100 Jensen Avenue East
Parksville, BC V9P 2H3
Telephone: 250 248 6144

REQUEST FOR PROPOSAL NO. RFP-FIN-2026-02

EXTERNAL AUDIT SERVICES

The City of Parksville is requesting proposals for the provision of annual external financial audit services for the calendar years 2026 to 2030 (inclusive) from qualified firms.

Attached are the Terms of Reference, Submission and Evaluation Criteria, and Instructions to Proponents which are to be used as the basis for your submission.

ONLY Electronic Submissions will be received up to 3 pm, Local Time
July 21, 2026

Contact Person:
Marlie Boven, Manager of Finance
mboven@parksville.ca
250 954 4666

Proposals will not be opened publicly.

The City appreciates all proposal responses; however, only short-listed or successful candidates will be contacted.

TABLE OF CONTENTS

CORPORATION OF THE CITY OF PARKSVILLE

REQUEST FOR PROPOSAL NO. RFP-FIN-2026-02

EXTERNAL AUDIT SERVICES

TERMS OF REFERENCE

INTRODUCTION

The City of Parksville (the "City") is issuing this Request for Proposal ("RFP") to qualified firms to provide annual external financial audit services for the calendar years 2026 to 2030 (inclusive). The successful Auditor will be required to fulfill the duties and responsibilities prescribed in Sections 169-172 of the *Community Charter.* The responsibility of the external auditors is to examine the financial statements and to express audit opinions thereon (three sets of financial statements) in accordance with generally accepted auditing standards. The Auditor must be well versed in the latest PSAB recommendations and play a leadership role in advising and assisting the City with any new standards and related financial statement disclosure.

BACKGROUND

The City of Parksville is a mid-sized municipality located on the east coast of Vancouver Island. The City's population at the 2021 Statistics Canada Census was 13,642. The surrounding unincorporated areas include an additional 16,500 people. The City of Parksville staff are responsible for community planning, bylaw enforcement, parks, outdoor sports fields, roads, water and sewer systems of the City. Recreational services and field bookings, transit services, garbage pickup, and the sewage treatment plant are all operated by the RDN with the City making financial payments towards each. The City has a composite fire department which includes approximately 40 paid on-call members that services the City as well as part of the RDN electoral areas and a contract with the RCMP for 18 police officers.

City Hall is located in a multi-use building where the City is an ownership partner with the local School District. The City oversees the operations of the building, pays all costs and issues a quarterly invoice to the partner. The City also has facilities in other parts of the municipality for Operations and Fire Department activities. Library services are separate from the City and only the City's Vancouver Island Regional Library requisition amount is included in the audited financial statements.

The City is also the largest partner in two joint ventures (JVs) relating to the provision of our surface water. Arrowsmith Water Service (AWS) operates the dam that retains water for release in the summer months. The Englishman River Water Service

(ERWS), through the operation of a water intake for water extraction from the Englishman River, a water treatment plant and two transmission mains, supplies water to both Parksville and part of the Regional District of Nanaimo. The City provides the administration for and pays all costs incurred by the two JVs and the partners make contributions for their share of the costs. Financial statements for the JVs are prepared by the City of Parksville.

All three of the partnerships and joint venture operations noted above are incorporated into the City's financial system and each is set up like a separate fund in the City's records similar to the water and sewer funds. All payments on behalf of the joint ventures come from the City's general bank account.

The 2025 audited financial statements for the City (Appendix C), AWS (Appendix D), ERWS (Appendix E) and the 2026-2030 five-year financial plan bylaws (Appendix F) for each are attached to this RFP to assist in preparation of proposals.

Accounting Systems

The City's policy is to adhere to accounting principles generally accepted for British Columbia municipalities. The resources and operations of the City are segregated into various funds for accounting and financial reporting purposes. City funds consist of the following:

- General revenue, equipment reserve, sanitary sewer utility and water utility funds
- Parksville Civic and Technology Centre joint venture
- Arrowsmith Water Service joint venture
- Englishman River Water Service joint venture

Other accounting policy details are covered in the notes to the City's Annual Financial Statements (Appendix C).

Information regarding the City of Parksville financial activities in 2025 (inclusive of accounting for joint ventures) (estimates):

General Ledger accounts	1,500
Employees (FTE)	109
Gross payroll	$10.9 M
Bank/investment accounts	7
General bank account transactions	4,900
Cheques issued	900

EFTs issued	2,000
Supplier invoices processed	7,100
Accounts Receivable invoices issued	100
Property tax notices issued	7,520
Utility accounts (billed semi-annually)	6,000
Business licences issued	1129
Building permits issued	81
Budgeted capital expenditures 2026-2030	$75 M

The City's financial computer systems are described below:

Tempest
- cash receipting
- Prospero (planning/building fees)
- property tax
- utility billing
- business licences
- dog licences
- municipal ticketing

Diamond/GP
- general ledger
- payroll
- accounts payable
- accounts receivable
- project costing
- purchase orders
- management reporter

Questica/Excel
- budget

The City will be implementing a new Enterprise Resource Platform (ERP), including financial and payroll systems, to replace Diamond/GP, in the coming years. The new system will likely be used starting the 2029 or 2030 fiscal year. The software and dates have not yet been determined.

Most accounts payable and cash receipting documents, as well as some others required for testing, are in hard copy format at this time. The intent is to have all documents available in digital format with the implementation of the new ERP.

Information Technology Environment

The City's local networks use Microsoft Windows Servers for management and administration. This is integrated in a hybrid solution with Microsoft 365 cloud services. The network currently is comprised of approximately 25 servers, over 160 workstations and 110 users. Domain authentication is enforced by a complex password policy, MFA, as well as a few other security methods.

City hall connects to two primary remote sites, Operations and Firehall, by means of our private fibre connections. Access to the Internet at City Hall and Operations is provided by Shaw (now part of Rogers). The City has firewalls protecting any connections to the public Internet.

The City's financial systems consist of Central Square's Diamond Municipal Solution which runs on Microsoft Dynamics GP, Central Square's Tempest Land Management software, and Euna's Questica which is a budgeting software. Tempest and Questica integrate with Diamond to import and export shared data. Diamond maintains the general ledger, so it is the primary source of financial reporting. These applications run on virtual servers running on on-premises physical servers.

SCOPE OF WORK

The City of Parksville is requesting proposals from qualified and experienced firms to perform the annual financial audits of the following:

- **City of Parksville consolidated financial statements,**
- **Arrowsmith Water Services (AWS) financial statements,** and
- **Englishman River Water Service (ERWS) financial statements**

in accordance with generally accepted auditing standards for the purpose of rendering opinions as to the fairness of presentation of these statements. The fiscal year ends for each of the three organizations are December 31.

The Auditor will be required to fulfill the duties and responsibilities prescribed in Sections 169-172 of the *Community Charter.* The responsibility of the external auditors is to examine the financial statements and to express audit opinions thereon (three sets of financial statements) in accordance with generally accepted auditing standards. The audit report for the City will be addressed to the Mayor and Council of the City of Parksville and the audit reports for the AWS and ERWS will be addressed to the Management Board of each respective joint venture. The audit reports must disclose the scope of the examination and state that the audit was performed in accordance with generally accepted auditing standards. The report will also include an opinion as to whether the financial statements conform to generally accepted accounting principles.

The Auditor shall communicate in a report to the audit committee of the City and/or the respective management boards of the joint ventures any reportable conditions found by the Auditor during the audit or any difficulties experienced in conducting the audit. The Auditor shall also produce a management letter, if required, providing observations and recommendations related to the City's internal accounting controls, systems and procedures. This report and letter will be reviewed and commented on by management before being presented to Council.

The Auditor must be well versed in the latest PSAB recommendations and play a leadership role in advising and assisting the City with any new standards and related financial statement disclosure.

The City's computer system environment is a very important component of the external audit, as the computer applications are integral elements of the City's financial accounting system. The audit plan should identify the approach to be taken in testing the City's systems.

The Auditor must be available to attend a committee or council pre-audit meeting, as well as a committee and council meeting to present the financial statements to City of Parksville Council and management board meetings for the AWS and ERWS to present the financial statements to the respective boards.

Audit Schedule*

Pre-Audit Meeting	October/November
Interim Audit	November/December
Detailed Audit Plan and Schedule	October/November
Listing of Schedules to be completed by City staff	December
Year-End Audit	March
Audit Report and Management Letter	April 20th
Audit Committee and Council Meetings	April/May

* dates may be subject to change if operational needs change.

Additional Services

Ancillary studies, audits or examinations of other accounts, records and transactions may be required from time to time. Contractual agreements for such other examinations will be negotiated separately at the time of the request. Please include information in your proposal relevant to the scope of engagements your firm can provide.

Any requests for additional services will be strictly limited to situations where there exists no possibility for real or perceived conflict of interest in relation to this engagement.

The Auditor must retain working papers for a period of at least seven (7) years.

This list is not intended to be limiting or exhaustive as the Auditor is expected to identify all tasks and sub-tasks necessary for the satisfactory completion of the project.

REPORTING STRUCTURE AND RELEVANT PARTIES

The project will be led by staff in the City of Parksville Finance Department, with Marlie Boven acting as the overall Project Manager. The Project Manager will be the primary point of contact for the Auditor.

CITY RESPONSIBILITIES

The Council of the City of Parksville has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the City of Parksville. The financial statements for the City, AWS and ERWS are prepared by City staff in accordance with Canadian generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants except that amortization of tangible capital assets is not recorded in the joint ventures' financial statements. Amortization is recorded on the joint venture capital assets in the joint venture partners' individual financial statements. Financial statements will be provided to the auditors in a CaseWare file, in Excel format. Working papers and backup will also be provided in a CaseWare file

Finance department staff will be available to assist the auditors by providing draft financial statements, working papers with backup and schedules, and explanations of financial matters. Supporting documentation will be provided to the auditors on a timely basis. The preparation and processing of all confirmations will be the responsibility of the external auditors.

Information technology staff will be available to provide systems documentation and explanations to the auditors. PCs, printers and user software will be available for auditing purposes as required.

The City's solicitors will provide a representation letter regarding the status of suits, threatened litigation and other contingent liabilities.

The City will provide adequate office space, including access to internet, telephone lines, document scanning and photocopying.

The City will provide all necessary information to the Auditor as requested, ensuring timely and clear communication throughout the project.

LIVING WAGE POLICY COMPLIANCE

The City has a Living Wage Policy that requires that all competitive bids must include a living wage for all employees engaged in the project or service. All parties who will be entering into a contract with the City will be required to sign the living wage declaration as part of the final contract. See Appendix B for further information.

TIMELINE

The terms of each of the three audit engagements shall be for a period of five years, beginning with the annual audits for the fiscal year ending December 31, 2026, to the fiscal year ending December 31, 2030, inclusive.

THE CORPORATION OF THE CITY OF PARKSVILLE

REQUEST FOR PROPOSAL RFP-FIN-2026-02

EXTERNAL AUDIT SERVICES

SUBMISSION AND EVALUATION CRITERIA

PROPOSAL SUBMISSION

Your submission should be organized into the documents and file types listed below:

- Cover Letter (pdf)
- Proposal submission:
  Complete proposal submission highlighting the below evaluation criteria, including links or samples of similar work. (pdf)
- Financial Submission (pdf)
- Appendices – if required (pdf)

EVALUATION CRITERIA

The following items should be included in your proposal submissions and ***will be the basis for evaluation***. Information should be provided sequentially as shown:

No assumptions should be made that information regarding the Proponent or its participants, their experience, expertise and performance on other projects is known, other than the documentation and responses submitted by the Proponent.

Cover Letter 0 points

Your proposal should include a Cover Letter containing the following information:

- Should identify the Prime Auditor and any sub-consultants that make up the team.
- Should contain company name, address, website, telephone number, email address and primary contact person.
- Signed by the person or persons authorized to sign on behalf of the company.
- Should acknowledge any addendums issued for this Request for Proposal.

