	\$7,204,474	88.699%	3.3000
Utility	\$37,613	0.463%	37.5000
Commercial/Other	\$849,620	10.460%	8.0000
Managed Forest	\$320	0.004%	1.6500
Recreation/Non-Profit	\$30,136	0.371%	8.0000
Farm	\$189	0.002%	1.6500
<b>Total</b>	<b>\$8,122,352</b>		

## **Objectives**

- Over the next five years, the tax burden between residential and commercial should continue to be reviewed to ensure fairness.
- Maintain the property tax rate for Commercial/Other (Class 6) at a rate competitive with surrounding communities.
- Tax increases should be stable and, where possible, targeted to specific areas.

## **Policies**

- Supplement, where possible, revenues from user fees and charges to help offset the burden on the entire property tax base.
- Continue to maintain and encourage community and appropriate economic development initiatives designed to enhance the community.
- Align the distribution of tax rates among the property classes with the social and community development initiatives established by Council.
- Regularly review and compare the Town's taxes with comparable surrounding communities.

## **Property Tax Projections**

Over the next 10 years, property taxes are projected to increase as shown below. These projections are reviewed annually and are subject to change, based on a number of factors. These factors could include inflation, infrastructure conditions, economic climate, environmental considerations, public input and Council priorities.

- 2018 to 2020 – 3.5% tax increase comprised of 1.5% inflation, 1% for service changes and 1% for pavement overlay.
- 2021 to 2027 – 3.5% tax increase each year comprised of 1.5% inflation and 2% for capital projects related to asset management program.

## **PERMISSIVE TAX EXEMPTIONS**

The Town of Qualicum Beach annually exempts from property taxes those properties that are non-profit in nature and provide a community benefit, as determined by Council. Places of public worship are also exempted. These properties are annually advertised and then exempted by bylaw.