Firm Profile, Key Personnel Qualifications and Experience — *30 points*

Proponents should provide a brief company profile as background and context for their capacity to provide the services described in this RFP, including:

- Firm's municipal auditing experience.
- Firm’s local municipal auditing experience.
- Ability of the firm to provide constructive recommendations to the City as a result of the audit and depth of municipal experience.
- Ability of the firm to provide other services that may be required including tax, financial and management consulting, and actuarial.
- Names of key audit personnel and their qualifications and experience with municipal and public sector audits.
- Brief resumes of any personnel that may be assigned to the audit and their roles.

Understanding of engagement and proposal quality/clarity — *10 points*

Proposals will be ranked on quality, professionalism, and understandability of the proposal submitted. They should include:

- Demonstration of full understanding of the work to be performed.
- Ability and commitment to deliver the services required.
- A detailed audit plan, which should include the following:
  - Identify each component of the audit engagement, the related time schedule, and the hours to be dedicated to each component.
  - Describe the approach your firm would take in order to gain an understanding of the City's structure, operations, accounting processes and computer systems.
  - Indicate whether you plan to use any computer assisted auditing procedures and a description of the procedures to be carried out.
  - Describe the degree to which City staff would be used to assist you during the audit, indicating the approximate time requirements listed by department.
  - Describe your firm's ability to provide constructive suggestions for improving the City's internal accounting controls and administrative procedures.

- Indicate your expectations regarding proportions of audit work to be done at City facilities and/or remotely.
- Please provide any additional comments about your firm's audit approach, which you feel would be informative.

Engagement Methodology *20 points*

Proponents must describe their approach and methodology to conducting the scope of work as defined in this document, including:

- Clear description of audit approach, including computer assisted auditing procedures and statistical sampling techniques.
- Indication of proportion of work to be performed remotely and onsite in Parksville.
- Estimate of number of hours to be devoted to the audit and onsite days required.
- Audit components, work plan, and schedule
- Assistance required from City staff and estimated time required.

Fee Proposal *30 points*

The evaluation team will award the highest number of points to the proponent with the lowest price. Other proposals will be assigned points based on their relationship to the lowest price proposed [points awarded = (lowest price/proposed price) * weight]. The proposal must include:

- Proposed fees for each of the five fiscal years for each of the three audits to be conducted (City, AWS, ERWS) in the following format:

Net Total Cost (not including taxes)					
	2026	2027	2028	2029	2030
City of Parksville					
Arrowsmith Water Service (AWS)					
Englishman River Water Service (ERWS)					

- Breakdown of the hourly charge-out rates for each individual on the audit team and for others that may provide additional services.
- Indicate any other charges or fees that may be anticipated.

References *10 points*

Provide a minimum of 3 references to demonstrate the proponent's and/or key personnel's success and experience conducting audits of similar organizations (local government or other BC public sector) in size and complexity of operations. These references will be scored on relevance to this RFP. Reference checks may be made at a later date depending on relative ranking of proposal. Please provide the following for each reference:

- Name and address of organization.
- Contact person and title.
- Contract person telephone and email.
- Contract start and end dates.
- Description of project.

The Evaluation Committee may apply the evaluation criteria on a comparative basis, evaluating the proposals by comparing one Proponent's proposal to another Proponent's proposal. The Evaluation Committee will not be obligated to select the proposal that offers the lowest price or cost or any proposal at all.

The weighting listed above with the evaluation criteria indicates the relative weighting anticipated by the City and is shown to give general guidance to Proponents in the preparation of proposals. The evaluation criteria will be applied to all proposals fairly and without bias to any Proponent or Proposal and the same criteria and weightings will be applied to all proposals.

The Evaluation Committee reserves the right to not complete a detailed evaluation of a proposal if the Evaluation Committee concludes, having undertaken a preliminary review of the proposal, that the Proponent or proposal as compared to all the proposals is not in contention to be the selected proposal.

After completion of the evaluation of all criteria indicated, a short list may be determined and those short-listed may be invited to and interview and/or to provide a brief presentation with City representatives.

THE CORPORATION OF THE CITY OF PARKSVILLE

REQUEST FOR PROPOSAL RFP-FIN-2026-02

EXTERNAL AUDIT SERVICES

INSTRUCTIONS TO PROPONENTS

1.0 SUBMISSION REQUIREMENTS

1.1 Proposal submissions will be accepted up to **3 pm, Local Time, Tuesday, July 21, 2026 (the "Closing Time")**. All submissions and accompanying documents must be sent electronically to mboven@parksville.ca. Hardcopy or facsimile submissions will NOT be accepted.

Requested Files:

Organize your submission into the following individual files (note the required file types):

- Cover Letter (File Type: PDF) – required
- Proposal Submission (File type: PDF) – required
- Pricing Submission (File type: PDF) – required
- Appendices (File type: PDF) - optional

a) Important Notes:
E-mailing large documents may take significant time, depending on the size of the file(s) and your Internet connection speed. Allocate sufficient time for all uploads to complete prior to closing time.

The City will not be liable for any delay in uploading/e-mailing submissions for any reason including technological delays, or issues by either party's network. The City will not be liable for any damages associated with Submissions not received prior to the closing time.

1.2 Proposals received and not conforming to Item 1.1 above, will be returned (unopened) to Proponent(s) without consideration.

1.3 Proposals, rather than tenders, have been requested in order to afford proponents a more flexible opportunity to employ their expertise and innovation, and thereby satisfy the City's needs in a more cost-effective manner. Proposals should be based on these Instructions and the attached Terms of Reference.

1.4 Any addenda to this Request for Proposal will be posted on the City's web site and on BC Bid**. It is the sole responsibility of each proponent to make sure that it is in receipt of all addenda prior to the Closing Time and acknowledge receipt of all addenda on their cover letter accompanying its proposal.**

1.5 After the Closing Time all proposals received by the City become the property of the City.

1.6 Your proposal must be irrevocable and capable of acceptance for a period of 90 days after the Closing Time.

1.7 This Request for Proposal is subject to the City's Purchasing Policy which may be viewed at parksville.civicweb.net/document/27034/ and the laws of the Province of British Columbia.

1.8 This Request for Proposal is subject to the terms and conditions of the New West Partnership Trade Agreement (NWPTA) and the Canadian Free Trade Agreement (CFTA).

2.0 DEFINITIONS

2.1 The Corporation of the City of Parksville is referred to as the "City".

2.2 The entity submitting a proposal is referred to as the "Proponent".

2.3 The successful Proponent is referred to as the "Auditor".

3.0 CONFIDENTIALITY

3.1 The City recognizes the importance to Proponents that their ideas and plans remain confidential; otherwise, they may be reluctant to disclose such information. The City will endeavour to respect and protect the confidentiality of such information and will treat it as supplied in confidence within the meaning of section 21 of the *Freedom of Information and Protection of Privacy Act.*

3.2 By submission of a proposal the Proponent agrees to maintain in confidence all information provided by the City in relation to the RFP. The contents of the RFP and any information provided by the City or its consultants in relation to this RFP may not be used or disclosed by a Proponent for any purpose other than in relation to the proposed or actual submission of a proposal.

4.0 COPYRIGHT OR OWNERSHIP

4.1 All documents, reports, working papers or other materials submitted to the City shall become the sole and exclusive property of the City, in the public domain, and not the property of the Auditor. The Auditor will be required to assign any and all copyright to the City. The City will have exclusive rights to copy, edit, publish and re-use all material in connection with this project and as reference material for future works at the City without further compensation to the Auditor. Consideration will be given if a Proponent requests that certain components of the submission, other than price, remain confidential.

5.0 PRICING

5.1 Your proposal should identify the "Net Total Cost" (which must include materials costs, labour costs, expenses/disbursements, sub-consultant(s) fees and expenses and any other charges) **excluding applicable taxes**, so as to be the final cost to the City for the proposed services.

5.2 The activities or tasks listed in the included Terms of Reference are minimum requirements to be undertaken. Proponents may also provide separate pricing on additional requirements they feel would benefit the City in meeting its goal.

5.3 All prices proposed should be in Canadian funds.

6.0 INVOICES

6.1 All invoices paid as a result of this Request for Proposal will be paid as per the City's standard payment terms – Net 30 Days.

6.2 All invoices, quoting the City's purchase order number, should be submitted electronically to accounts payable at ap@parksville.ca

7.0 INDEMNIFICATION

7.1 In carrying out these works the Auditor, and/or their sub-consultant(s) will act as an independent consultant. The Auditor must agree to keep the City indemnified against any and all claims, actions or demands that may be brought, made or arise in respect of anything done or omitted to be done by the Auditor or its' employees who shall be and remain at all times and for all purposes, the servants or employees of the Auditor or their sub-consultant(s), save and except to the extent that such claims action or demands arise from or relate to the negligence, wrongful act or omission of the City, or any of its officers or employees.

8.0 CONFLICT OF INTEREST

8.1 Proponents must ensure that they are not in a position that may be perceived as a conflict of interest.

9.0 COMPLIANCE WITH LAW

9.1 The Auditor shall comply with, and observe, all applicable laws and relevant regulations of any federal, provincial or municipal government or authority applicable to the supply of the service.

10.0 BUDGET

10.1 Acceptance of any proposal may be subject to budget considerations and available funding. The procurement cannot be awarded if it exceeds the Council approved budget.

11.0 CANCELLATION

11.1 The City reserves the right to cancel this Request for Proposal at any time and for any reason, and will not be responsible for any loss, damage, cost or expense incurred or suffered by any Proponent as a result of that cancellation.

11.2 The City reserves the right to cancel the Contract, at its sole and absolute discretion, with 30 days' written notice to the Auditor, and the Auditor will have no rights or claims against the City. The Auditor will be entitled to be paid for all authorized work and expenses to termination date. Cancellation would not, in any manner whatsoever, limit the City's right to bring action against the Auditor for damages for breach of contract.

12.0 PROPONENT’S EXPENSES

12.1 Proponents are solely responsible for their own expenses in preparing a proposal and for subsequent negotiations with the City, if any. If the City elects to reject all proposals, the City will not be liable to any Proponent for any claims, whether for costs or damages incurred by the Proponent in preparing the proposal, loss of anticipated profit in connection with any final Contract, or any other matter whatsoever.

13.0 LIMITATION OF DAMAGES

13.1 No Proponent shall have any claim for any compensation of any kind whatsoever, as a result of participating in this RFP, or as a result of the

City's rejection of that Proponent's proposal, or as a result of the City's award of a Contract to another Proponent or no Proponent and by submitting a proposal each Proponent shall be deemed to have agreed that it has no claim.

14.0 RESPONSIBILITY OF PROPONENTS

14.1 Each Proponent is responsible for informing themselves as to the contents and requirement of this proposal. Each Proponent is solely responsible to ensure that they have obtained and considered all information necessary to understand the requirements of the proposal and to prepare and submit their proposal. The City will not be responsible for any loss, damage or expense incurred by a Proponent as a result of any inaccuracy or incompleteness in this proposal, or as a result of any misunderstanding or misinterpretation of the terms of the proposal on the part of any Proponent.

14.2 If a Proponent is in doubt as to the true meaning of any part of this Request for Proposals, or finds omissions, discrepancies or ambiguities, a request for interpretation or correction may be submitted to the Finance Department mboven@parksville.ca and, if deemed necessary by the City, an addendum will be issued in accordance with section 1.4. This procedure also applies should the City, of its own accord, wish to expand or delete any part of this Request for Proposal.

15.0 ACCURACY OF INFORMATION

15.1 The City makes no representation or warranty, either expressed or implied, with respect to the accuracy or completeness of any information contained in or referred to in this RFP or any record or document associated with it.

16.0 SOLICITATION

16.1 If any director, officer, employee, agent or other representative of a Proponent makes any representation or solicitation to the Mayor, any Councillor, officer or employee of the City with respect to the Proposal, whether before or after the submission of the Proposal, the City shall be entitled to reject the Proposal.

17.0 PUBLICITY

17.1 The Auditor shall not make any statement of fact or opinion regarding any aspect of the Request for Proposals or resulting Contract to the media or any member of the public without the prior written authorization of the City.

17.2 All publicity relating to this project is subject to the approval of the City and no mention of the Project in advertising or articles in any publication will be permitted unless authorized in advance, in writing by the City.

18.0 EVALUATION PROCESS

18.1 An evaluation committee made up of City representatives will be reviewing proposal submissions. The City reserves the right to accept any or none of the proposals submitted and will evaluate proposals based on the best value offered to the City and not necessarily the lowest price.

18.2 The City reserves the right to conduct pre-selection meetings with Proponents. The City further reserves the right to conduct post-selection meetings in order to correct, change or adapt the selected proposal to the wishes of the selection committee.

18.3 The Proponent acknowledges that the City shall have the right to reject any and all proposals for any reason or to accept any Proposal which the City in its sole unrestricted discretion deems most advantageous to itself, including any Proposal that does not contain the content or form required by this Request for Proposal, or for failure to comply with the process for submission noted in this Request for Proposals. By submitting a proposal, the Proponent acknowledges the City's right under this clause and absolutely waives any right of action against the City for the City's failure to accept the Proponents' proposal whether or not such right of action arises in contract, negligence or any other cause of action.

18.4 The lowest or any proposal will not necessarily be accepted.

19.0 CONTRACT AWARD AND EXECUTION

19.1 The RFP and proposal of the selected Proponent shall become part of any contract initiated by the City. The selected Proponent shall be expected to enter into a contract that is substantially the same as the sample contract included. In no event should a Proponent submit its own standard contract terms and conditions as a response to this RFP. The Proponent should submit with its proposal any exceptions or contract deviations that its firm wishes to negotiate.

19.2 The Auditor will be required to enter into a written contract, in a form approved by the City Solicitor. The attached Appendix A – Professional Services Agreement will form the basis of the contract from this RFP.

20.0 INQUIRIES

20.1 All inquiries regarding this Request for Proposal must be directed in writing to Marlie Boven via email to mboven@parksville.ca. All questions should be received at least five (5) business days prior to the closing time and date.

20.2 The City will not be responsible for, and the Proponent shall not rely upon, information, instructions or clarifications given to a Proponent other than in the form of a written addendum issued by the City. Without limiting the foregoing, any verbal representations, promises, statements or advice made by any employees of the City shall not be relied upon.

APPENDIX A

PROFESSIONAL SERVICES AGREEMENT

for the

____________________ PROJECT

THIS AGREEMENT dated for reference the ____ day of __________, 2026.

BETWEEN:

CITY OF PARKSVILLE
PO BOX 1390
100 JENSEN AVENUE EAST
PARKSVILLE, BC V9P 2H3
(The "**City**")

AND:

____
____
____

(the "**Consultant**")

WHEREAS:

A. The City wishes to engage the Consultant for the provision of services described in this Agreement; and

B. The Consultant has agreed to perform the said services in accordance with the terms and conditions set out in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, covenants, and conditions herein contained, and in consideration of the payment of one ($1.00) dollar by the City to the Consultant (the receipt and sufficiency the Consultant acknowledges) the parties hereto, hereby covenant and agree as follows:

1.0 SERVICES

1.1 Services

The City hereby retains the Consultant to provide the services for the project as described in the Terms of Reference in **Schedule "A"**, which is attached hereto and incorporated herein, for the fulfilment and completion of this Agreement (the "Services" and the "Project", respectively). **Schedule "A"** shall include, but is not limited to: a brief project description, objectives, identification of key employees and Subconsultants, project phases (if applicable), and task descriptions.

1.2 Amendment of Services

The City may, from time to time, by written notice to the Consultant, make changes to the Services, and the Consultant shall carry out the Services subject to such changes, within the time limits agreed to by the parties, and may include an increase or decrease of the fees and/or schedule. Such changes to the Services shall be by written amendment to this Agreement, signed by the City and the Consultant, prior to commencement of any such changes to the Services. All other terms of this Agreement shall apply to any changes of the Services. The City shall not be liable to pay additional compensation to the Consultant for any changes to the Services performed without prior written authorization of such changes in the form of an amendment.

1.3 Supplemental and On-Call Services

The Consultant shall, if requested in writing by the City, perform supplemental services including on-call, as-needed services, (the “Supplemental Services”) at the hourly rates shown in **Schedule "B",** which is attached hereto and incorporated herein. The Consultant shall not provide any Supplemental Services in excess of the Services unless previously authorized in writing by the City, and attached to this Agreement as a schedule by way of amendment. All other terms of this Agreement shall apply to any Supplemental Services.

1.4 Standard of Care

The Consultant shall perform the Services and any applicable Supplemental Services: (a) with the degree of care, skill, and diligence normally applied in the performance of services of a similar nature and magnitude to those contemplated by this Agreement at the time and place the Services are rendered; (b) in accordance with current professional practices and industry standards; and (c) in conformance with all applicable laws, rules, regulations, ordinances, codes, and orders of governmental bodies, agencies, and courts having jurisdiction applicable at the time the Services are rendered.

2.0 AGREEMENT TERM

2.1 Delivery Schedule

Services shall be completed by the Consultant in accordance with the delivery schedule shown in **Schedule "C"** (the "Delivery Schedule"), which is attached hereto and incorporated herein. The parties may from time to time, by amendment, alter the Delivery Schedule. The Consultant acknowledges that time is of the essence with respect to the provision of Services, and accordingly, the Consultant shall provide the Services pursuant to the Delivery Schedule or any applicable amendment.

2.2 Recovery Schedule

If at any time the Consultant discovers that the Delivery Schedule cannot be met, the Consultant shall immediately advise the City in writing and provide a revised Delivery Schedule for the City’s review and approval. The revised Delivery Schedule shall be attached to this Agreement as an amendment.

2.3 Authorization to Proceed

Upon receipt by the City from the Consultant of the insurance certificate, business licence confirmation and WorkSafeBC registration number, as required by this Agreement (and any further documents that may be required prior to issuance of a purchase order, as may be set out in this Agreement), the City shall issue a purchase order to the Consultant (the "Purchase Order"). Issuance of the Purchase Order authorizes the Consultant to proceed with the Services, and the Consultant shall not proceed with any Services unless they have received a Purchase Order from the City.

2.4 Agreement Term

The term of this Agreement shall begin on the reference date on page 1 of this Agreement and, unless previously terminated, this Agreement shall expire three months from the date that the City makes final payment to the Consultant for Services rendered (the "Term"), except for provisions in this Agreement that shall survive the termination or expiry of this Agreement.

2.5 Supplemental and On-Call Services

The Consultant shall perform any Supplemental Services as set out in Section 1.3 in a timely manner or in accordance with agreed-upon completion dates or time periods.

3.0 FEES FOR SERVICES

3.1 Maximum Authorized Expenditure

In consideration of the performance of the Services, the City shall pay the Consultant a maximum total fee, not to exceed [written number] ($___________) dollars, which amount includes disbursements but excludes applicable federal and provincial taxes, (the "Maximum Authorized Expenditure"), as detailed in **Schedule "B"** which is attached hereto and incorporated herein. Progress payments shall be based on work completed to date, based on tasks outlined in the Services identified in **Schedule "A".**

3.2 Adjustment of Fees

The City may increase or decrease the Maximum Authorized Expenditure by written notice to the Consultant and incorporated by way of an amendment to the Agreement. Should the Consultant consider that any request or instruction from the City's Project Representative constitutes a change in the scope of Services, the Consultant shall so advise the City's Project Representative, in writing, within ten (10) days of such request or instruction. Without said written advice within the time period specified, the City shall not be obligated to make any payments of additional fees or disbursements to the Consultant.

3.3 Hourly Rates

Unless noted otherwise in this Agreement, payment for all professional services (labour), including payment for Supplemental Services, shall be made by the City to the Consultant in accordance with the hourly rates included in **Schedule "B".**

3.4 Subconsultants and Disbursements

For this Agreement, all reimbursable expenses are included with the Maximum Authorized Expenditure as set out in **Schedule "B".** Unless noted otherwise in **Schedule "B",** invoices for Subconsultant services and disbursements shall be paid by the City to the Consultant at actual cost without mark-up / with an X% mark-up. The Consultant shall be solely responsible for payment to Subconsultants and vendors of disbursement goods and services, and the City shall not be responsible or liable for any payments to Subconsultants and disbursement vendors.

4.0 APPLICATION FOR PAYMENT

4.1 Invoicing Frequency

The Consultant shall submit invoices to the City on or before the twentieth (20^{th}) day of each month for services performed in the preceding month. If the City approves the amount of such invoices, the City shall pay such invoices within thirty (30) days from the date the invoice is received by the City.

4.2 Invoice Components

As a minimum, each invoice submitted by the Consultant shall include:

(a) Purchase Order number;

(b) Brief status report summarizing Services completed during the preceding month;

(c) Budgeted amount for each task outlined in the Services per Schedule "A";

(d) Budgeted amount for each additional task included in approved Amendments, if any;

(e) Costs incurred for each task outlined in Schedule "A" in the preceding month;

(f) Amount earned and invoiced to date for each task, including total amount;

(g) Amount paid to date for each task, including total amount;

(h) Percentage of amount of invoice divided by the Maximum Authorized Expenditure;

(i) Percentage of amount earned to date divided by the Maximum Authorized Expenditure;

(j) Total amount payable for the current invoice, including Subconsultants, disbursements, and applicable taxes;

(k) Copies of invoices from Subconsultants; and

(l) Copies of invoices or receipts for Disbursements.

4.3 Payment in Proportion to Completed Services

The City shall not be obligated to pay the Consultant a greater percentage of the Maximum Authorized Expenditure than the actual percentage complete based on invoice components provided for in Section 4.2.

4.4 City Review of Invoices

The City shall not be responsible for any interest on any amount of the Consultant's invoice where payment is delayed because the City wishes to review, audit, or otherwise seek clarification concerning the Consultant's invoices.

4.5 Withholdings

The Consultant agrees to remit and shall be responsible for all withholding taxes, income taxes, Canada Pension Plan contributions, Employment Insurance deductions, and any other deductions required by applicable federal or provincial statutes for the Consultant, its employees, and Subconsultants.

4.6 Inspection and Audit

The Consultant shall preserve all books, payrolls, accounts, and other records with respect to any time and expenses which the City is or has been required to pay as a result of performance of the Services, including but not limited to, hours worked, details of all disbursements, and percentage of work completed, and shall make the same available for inspection and audit by the City's representatives during the Term of this Agreement and for two years thereafter.

The City shall have the right to attend at the Consultant's office and audit the Consultant's files and records in respect of the Project and Services upon forty-eight (48) hours advance written notice, during normal business hours. Any error in a claim for payment or the amount of a payment disclosed on audit shall be adjusted between the parties.

5.0 CONSULTANT'S EMPLOYEES

5.1 Qualified Employees

The Consultant shall provide only professional employees and Subconsultants who have the qualifications, experience, and capabilities to perform the Services.

5.2 Listed Employees and Subconsultants

The Consultant shall perform the Services using only the key employees and Subconsultants listed in **Schedule "A".**

5.3 Substitution of Employees or Subconsultants

(a) The Consultant shall not dismiss or substitute any key employee or Subconsultant listed in **Schedule "A"** without the prior written approval of the City, such approval not to be withheld unreasonably. The City shall not approve removal or substitution of employees or Subconsultants for the reason that the Consultant or its affiliates has called on such individual to perform services for another client of the Consultant.

(b) If, at any time, the City reasonably objects to the performance, experience, qualifications, or suitability of any of the Consultant's employees or Subconsultants, then the Consultant shall, on written request from the City, replace such employee or Subconsultant. The Consultant shall, subject to scheduling and staffing considerations make commercially reasonable efforts to replace the individual with someone of substantially similar competency and experience.

(c) Regardless of whether or not the City consents to, or requests a substitution of any employee or Subconsultant of the Consultant, the City shall not be liable to pay additional compensation to the Consultant for any replacement or substitution.

5.4 Sub-agreements with Subconsultants

The Consultant shall incorporate the terms and conditions of this Agreement into all agreements with Subconsultants in respect of the Services as necessary to preserve all rights of the City under this Agreement. The Consultant shall be fully responsible to the City for all acts and omission of Subconsultants and of persons employed by any Subconsultant or by the Consultant.

5.5 Not an Agent of the City

Nothing in this Agreement shall be interpreted so as to render the City the agent, employer, or partner of the Consultant, or the employer of anyone working for the Consultant, and the Consultant must not do anything that would result in anyone working for the Consultant being considered an employee of the City. The Consultant is not, and must not claim to be, an agent of the City.

5.6 Independent Contractor

The Consultant is an independent contractor. This Agreement does not create the relationship of employer and employee, a partnership, or a joint venture. The City shall not control or direct the details, means, methods, or processes by which the Consultant performs the Services.

The Consultant is responsible for performance of the Services and may not delegate or assign any Services to any other person except as provided for herein. The Consultant shall be solely liable for the work quality and conditions of any partners, employees, and Subconsultants.

6.0 INDEMNIFICATION AND INSURANCE

6.1 Indemnity

The Consultant shall indemnify and save harmless the City and its elected and appointed officials, employees, agents, and contractors from and against all claims, losses, damages, costs, expenses (including legal fees and disbursements on a solicitor and own client basis), liabilities, actions and proceedings, suffered, made, incurred, sustained, brought, prosecuted, threatened to be brought or prosecuted, in any manner caused, based upon, occasioned by or attributable to,

a) any personal injury or death, damage to or loss of property;

b) wilful or negligent acts or omissions or other actionable wrongs; and

c) any loss or damage of any kind

connected with or related in any way to the performance or breach of this Agreement by the Consultant. The Consultant's liability to indemnify the City and its elected and appointed officials, employees, agents, and contractors under this section does not limit or affect any other rights or remedies the City may have against the Consultant in respect of the Consultant's performance or breach of this Agreement.

6.2 Survival of Indemnity

The indemnity described in Section 6.1 shall survive the termination or expiry of this Agreement and, notwithstanding such termination or expiry, shall continue in full force and effect for the benefit of the City, its elected officials, appointed officers, employees, agents, and contractors.

6.3 Consultant's Insurance Policies

Without limiting the effect of the foregoing provisions, the Consultant shall, at all times during the continuance of this Agreement, maintain insurance with an insurer(s) satisfactory to the City and licensed to work in British Columbia in accordance with the following terms:

(a) Comprehensive General Liability insurance in the amount of five million dollars ($5,000,000) inclusive per occurrence for bodily injury and property damage.

(b) Automobile Public Liability and Property Damage insurance in the amount of two million dollars ($2,000,000) per occurrence per owned, non-owned, or hired vehicle.

(c) Professional Liability Insurance in an amount not less than one million dollars ($1,000,000) in the aggregate for all claims per year.

(d) Ensure that the Services are carried out in conformity with the *Worker's Compensation Act*, R.S.B.C. 996, c. 492, as regards to employee coverage, benefits, and safety regulations.

(e) Be responsible for any deductible amounts under the policies.

6.4 Insurance Certificates

Prior to receiving a Purchase Order from the City, the Consultant shall provide Certificate(s) of Insurance to the City which satisfies the City that the insurance required herein has been obtained and is in force. The City shall be named as an Additional Insured on any General Liability Policy obtained by the Consultant as required by this Agreement. The policies shall also contain an endorsement to provide the City with thirty (30) days prior written notice of cancellation or material change in the policies.

7.0 CITY BUSINESS LICENCE

Prior to receiving a Purchase Order from the City, the Consultant shall obtain and maintain a valid City of Parksville Business Licence for the duration of the Agreement. Costs associated with the licence are the responsibility of the Consultant.

8.0 WORKSAFE BC COVERAGE

8.1 WorkSafe BC Compliance

The Consultant agrees that it shall procure in British Columbia and carry and pay for, full WorkSafe BC coverage for itself and all workers, employees, servants, and others engaged in or upon any work which is the subject of this Agreement. The Consultant agrees that the City may deduct any unpaid premiums, assessments, or penalties for such WorkSafe BC coverage from any monies owing by the City to the Consultant, where the Consultant fails to make such payments on demand by the City. The City shall have the right to withhold payment under this Agreement until WorkSafe BC premiums, assessments, or penalties in respect of the Services performed in fulfilling this Agreement have been paid in full.

8.2 WorkSafe BC Registration

Prior to receiving a Purchase Order from the City, the Consultant shall provide the City with the Consultant's WorkSafe BC registration number and a letter from WorkSafe BC confirming that the Consultant is registered in good standing with WorkSafe BC, and that all premiums and assessments have been paid to the date thereof.

8.3 WorkSafe BC Indemnity

The Consultant shall indemnify the City and hold harmless the City from all manner of claims, demands, costs, losses, penalties, and proceedings arising out of or in any way related to unpaid WorkSafe BC premiums, assessments, or penalties owing from any person or corporation engaged in the performance of Services under this Agreement or arising out of or in any way related to the failure to observe safety rules, regulations, and practices of WorkSafe BC. Such indemnity shall survive the termination or expiry of this Agreement.

9.0 CITY INFORMATION AND RESOURCES

9.1 Available Information

The City shall make available to the Consultant all relevant information, plans, maps, reports, specifications, standards, and data pertinent to the Project which is in the hands of the City and is required by the Consultant to perform the Services. The Consultant shall be entitled to rely upon the accuracy and completeness of such information and data furnished by the City, except where it is stated otherwise or unreasonable to do so.

9.2 City Resources

The City acknowledges that the Consultant's ability to provide the Services in accordance with this Agreement shall be dependent on the City providing available information and resources in a prompt and timely manner as reasonably required by the Consultant (the "City Resources"). To the extent that the City fails to provide City Resources, the Consultant shall not be liable for any resulting delay in the Services or failure to meet the Delivery Schedule, but in no event shall such delay or failure to provide City Resources constitute a breach of this Agreement by the City, nor shall the Consultant be entitled to extra compensation for same.

9.3 Obligations of Consultant

No reviews, approvals, or inspections carried out or supplied by the City shall derogate from the duties and obligations of the Consultant, and all responsibility related to performance if the Services shall be and remain with the Consultant.

10.0 OWNERSHIP AND USE OF MATERIALS

10.1 Ownership of the Materials

All reports, designs, sketches, drawings, plans, specifications, calculations, manuals, correspondence, agendas, minutes, notes, audio-visual materials, photographs, models, software data, other documents or products produced by the Consultant under this Agreement (collectively, the "Material") are and shall remain the property of the City even though the Consultant or another party has physical possession of them. The Consultant herby waives, in favour of the City, any moral rights the Consultant, its employees, or Subconsultants may have in the Material. Until the expiry or earlier termination of this Agreement, the Consultant may retain copies, including reproducible copies, of the Material.

10.2 Delivery and Use of Material

All Material shall be transferred and delivered by the Consultant to the City without further compensation following the expiration or sooner termination of this Agreement, provided that the City may, at any time prior to the expiration or earlier termination of this Agreement, give written notice to the Consultant requesting delivery by the Consultant to the City of all or any part of the Material in which event the Consultant shall forthwith comply with such request. Material created electronically must be submitted in a format and medium acceptable to the City. The Material may be used by the City in any manner for the intended purpose or as part of its operations associated with the Material.

10.3 Survival of Ownership and Use Provisions

It is understood and agreed that the covenants contained in Sections 10.1 through 10.2, inclusive, shall survive the expiry or earlier termination of this Agreement, and that those Sections are severable for such purpose.

11.0 CONFIDENTIALITY

11.1 No Disclosure

The Consultant shall keep confidential and shall not disclose, publish, or release any information, data, or secret of the City to any person other than representatives of the City duly designated for that purpose, in writing by the City, and shall not use for the Consultant's own purposes, or for any purpose other than those of the City, any information, data, or secret the Consultant may acquire as a result of the performance of the Services.

11.2 Freedom of Information and Protection of Privacy Act

The Consultant acknowledges that the City is subject to the *Freedom of Information and Protection of Privacy Act* (FOIPPA), that the City may be legally obligated to disclose to a person parts, or all, of this Agreement and any documents legally connected to this Agreement, and that the authority of the City to refuse to disclose a record containing third party confidential information is limited as set out in section 21 of FOIPPA. If the Consultant considers that information supplied by it to the City in connection with the performance of the Services is confidential information that should not be disclosed to a person making a request under FOIPPA, the Consultant shall identify this information to the City, indicate that the information is supplied in confidence, and refer to FOIPPA and section 21 of FOIPPA in this regard. The Consultant acknowledges and agrees that the City may be required to disclose Consultant information even where the Consultant stipulates that such information is supplied in confidence. The Consultant acknowledges and agrees that any information included in this Agreement (including in the schedules to this Agreement) is not supplied in confidence.

11.3 Advertising

The Consultant shall submit to the City any proposed advertising or publicity by the Consultant, referring to the City, the Project, or performance of the Services, for written approval prior to issue.

12.0 ASSIGNMENT

The Consultant shall not assign this Agreement, in whole or in part, except with the prior written consent of the City, which consent shall not be unreasonably withheld, delayed, or conditioned. Any attempt to assign this Agreement without such consent shall be void and of no effect. However, the Consultant shall be permitted to assign this Agreement to any entity into, by, or with which the business or assets of the Consultant have been merged, acquired, consolidated, or re-organized, or any entity which purchases all or substantially all of the business or assets of the Consultant, provided that the Consultant first provides the City with reasonable particulars of the transaction (permitting the City to independently verify the nature of the transaction), and a legally enforceable covenant from the new entity confirming that it is legally bound to the City to perform the Services of this Agreement.

13.0 TERMINATION OF AGREEMENT

13.1 Termination for Cause or Default

The City reserves the right to immediately cancel all or any part of this Agreement if the Consultant or any Subconsultant defaults or fails to deliver the Services in accordance with the terms and conditions of this Agreement. Such cancellation shall be in writing, may be without notice, and shall not result in any penalty or other charges to the City. Without limitation, the Consultant is in default of its obligations contained in this Agreement if the Consultant, or any Subconsultant:

(a) Fails to supply sufficient, properly skilled workers or proper workmanship, products, materials, tools, and equipment to perform the Services;

(b) Fails to observe or comply with all laws or ordinances, including all requirements of governmental or quasi-governmental authorities, including federal, provincial, and local government enactments, bylaws, and other regulations now or, following the date of this Agreement, in force that pertain to;

(c) Fails to observe or comply with the City's reasonable instructions;

(d) Breaches any Conflict of Interest provision in article 15 of this Agreement; or

(e) Otherwise violates any provision of this Agreement.

13.2 Termination for Convenience
The City may, at its option, terminate this Agreement at any time during the Term, and, if such option is exercised, then this Agreement shall terminate fifteen (15) business days after the date such written notice is received, or deemed received, by the Consultant.

13.3 Steps after Termination
Upon termination of this Agreement by the City, the City shall pay the Consultant for the Services rendered and disbursements incurred by the Consultant to the date of termination pursuant to this Agreement, less any amounts necessary to compensate the City for damages or costs incurred by the City arising from the Consultant's default. Termination will be without prejudice to any other rights or remedies the City may have.

13.4 Force Majeure
Either party shall be absolved from its obligation under this Agreement when and to the extent that performance is delayed, prevented, and in the City's case, when and to the extent that its need for vehicles, materials, or Services to be supplied hereunder is reduced or eliminated by any course, except financial, for reasons beyond its control, including but not limited to: fire, explosion, war, riots, strikes, labour disputes, and governmental laws, orders, or regulations.

14.0 APPLICABLE LAWS AND BYLAWS

14.1 Jurisdiction
This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia. The City and the Consultant accept the jurisdiction of the Courts of Nanaimo, British Columbia and agree that any action under this Agreement be brought in such courts.

14.2 Codes and Bylaws
The Consultant shall provide the Services in compliance with all applicable federal, provincial, regional, and municipal codes, bylaws, and regulations.

14.3 Interpretation of Codes
The Consultant shall, as a qualified and experienced professional, interpret codes, bylaws, and regulations applicable to the performance of the Services.

14.4 Licenses and Registrations
During the term of this Agreement, the Consultant and all Subconsultants shall possess and maintain licences, registrations, and permits where required by legislation to perform the Services.

15.0 CONFLICT OF INTEREST

15.1 Conflict of Interest
The Consultant, the Consultant's employees, and Subconsultants:

(a) Shall conduct their duties related to this Agreement with impartiality, and shall, if they exercise discretionary authority over others in the course of those duties, disqualify themselves from dealing within anyone with whom a relationship between them could bring the impartiality of the Consultant or its employees into question;

(b) Shall not influence, seek to influence, or otherwise take part in a decision of the City knowing that the decision might further their private interests;

(c) Shall not accept any commission, discount, allowance, payment, gift, or other benefit connected, directly or indirectly, with the performance of Services related to this Agreement, that causes, or would appear to cause, a conflict of interest;

(d) Shall have no financial interest in the business of a third party that causes, or would appear to cause, a conflict of interest in connection with the performance of the Services related to this Agreement, and if such financial interest is acquired during the term of this Agreement, the Consultant shall promptly declare it to the City;

(e) Shall not, during the term of this Agreement, perform a service for, or provide advice to, any person, firm, or corporation, which gives rise to a conflict of interest between the obligations of the Consultant under this Agreement and the obligations of the Consultant to such other person, firm, or corporation; and

(f) Warrant and represent that neither the Consultant, the Consultant's Employees, nor the Subcontractor has any financial or personal relationship or affiliation with any City elected official, officer or employee, or any of their immediate family members that the Consultant has not disclosed in writing to the City prior to the execution of this Agreement. The Consultant shall notify the City should any such relationship or affiliation arise during the performance of the Services under this Agreement.

16.0 DISPUTE RESOLUTION

16.1 Dispute Resolution Procedures

The parties shall make reasonable efforts to promptly resolve any dispute, claim, or controversy arising out of or related to this Agreement ("Dispute") using the Dispute Resolution Procedures set out in this Section.

16.2 Negotiations

First, the City's Project Representative and the Consultant's Project Manager shall make reasonable efforts to resolve any Dispute by amicable negotiations and shall provide frank, candid, and timely disclosure of all relevant facts, information, and documents to facilitate negotiations. Should these negotiations be unsuccessful in resolving the Dispute, the matter shall be promptly referred to the City's Chief Administrative Officer, or designee, and the Consultant's Principal, who shall meet and confer, in good faith, to resolve the Dispute to mutual satisfaction of the parties.

16.3 Arbitration

If all or any portion of a Dispute cannot be resolved by good faith negotiations as set forth above within thirty (30) days of the first negotiation, either party may, by notice to the other party, submit the Dispute for resolution under the *Commercial Arbitration Act*. Within seven (7) days of delivery of such notice, the parties shall jointly appoint a single arbitrator. The cost of the arbitration (including fees of arbitrators) shall be borne equally by the parties, and each party shall bear its own costs of participating in arbitration. The arbitration shall take place in the Parksville, British Columbia area. The award of the arbitrator shall be final and binding upon the parties.

17.0 PROJECT REPRESENTATIVES AND NOTICES

17.1 City's Project Representative
The City appoints the person named below as the City's Project Representative for the purposes of this Agreement (the "City's Project Representative").

17.2 Consultant's Project Manager
The Consultant appoints the person named below as its Project Representative for the purposes of this Agreement (the "Consultant's Project Manager").

17.3 Communications and Notices
All communications between the City and the Consultant regarding this Agreement, including performance of the Services, shall be between the City's Project Representative and the Consultant's Project Manager. Any notice, report, or other document that either party may be required or may wish to give to the other must be in writing, unless otherwise provided for, and shall be deemed to be validly given to and received by the addressee, if delivered personally, on the date of such personal delivery, if delivered by email, or if by mail, five (5) calendar days after posting.

The addresses for delivery shall be as follows:

City of Parksville
Project Representative: ________________
PO Box 1390, 100 Jensen Avenue East
Parksville, BC V9P 2H3
Telephone No.: (250) __________________
Email Address: ________________________

The Consultant
Project Manager: ______________________
[Mailing Address]
[City, Province, Postal Code]
Telephone No.: _______________________
Email Address: _______________________

18.0 GENERAL

18.1 Headings
The heading or captions appearing in this Agreement are inserted for convenience.

18.2 Amendment
This Agreement may be amended only by written amendment to this Agreement, signed by both parties.

18.3 Validity of Provisions
If any provision of this Agreement is invalid or unenforceable, it shall be severed from the Agreement and shall not affect the enforceability or validity of the remaining provisions of the Agreement.

18.4 Conflict between Agreement and Schedules

In the event of a conflict between a provision in this Agreement and a provision in a Schedule attached to this Agreement, the provisions in this Agreement shall prevail.

18.5 Legally Binding Agreement

This Agreement shall benefit and be legally binding on the parties and their successors and permitted assigns.

18.6 Waiver

No waiver by either party of any breach by the other party of any of its covenants, obligations, and agreements shall be a waiver of any subsequent breach or of any other covenant, obligation, or agreement, nor shall any forbearance to seek a remedy for any breach be a waiver of any rights and remedies with respect to such or any subsequent breach.

18.7 Entire Agreement

This Agreement, including the Schedules attached hereto, and any Purchase Order issued pursuant to clause 2.3 and referencing this Agreement, constitutes the entire agreement between the parties with respect to the terms, conditions, and Services and supersedes all earlier proposals, understandings, communications, representations, and agreements, whether oral or in writing. Any amendment to this Agreement shall prevail over any other provision of this Agreement, in the event of an inconsistency between them.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the day and year first above written.

EXECUTED THIS ______ day of _________, 2026, at Parksville, in the Province of British Columbia.

CITY OF PARKSVILLE	**CONSULTANT**
________________________________ Director	____ Name of Signing Officer
_________________________________ Corporate Officer	_______________________________________ Legal Name of Consultant
_________________________________ Mayor	____ Address (City, Province, Postal Code)

Attachments:

Schedule "A" Terms of Reference (Project and Services)
Schedule "B" Hourly Rates and Fees for Services
Schedule "C" Delivery Schedule

APPENDIX B

CITY OF PARKSVILLE

POLICY

SUBJECT:	***Living Wage Employer***	POLICY NO: RESO. NO: CROSS REF:	6.18 16-225
EFFECTIVE DATE:	September 19, 2016	APPROVED BY:	Council
REVISION DATE:		RESO. NO:	
		PAGE	1 of 4

OBJECTIVES

This policy is intended to ensure contractors, sub-contractors and service providers who are working on City premises or engaging in municipal projects pay all their staff involved in the tasks an hourly rate equivalent to or higher than the current living wage.

PURPOSE

The purpose of this policy is to clarify the City's requirements for providing a living wage.

DEFINITIONS

Declaration is a document signed by a service provider, contractor or sub-contractor confirming their compliance with paying a living wage to all employees engaged in with the city's projects or services.

Living Wage is the hourly rate of pay that enables a household consisting of two parents, working full time at 35 hours weekly, and two children, aged 4 and 7 years, to provide food, clothing, shelter and transportation and participate in activities deemed to be a ordinary element of life in the community. The living wage is calculated annually by the District 69 Living Wage for Families Coalition and is based on Statistics Canada information.

IMPLEMENTATION AND ENFORCEMENT

1. The Living Wage Policy shall take effect for all new contracts authorized after October 1, 2016. Existing contracts that come up for renewal will be re-assessed in compliance with the Living Wage policy.
2. The City, as a Living Wage Employer, will ensure all City staff, union and exempt, will be paid no less than the living wage as established in the year of ratification of any collective agreement with the City's unions.
3. The City will include a requirement in its competitive bidding processes (request for proposals, invitations to tender, quotes, etc.) declaring the bid must include a living wage for all employees engaged in the project or service.
4. All parties who will be entering in to a contract with the City will be required to sign the living wage declaration as part of the final contract.
5. The Living Wage Policy does not apply to volunteers, students seeking work experience as part of an educational program or employees or non-profit organizations that lease space or property from the City of Parksville.
6. The Living Wage Policy applies in the following circumstances:
    a. An employee of the of the business, a contractor or a sub-contractor is conducting work or providing services on City property;
    b. The work or services are being provided for a period of seven hours or longer per occasion.
7. The City of Parksville will conduct a compliance audit of a contractor, sub-contractor or service provider if a complaint is received in writing alleging non-compliance with the living wage requirements. Should it be determined there is a breach of the policy, the party must compensate employees at the living wage for the particular time period identified, at no further cost to the City. Failure to comply may result in termination of the contract at the City's discretion, at no further cost to the City.

APPENDIX I

Living Wage Employer Declaration

I, ______________________________________ , as a duly designated officer of

Company: ______________________________________

Address: ______________________________________

____

____

confirm that all employees and sub-contractors under our contract with the City as outlined below are paid not less than the "Living Wage" as calculated annually by the District 69 Living Wage for Families Coalition.

I acknowledge this requirement extends only to those employees and sub-contractors' employees performing work on City premises or engaged in City projects for durations in excess of 7 hours per occasion.

I understand the City will conduct audits when necessary if and when a notification of a potential breach of compliance is received by the City. I understand if a breach of compliance is determined to have occurred, the City reserves the right to cancel the contract without penalty at any time once said breach is confirmed and authenticated.

Contract Name and Reference:

Authorized Signatory:	**Date:**

CITY OF PARKSVILLE

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

CITY OF PARKSVILLE

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

CITY OF PARKSVILLE
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Council, acting through its Audit Committee, meets with management and the external auditors two times per year to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

On behalf of City of Parksville

Jedha Holmes, CPA, CA	Doug O'Brien
Director of Finance	Mayor

To the Mayor and Council of the City of Parksville:

Opinion

We have audited the consolidated financial statements of the City of Parksville (the "City"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2025, and the results of its consolidated operations, net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information, consisting of the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

MNP LLP
Suite 400 - 345 Wallace Street, Nanaimo BC, V9R 5B6 T: 250.753.8251 F: 250.754.3999

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the City as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Nanaimo, British Columbia

MNP LLP

May 4, 2026

Chartered Professional Accountants

STATEMENT A

CITY OF PARKSVILLE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash	$ 16,792,469	$ 10,679,554
Investments (Note 2)	79,808,812	81,083,330
Accounts receivable (Note 3)	8,735,509	7,207,025
	105,336,790	98,969,909
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	5,709,352	4,603,202
Deferred revenue (Note 5)	17,277,876	15,382,418
Deposits and other liabilities (Note 6)	9,098,080	9,595,557
Employee benefit accrual (Note 7)	577,872	556,650
Debt (Note 8)	4,456,128	4,691,342
Asset retirement obligation (Note 9)	545,252	530,093
	37,664,560	35,359,262
NET FINANCIAL ASSETS	67,672,230	63,610,647
NON-FINANCIAL ASSETS		
Prepaid expenses	139,165	148,307
Supplies inventory	78,540	172,209
Tangible capital assets (Note 10, Schedule 1)	215,873,211	212,037,518
	216,090,916	212,358,034
ACCUMULATED SURPLUS (Note 11)	$ 283,763,146	$ 275,968,681

Commitments, contingent liabilities and contractual rights (Note 13)

Jedha Holmes, CPA, CA	Doug O'Brien
Director of Finance	Mayor

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

CITY OF PARKSVILLE **STATEMENT B**

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2025

	2025 Budget (Note 18)	2025 Actual	2024 Actual
REVENUE			
Taxation (Note 14)	$ 21,531,100	$ 21,509,201	$ 20,121,021
Fees and charges	13,359,100	13,871,404	12,489,643
Investment income	1,058,300	3,344,707	3,378,189
Other	371,800	412,345	255,167
Government transfers and grants (Note 15)	1,334,500	1,294,522	1,725,954
Developer contributions	1,521,180	2,584,613	580,434
Gain (loss) on disposal of tangible capital assets (Note 10)	-	59,109	(76,577)
	39,175,980	43,075,901	38,473,831
EXPENSES			
General government services	5,591,100	4,357,791	4,599,804
Protective services	8,048,100	6,753,330	6,857,174
Engineering and transportation services	6,510,700	5,586,714	5,306,631
Community planning services	941,100	877,156	848,097
Parks, facilities and cultural services	6,749,700	6,108,365	5,267,340
Solid waste services	918,700	1,004,993	928,612
Water services	6,049,100	4,980,904	5,052,097
Sewer services	5,815,900	5,612,183	4,937,193
	40,624,400	35,281,436	33,796,948
ANNUAL SURPLUS (DEFICIT)	(1,448,420)	7,794,465	4,676,883
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	275,968,681	275,968,681	271,291,798
ACCUMULATED SURPLUS AT END OF YEAR	$ 274,520,261	$ 283,763,146	$ 275,968,681

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

CITY OF PARKSVILLE **STATEMENT C**

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

	2025	2024
CASH PROVIDED BY (USED IN)		
Operating activities		
Annual surplus	$ 7,794,465	$ 4,676,883
Items not involving cash:		
Amortization	5,875,947	5,697,960
(Gain) loss on disposal of tangible capital assets	(59,109)	76,577
In-kind contributions of tangible capital assets	(1,969,762)	(160,785)
ARO accretion expense	15,159	24,940
Actuarial reduction to long term debt	(31,340)	(25,990)
Changes in non-cash operating working capital:		
Decrease (increase)		
Accounts receivable	(1,528,484)	(1,028,413)
Assets held for resale	-	756,497
Prepaid expenses	9,142	99,320
Supplies inventory	93,669	(145,652)
Increase (decrease)		
Accounts payable and accrued liabilities	1,106,150	(173,186)
Deferred revenue	1,895,458	2,289,166
Deposits and other liabilities	(497,477)	(146,138)
Employee benefit accrual	21,222	108,228
Cash provided by operating activities	12,725,040	12,049,407
Capital Activities		
Acquisition of tangible capital assets	(7,837,631)	(1,784,592)
Proceeds from the sale of tangible capital assets	154,861	26,105
Cash applied to capital activities	(7,682,770)	(1,758,487)
Investing activities		
Transfer from (to) investments	1,274,518	(7,323,869)
Financing activities		
Long term debt repayment	(203,874)	(202,624)
INCREASE IN CASH	6,112,915	2,764,427
CASH AT BEGINNING OF YEAR	10,679,554	7,915,127
CASH AT END OF YEAR	$ 16,792,469	$ 10,679,554
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash paid for interest on debt	$ 163,122	$ 165,654

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

STATEMENT D

CITY OF PARKSVILLE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2025

	2025 Budget (Note 18)	2025 Actual	2024 Actual
Annual surplus	$ (1,448,420)	$ 7,794,465	$ 4,676,883
Acquisition of tangible capital assets	(17,932,700)	(7,837,631)	(1,784,592)
In-kind contributions of tangible capital assets	-	(1,969,762)	(160,785)
Amortization of tangible capital assets	6,223,900	5,875,947	5,697,960
(Gain) loss on disposal of tangible capital assets	-	(59,109)	76,577
Proceeds on sale of tangible capital assets	-	154,861	26,105
	(13,157,220)	3,958,771	8,532,148
Acquisition of supplies inventory	-	(78,540)	(172,209)
Acquisition of prepaid expenses	-	(139,165)	(148,307)
Consumption of supplies inventory	-	172,209	26,557
Use of prepaid expenses	-	148,307	247,627
	-	102,811	(46,332)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(13,157,220)	4,061,583	8,485,816
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	63,610,647	63,610,647	55,124,831
NET FINANCIAL ASSETS AT END OF YEAR	$ 50,453,427	$ 67,672,230	$ 63,610,647

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

The City of Parksville (the 'City') is a municipality in the province of British Columbia and operates under the authority of the *Local Government Act* and *Community Charter* of British Columbia. The City's principal activities include the provision of services to residents of Parksville. These include protective services, engineering and public works, parks, community planning, general government, water, sewer and solid waste.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

Consolidated financial statements have been prepared in accordance with the recommendations of the 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 City including its proportionate interest in partnerships, Arrowsmith Water Service (AWS) Joint Venture and Englishman River Water Service Joint Venture (see Note 18). Interfund transactions and balances with partnerships have been eliminated.

b) Revenue recognition

Property tax revenue is recognized when levied using the approved tax rates and the anticipated assessment related to the current year.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Government transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Government transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

Revenue with performance obligations are recognized when the City satisfies a performance obligation by providing the promised goods or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point of time.

Investment income is recorded as interest is earned, and allocated to various reserves and operating funds on a proportionate basis.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

c) Non-financial assets

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Non-financial assets (continued)

Inventory

The City maintains a minimal level of parts and supplies on hand. Larger inventory items are included on the consolidated statement of financial position and are recorded at cost at year end. Spare parts and supplies are expensed when purchased.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisitions, construction, development, or betterment of the asset. Tangible capital assets transferred to the City from developers and subdivision are recorded at their fair value at the later date of the date of transfer or expiry of the warranty period, and are also recorded as revenue. Works of art, cultural and historical assets are not recorded as assets in these consolidated financial statements.

The tangible capital assets cost, less residual value, is amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 - 50 years
Buildings	20 - 50 years
Vehicles and equipment	5 - 30 years
Roads, sidewalks and lighting	15 - 75 years
Storm sewer system	20 - 85 years
Water systems and AWS dam	5 - 80 years
Sanitary sewer system	10 - 85 years

Assets under construction are initially recorded as work in progress and are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than the book value of the asset.

d) Debt

Long term debt is recorded net of repayments and actuarial adjustments.

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

e) Employee future benefits

The City and its employees make contributions to the Municipal Pension Plan. The City's contributions are expensed as incurred.

Sick leave and other retirement benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on service, attrition, best estimates of retirement ages, interest rates and future salary and wage increases. The obligation under these benefit plans is accrued based on the projected benefits as the employees render services necessary to earn the future benefits.

f) Contaminated sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.
A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

1) an environmental standard exists
2) contamination exceeds the environmental standard
3) the City is directly responsible or accepts responsibility for the liability
4) future economic benefits will be given up, and
5) a reasonable estimate of the liability can be made

g) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period.

Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available at the time regarding potentially contaminated sites that the City is responsible for. Contributed tangible capital assets are estimated based on best available fair value information on the date of contribution. Retirement benefit actuarial estimated liability is based on the best information available at the time.

A liability for an asset retirement obligation reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Asset retirement obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or component thereof) at the financial statement date when there is a legal obligation for the City to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future period.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the City reviews the carrying amount of the liability. The City recognizes the period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments

The City recognizes its financial instruments when the City becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value. At initial recognition, the City may irrevocably elect to subsequently measure any financial instruments at fair value. The City has not made such an election during the year.

The City subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recognized on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The City has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments, subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. INVESTMENTS

		2025	2024
Short term notes and deposits	Cost	$ 34,417,592	$ 35,051,968
Long term notes and deposits	Cost	45,391,220	46,031,362
		$ 79,808,812	$ 81,083,330

Short-term notes and deposits have interest rates varying from 1.91% to 5.70% (2024 -2.85% to 6.00%) and mature in less than one year. Long-term notes and deposits have interest rates varying from 2.80% to 6.5% (2024 - 1.91% to 5.70%).

3. ACCOUNTS RECEIVABLE

	2025	2024
Property taxes and utilities receivable	$ 1,220,274	$ 1,007,224
Accrued utilities receivable	1,697,000	1,525,000
Accrued development cost charges receivable	865,006	849,201
Receivable from provincial government	54,462	40,083
Receivable from federal government	175,069	124,237
Receivable from other government agencies	219,300	227,340
Trade accounts receivable	518,856	332,870
Accrued interest receivable	3,985,542	3,101,070
	$ 8,735,509	$ 7,207,025

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Payable to federal government	$ 1,036,665	$ 1,102,975
Payable to provincial government	1,113,517	932,757
Payable to other government agencies	1,313,491	949,034
Trade accounts payable	1,306,100	844,472
Accrued payroll and vacation payable	939,579	773,964
	$ 5,709,352	$ 4,603,202

5. DEFERRED REVENUE

Development cost charges (DCC's) represent funds collected or collectible from developments for capital purposes as specified by a bylaw under the authority of the *Community Charter*. The collections from development are recorded as a deferred revenue until such time as they are spent for the purposes specified in the City bylaw.

	2025	2024
Development cost charges	$ 16,893,455	$ 15,038,985
Deferred revenue - building permit fees	133,178	219,017
Deferred revenue - other	251,243	124,416
	$ 17,277,876	$ 15,382,418

	2025	2024
Development cost charges (DCCs)		
Opening balance	$ 15,038,985	$ 12,944,591
Less: Prior year development cost charges receivables	(849,201)	-
Add: DCCs received/receivable during the year	2,450,462	1,826,532
Less: Amounts spent on projects and recorded as revenue	(382,150)	(399,648)
Add: Interest earned on unspent DCCs	635,359	667,510
	$ 16,893,455	$ 15,038,985

	2025	2024
Development cost charges (DCCs) include the following		
Public open space	$ 2,798,826	$ 2,723,567
Water	5,318,434	4,455,692
Sanitary sewer	160,706	143,441
Storm sewer	323,774	276,125
Roads	8,291,715	7,440,160
	$ 16,893,455	$ 15,038,985

6. DEPOSITS AND OTHER LIABILITIES

	2025	2024
Prepaid property taxes and utilities	$ 3,695,749	$ 3,305,040
Development security deposits	4,485,919	5,953,846
Developer contributions and grant deposits	914,031	333,520
Other temporary deposits	2,381	3,151
	$ 9,098,080	$ 9,595,557

7. EMPLOYEE BENEFIT ACCRUAL

	2025	2024
Retirement benefits actuarial estimated liability	$ 577,872	$ 556,650

Retirement benefits - employees who retire may qualify for a payout of their accumulated unused sick leave bank. Union employees may qualify for a 100% payout of up to 60 days of unused sick days and non-union staff qualify for a 50% payout of their unused sick days up to 261 days maximum payout if certain restrictions are met. The City calculates the value of this liability based on a statistical analysis of the age and length of service and the likelihood that employees will reach the age of 60, retire and become eligible for this benefit. The accrual uses the following assumptions in the liability calculation: discount rate 4.52%, expected salary increases 3.5% and attrition rate of 41.60% (2024 - 4.33%, 3.50%, 39.28%, respectively).

8. DEBT

	Maturity Date	Interest Rate	2025	2024
General Revenue Fund - Long Term				
Resort Way Local Improvement	Apr. 2025	5.10%	$ -	$ 50,278
Water Utility Fund - Long Term				
River Intake and Water Treatment	Apr. 2043	3.15%	3,141,928	3,275,643
River Intake and Water Treatment	Oct. 2044	2.24%	1,314,200	1,365,421
			4,456,128	4,641,064
Total debt			$ 4,456,128	$ 4,691,342

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

	Total
2026	$ 153,596
2027	153,596
2028	153,596
2029	153,596
2030	153,596
	$ 767,980

The City issues its debt instruments through the Municipal Finance Authority (MFA). As a condition of the long term borrowing, the City is obligated to lodge security by means of demand notes and interest bearing cash deposits based on the amount of the borrowing. The total security equals one half the annual instalment of principal and interest, with the cash deposits equal to one percent of the total principal borrowed and the remainder covered by the demand note. The restricted cash will be recognized as reduced debt principal and interest payments in the final year of the debt when the MFA applies the deposits to the debt payments. The total cash held by the MFA at December 31, 2025 for the City's debt is $67,242 (2024 - $79,902). The demand notes, which are contingent in nature, are held by the Regional District of Nanaimo to act as security against the possibility of debt repayment default and are not recorded in the consolidated financial statements. Upon the maturity of a debt issue, the demand notes are released. As at December 31, 2025, there were contingent demand notes of $101,718 (2024 - $125,278) outstanding.

9. ASSET RETIREMENT OBLIGATION

The City has buildings and infrastructure containing asbestos and is legally required to remove the asbestos when it becomes necessary to repair or replace the buildings and infrastructure. The City recognized the liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of the building and infrastructure. The asset retirement cost is amortized on a straight-line basis over the useful life of the building and infrastructure.

The City estimated the amount of the liability using undiscounted future expenditures estimated to retire the tangible capital asset.

	2025	2024
Opening balance	$ 530,093	$ 505,153
Add: ARO accretion expense	15,159	24,940
Ending balance, ARO Liability	$ 545,252	$ 530,093

10. TANGIBLE CAPITAL ASSETS

See Schedule 1 for detailed summary asset information.

a) Work in progress

Work in progress having a value of $2,587,052 (2024 - $700,273) has not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed tangible capital assets

Contributed assets having a value of $1,969,762 (2024 - $160,785) were acquired from developers as part of subdivision installations, including land under roads, as well as water, sanitary sewer, storm sewer roads, lighting and sidewalk related infrastructure.
These contributed assets were recognized at an estimate of the fair value of the cost of the materials and installation.

c) Works of art and historical treasures

The City manages and controls various works of art and non-operational historical cultural assets including artifacts, paintings, and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

d) Write-down of tangible capital assets and assets recognized at nominal value

Write down of tangible capital assets occurred during the year of $nil (2024 - $nil). No tangible capital assets are recognized at nominal value.

e) Gain/loss on disposal of tangible capital assets

During the year the City recognized a $59,109 gain (2024 - $76,577 loss) on disposal of tangible capital assets. This amount is included in the gain/(loss) on disposal of tangible capital assets on the Consolidated Statement of Operations.

11. ACCUMULATED SURPLUS

	2025	2024
Unrestricted operating surplus		
General revenue fund	$ 18,822,623	$ 23,501,502
Water utility fund	3,636,204	7,824,215
Sewer utility fund	4,277,145	4,023,694
Total unrestricted operating surplus	26,735,972	35,349,411
Internally restricted, for specific purpose		
Canada Community-Building (Community Works Fund) fund (Note 12)	5,482,142	4,769,474
COVID-19 Restart Grant (Schedule 3)	-	157,524
Growing Communities fund (Schedule 4)	3,299,090	4,211,842
Local Government Housing Initiatives fund (Schedule 5)	108,878	153,850
Total internally restricted, for specific purpose	8,890,110	9,292,690
Restricted reserve funds set aside for specific purposes by Council		
General fund reserves		
Future expenditures	2,569,706	2,443,774
Financial stabilization	2,905,000	-
Protective services	3,447,200	1,534,000
Information technology equipment replacement	372,901	-
Operations equipment replacement	1,952,005	2,361,408
Parksville Civic and Technology Centre	742,280	102,400
Asset management capital	10,502,161	-
Other capital	775,915	8,983,533
Water utility fund reserves		
Future expenditures	439,067	482,091
Financial stabilization	1,150,000	-
Asset management capital	1,924,905	-
Other capital	3,503,161	1,692,696
Arrowsmith Water Service Joint Venture	45,627	17,500
Englishman River Water Service Joint Venture	1,123,144	674,160
Equity in Englishman River Water Services Joint Venture reserves	370,000	370,000
Equity in Arrowsmith Water Services Joint Venture reserves	371,044	371,044
Sewer utility fund reserves		
Future expenditures	99,789	197,760
Asset management capital	1,256,488	-
Other capital	974,896	1,775,524
Total restricted reserve funds	34,525,289	21,005,890
Statutory reserves		
Land Sale reserve	312,644	1,298,295
General Parkland reserve	1,599,596	1,368,376
Off Street Parking reserve	827,704	812,996
Total statutory reserve funds	2,739,944	3,479,667
Equity in tangible capital assets		
General revenue fund	150,283,165	146,047,670
Water utility fund	49,718,254	49,827,789
Sewer utility fund	10,870,412	10,965,564
	210,871,831	206,841,023
	$ 283,763,146	$ 275,968,681

11. ACCUMULATED SURPLUS (continued)

The restricted surplus is comprised of funds that are internally restricted for a specific purpose, as well as reserves to be used to fund specified future expenditures, as authorized by Council. It includes statutory reserves set up by bylaw under the authority of the *Community Charter* and reserve accounts for which Council is not restricted by external parties in providing for the use of funds.

The unrestricted surplus represents the accumulated operating surpluses of the City.

Council adopted a new reserves bylaw on April 7, 2025, creating new reserves and resolved to transfer funds from unrestricted surplus to reserves and amongst reserves. The amounts above reflect these changes.

12. INTERNALLY RESTRICTED SURPLUS

Canada Community-Building (Community Works Fund) (previously Gas Tax) funding is provided by the federal government. The use of the funding is established by a funding agreement between the City and the Union of British Columbia Municipalities (UBCM). The funding can be used towards designated infrastructure and capacity-building projects.

	2025	2024
Canada Community-Building (Community Works Fund) funds		
Opening balance of unspent funds	$ 4,769,474	$ 4,550,419
Add: funding received during the year	684,584	684,584
Less: amount spent on projects	(187,464)	(687,843)
Add: interest earned on unspent funds	215,548	222,314
	$ 5,482,142	$ 4,769,474

13. COMMITMENTS, CONTINGENT LIABILITIES AND CONTRACTUAL RIGHTS

a) The City is responsible, as a member of the Regional District of Nanaimo and the Nanaimo Regional Hospital District, for its proportion of any operating deficits or capital debt related to functions in which it participates.

b) The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusteed 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, 2024, the Plan has approximately 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local government.

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

The most recent valuation for the Plan as at December 31, 2024, indicated a $2.675 billion funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

The City paid $816,167 (2024 - $760,420) for employer contributions to the plan in fiscal 2025.

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

c) The City enters into commitments for both capital and operational expenses in the normal course of business. These commitments have been budgeted for within the appropriate annual budget and have been approved by Council.

At December 31, 2025, the following major contracts were in progress:

	Total Amount of Contract	Amount Paid or Accrued
Administration projects and operating agreements	$ 83,643	$ 51,536
Fire Department projects (including vehicles)	369,321	205,094
Parks, facilities and cultural services projects	548,657	246,975
Transportation infrastructure projects	1,259,132	674,438
Water & Sewer infrastructure projects	1,440,082	662,757

d) Other contingent liabilities consisting of routine claims will be accounted for as an expense in the period in which the costs are likely and estimable. It is not possible to determine the City's liability, if any, with respect to these other matters.

14. TAXATION

Taxation revenue, reported on the Consolidated Statement of Operations, is made up of the following:

	2025	2024
General taxation	$ 19,958,608	$ 18,660,697
Payments in place of taxes	53,229	55,690
Parcel taxes	67,611	68,018
1% utility taxes	367,969	344,568
Vancouver Island Regional Library	1,061,784	992,048
Collections on behalf of other governments		
Province of British Columbia - School Authorities	9,046,248	8,438,907
Regional District of Nanaimo	4,503,326	4,017,536
Nanaimo Regional Hospital District	3,745,243	3,028,615
British Columbia Assessment Authority	260,035	241,404
Parksville Downtown Business Improvement Area	210,000	200,000
Municipal Finance Authority	1,397	1,340
	39,275,450	36,048,823
Transfers to other governments		
Province of British Columbia - School Authorities	(9,046,248)	(8,438,907)
Regional District of Nanaimo	(4,503,326)	(4,017,536)
Nanaimo Regional Hospital District	(3,745,243)	(3,028,615)
British Columbia Assessment Authority	(260,035)	(241,404)
Parksville Downtown Business Improvement Area	(210,000)	(200,000)
Municipal Finance Authority	(1,397)	(1,340)
	(17,766,249)	(15,927,802)
Net taxation for municipal purposes	$ 21,509,201	$ 20,121,021

The Regional District of Nanaimo wastewater levy is being funded by a combination of property taxes of $3,451,522 (2024 - $3,013,371) and sewer user fees of $510,000 (2024 - $510,000). In 2025, the total wastewater levy of $3,451,522 (2024 - $3,523,371) is included in Sewer Services expenses.

15. GOVERNMENT TRANSFERS AND GRANTS

Government transfers and capital grants reported on the Consolidated Statement of Operations are comprised of:

	2025 Budget	2025 Actual	2024 Actual
Government operating transfers			
Provincial			
Small communities grant	$ 300,000	$ 273,000	$ 314,000
Traffic fine revenue sharing	81,600	98,000	95,000
Other	64,500	87,301	599,595
	446,100	458,301	1,008,595
Federal	-	15,000	-
	-	15,000	-
Federal			
Canada Community-Building fund	686,500	684,584	684,584
	686,500	684,584	684,584
Other government agency grants	201,900	136,637	32,775
	$ 1,334,500	$ 1,294,522	$ 1,725,954

Canada Community-Building (Community Works Fund, previously Gas Tax) funding is provided by the federal government. The use of the funding is established by a funding agreement between the City and the Union of British Columbia Municipalities (UBCM). The funding can be used towards designated infrastructure and capacity-building projects.

The small communities grant is unconditional funding to assist municipalities with populations up to approximately 19,000 residents.

Traffic fine revenue sharing is an unconditional grant provided to assist municipalities in ensuring community safety and addressing community specific strategic priorities. The program returns 100% of net revenue from traffic violations to municipalities directly responsible for paying for policing.

16. SEGMENTED INFORMATION

The City of Parksville provides a diverse range of services to its citizens including water and sewer, fire, police, bylaw, building inspections and park maintenance among others. The City maintains three separate funds (general revenue, water revenue and sewer revenue) to account for the services. Each fund is expected to cover its expenditures through its own revenue collections.

City services are provided by departments and their activities are reported in one of these funds. Certain departments have been amalgamated to reduce the number of segments and provide information along the following related functional lines:

General Government
Provides services for legislative and general administration as well as financial management, revenue collection, human resources and information technology.

Protective Services
Includes the provision of police, fire, bylaw and emergency services. The City shares costs in a regional police force that serves Parksville, Qualicum Beach, French Creek, Errington and other local areas within the Regional District of Nanaimo. The City of Parksville has an allocation of 18 police officers. The Parksville volunteer fire department includes 3 full time officers, 4 paid members and 36 volunteer members and provides first responder services in addition to fire protection to Parksville and part of the Regional District of Nanaimo (San Pariel, Martindale Road and half of French Creek). Bylaw enforcement is provided by 4 full time bylaw officers. Emergency services are coordinated by 1 staff member and a service contract.

Engineering and Transportation
Responsible for the delivery of municipal public works services including the planning, development and maintenance of roads, sidewalks, street lighting, traffic signals, and snow removal.
The engineering department also contracts itself to the water and sewer revenue funds for the planning and development of the City's water and sewer infrastructure.

Community Planning
Manages urban development for environmental concerns, local neighbourhoods and the downtown through City planning, community development, parks and sustainability planning. It ensures acceptable quality of building construction and property maintenance through enforcement of construction and building codes and standards. It also assists economic development through review and approval of land development plans, application of zoning by-laws and processing of building permit applications.

Parks, Facilities and Cultural Services
Maintains the City's numerous parks and roadside greenery. It also maintains the recreational sports fields, hard courts, dog park, children's playgrounds and City facilities.
Cultural services include the annual requisition paid to the Vancouver Island Regional Library.

Water, Sewer, and Solid Waste
Water and Sewer are each accounted for in their own funds and are consolidated for segmentation purposes.
The water fund is responsible for providing potable water to the citizens of Parksville including the maintenance of the water distribution and supply systems. The sewer fund is responsible for the maintenance of the sanitary sewer collection system. The planning and development of the systems is provided by the engineering department.
Solid waste collection and disposal is contracted out by the City to the Regional District of Nanaimo.

See Schedule 2 for a detailed summary of the revenues and expenses of each segment for 2025, with comparatives for 2024. 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. Taxation revenue is not allocated to the segments and consolidation eliminations are not removed from the segments.

17. INTEREST IN PARTNERSHIPS

The City is involved in two joint venture partnerships, Arrowsmith Water Service and Englishman River Water Service, relating to the storage and provision of bulk drinking water. The joint ventures construct, operate and maintain the facilities necessary to provide potable water. Financial statements are prepared and audited for each joint venture partnership. The financial statements are prepared in accordance with Canadian public sector accounting standards except that amortization of tangible capital assets is not recorded in the partnership financial statements but rather by each partner in their own respective consolidated financial statements.

Arrowsmith Water Service Joint Venture

The City is in a partnership agreement with the Town of Qualicum Beach and the Regional District of Nanaimo to operate and maintain the Arrowsmith dam. Costs are shared proportionately between the partners depending on their ownership percentage of the dam and/or their water usage percentage. The City accounts for its share of the partnership (63.9%) using the proportionate consolidation method of accounting. The City's share of the partnership's assets, liabilities, accumulated surplus, and revenues and expenses are summarized below:

	2025	2024
Financial assets	$ 527,359	$ 541,549
Financial liabilities	-	-
Non-financial assets	4,556,686	4,501,535
Accumulated surplus	4,556,686	4,501,535
Revenues	-	28,582
Expenses	130,378	192,685

Englishman River Water Service Joint Venture

The City is in a partnership agreement with the Regional District of Nanaimo to operate and maintain the ERWS transmission line, river intake and water treatment plant. Construction of these facilities was completed in 2019. Costs are shared proportionately between the partners depending on their ownership percentage in the partnership and their proportion of water usage in the year. The City accounts for its share of the partnership (74%) using the proportionate consolidation method of accounting. The City's share of the partnership's assets, liabilities, accumulated surplus, and revenues and expenses are summarized below:

	2025	2024
Financial assets	$ 665,822	$ 1,026,577
Financial liabilities	-	-
Non financial assets	34,514,544	34,012,739
Accumulated surplus	34,514,544	34,012,739
Revenues	-	-
Expenses	985,745	1,170,776

18. ANNUAL BUDGET

The budget data presented in these consolidated financial statements is based upon the 2025-2029 financial plan adopted by Council on May 8, 2025 and used to set the 2025 property tax rates. The analysis below reconciles the approved 2025 financial plan to the budget figures reported in these consolidated financial statements.

Consolidated budgeted surplus, per City of Parksville Financial Plan Bylaw No. 1594.1	$ -
Add	
Capital projects, General fund	15,825,800
Capital projects, Water fund	1,653,000
Capital projects, Sewer fund	453,900
Debt repayments	232,200
Transfers to reserves	30,747,171
Less	
Transfers from reserves	(43,998,291)
Transfers to/(from) surplus	(138,300)
Amortization	(6,223,900)
Consolidated Budgeted Surplus (Deficit), per City of Parksville Statement of Operations	$ (1,448,420)

19. FINANCIAL INSTRUMENTS

The City as part of its operations carries a number of financial instruments. It is management's position that the City is not exposed to significant interest, currency, or credit risk arising from these financial instruments unless otherwise disclosed.

CITY OF PARKSVILLE
SCHEDULE OF TANGIBLE CAPITAL ASSETS
AS AT DECEMBER 31, 2025

	ASSET COST					ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance December 31, 2024	2025 Additions	Disposals and Writedowns	2025 WIP Transfers	Balance December 31, 2025	Balance December 31, 2024	2025 Amortization	2025 Disposals	Balance December 31, 2025	2025	2024
											-
Land	$ 60,038,725	$ 507,870	$ -	$ 14,767	$ 60,561,363	$ -	$ -	$ -	$ -	$ 60,561,363	$ 60,038,725
Land improvements	13,538,874	226,006	-	26,654	$ 13,791,534	5,787,306	613,603	-	6,400,909	7,390,625	$ 7,751,568
Buildings	31,776,363	2,116,878	-	-	$ 33,893,241	6,573,068	719,094	-	7,292,162	26,601,078	$ 25,203,294
Vehicles and equipment	23,554,213	1,254,130	237,127	4,202	$ 24,575,418	9,679,799	1,331,925	237,127	10,774,597	13,800,822	$ 13,874,414
Roads, sidewalks, lighting	75,626,723	2,669,518	804,769	-	$ 77,491,472	35,890,375	1,856,760	721,693	37,025,442	40,466,030	$ 39,736,348
Storm sewer system	35,575,893	295,384	-	-	$ 35,871,277	12,786,116	482,287	-	13,268,404	22,602,872	$ 22,789,777
Water system & AWS dam	47,826,344	695,578	20,872	-	$ 48,501,050	16,801,383	657,044	8,197	17,450,231	31,050,819	$ 31,024,961
Sanitary sewer system	19,379,276	109,627	-	-	$ 19,488,903	8,461,118	215,235	-	8,676,353	10,812,550	$ 10,918,158
Work in progress	700,273	1,932,402	-	(45,623)	$ 2,587,052	-	-	-	-	2,587,052	$ 700,273
	$ 308,016,684	$ 9,807,393	$ 1,062,769	$ -	$ 316,761,310	$ 95,979,165	$ 5,875,947	$ 967,017	$100,888,097	$ 215,873,211	$ 212,037,518

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

SCHEDULE 2

CITY OF PARKSVILLE
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Government	Protective Services	Engineering and transportation services	Community Planning	Parks, facilities and cultural services	Solid waste services	Water services	Sewer services	2025 Consolidated Totals
Revenues									
Taxation	$ 20,379,806	$ -	$ -	$ -	$ 1,061,784	$ -	$ 43,150	$ 24,461	$ 21,509,201
Fees and charges	50,838	1,005,989	17,428	817,417	711,457	1,170,579	4,341,643	5,756,053	13,871,404
Investment income	2,830,467	-	-	-	-	-	328,340	185,900	3,344,707
Other	210,052	46,115	-	-	156,178	-	-	-	412,345
Government transfers and grants	1,059,885	202,920	25,628	-	6,089	-	-	-	1,294,522
Developer contributions	66,714	58,400	1,291,696	174,300	-	-	943,064	50,439	2,584,613
Gain/(loss) on disposal of tangible capital assets	-	-	(83,077)	-	154,861	-	(12,675)	-	59,109
	24,597,762	1,313,424	1,251,675	991,717	2,090,369	1,170,579	5,643,522	6,016,853	43,075,901
Expenses									
Labour	$ 3,742,504	$ 2,800,535	$ 1,993,289	$ 853,308	$ 2,201,466	$ -	$ 1,262,072	$ 245,044	$ 13,098,218
Consulting and contract services	460,726	3,114,671	396,417	3,746	1,809,460	1,004,993	461,081	4,000,134	11,251,228
Materials, goods and supplies	328,500	393,725	431,150	16,019	500,308	-	560,544	103,090	2,333,336
Other	242,927	19,265	-	-	39,231	-	-	-	301,423
Amortization of tangible capital assets	85,880	326,682	2,747,822	-	922,070	-	1,577,394	216,099	5,875,947
Interest	80,045	-	(4,477)	-	-	-	161,691	-	237,259
Special projects	523,633	84,783	469,947	-	439,591	-	74,699	183,923	1,776,576
Equipment charges (internal)	1,677	13,669	154,903	4,083	153,059	-	49,794	30,264	407,449
Internal allocations	(1,108,101)	-	(602,337)	-	43,180	-	833,629	833,629	-
	4,357,791	6,753,330	5,586,714	877,156	6,108,365	1,004,993	4,980,904	5,612,183	35,281,436
Segment surplus (deficit)	$ 20,239,971	$ (5,439,906)	$ (4,335,039)	$ 114,561	$ (4,017,996)	$ 165,586	$ 662,618	$ 404,670	$ 7,794,465

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

SCHEDULE 2

CITY OF PARKSVILLE
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Government	Protective Services	Engineering and transportation services	Community Planning	Parks, facilities and cultural services	Solid waste services	Water services	Sewer services	2024 Consolidated Totals
Revenues									
Taxation	$ 19,060,955	$ -	$ -	$ -	$ 992,048	$ -	$ 42,125	$ 25,893	$ 20,121,021
Fees and charges	47,106	1,004,041	20,809	607,562	555,774	1,034,416	4,080,040	5,139,895	12,489,643
Investment income	2,735,499	-	-	-	-	-	446,890	195,800	3,378,189
Other	189,874	45,293	-	-	20,000	-	-	-	255,167
Government transfers and grants	1,598,179	122,775	-	-	5,000	-	-	-	1,725,954
Developer contributions	84,213	20,000	160,785	-	-	-	315,436	-	580,434
Gain/(loss) on disposal of tangible capital assets	-	-	(102,685)	-	26,108	-	-	-	(76,577)
	23,715,826	1,192,109	78,909	607,562	1,598,930	1,034,416	4,884,491	5,361,588	38,473,831
Expenses									
Labour	$ 3,601,333	$ 2,384,327	$ 1,915,472	$ 816,559	$ 1,914,696	$ -	$ 1,205,662	$ 240,839	$ 12,078,888
Consulting and contract services	458,874	3,659,701	274,761	14,252	1,633,830	928,612	470,651	3,556,745	10,997,426
Materials, goods and supplies	313,977	417,780	381,260	13,417	490,397	-	771,208	87,091	2,475,130
Other	223,860	21,484	-	-	29,590	-	-	-	274,934
Amortization of tangible capital assets	75,912	332,704	2,678,259	-	832,060	-	1,569,438	209,587	5,697,960
Interest	127,164	-	1,028	-	-	-	161,348	-	289,540
Special projects	883,928	27,775	389,657	-	210,290	-	57,208	44,188	1,613,046
Equipment charges (internal)	1,956	13,403	162,890	3,869	116,057	-	44,844	27,005	370,024
Internal allocations	(1,087,200)	-	(496,696)	-	40,420	-	771,738	771,738	-
	4,599,804	6,857,174	5,306,631	848,097	5,267,340	928,612	5,052,097	4,937,193	33,796,948
Segment surplus (deficit)	$ 19,116,022	$ (5,665,065)	$ (5,227,722)	$ (240,535)	$ (3,668,410)	$ 105,804	$ (167,606)	$ 424,395	$ 4,676,883

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

SCHEDULE 3

CITY OF PARKSVILLE

COVID-19 SAFE RESTART GRANT

YEAR ENDED DECEMBER 31, 2025

	2025	2024
Beginning Balance	$ 157,524	$ 459,964
Allocations:		
Unplanned pandemic response costs:		
Labour	134,128	180,000
Technology equipment	23,396	122,440
Total eligible allocations of grant	157,524	302,440
Balance of grant remaining (included in Restricted Surplus)	$ -	$ 157,524

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

SCHEDULE 4

CITY OF PARKSVILLE

GROWING COMMUNITIES FUND

YEAR ENDED DECEMBER 31, 2025

The Province of British Columbia distributed conditional GCF grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of $1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia.

The City received $4,789,000 of GCF funding in March 2023.

	2025	2024
Balance, beginning of year	$ 4,211,842	$ 4,279,294
Additions		
Interest earned on unspent funds	157,906	202,532
Eligible costs		
Drinking water master plan	231,562	72,746
Storm water management	-	23,992
Local road improvements	716,800	173,246
Emergency communications equipment	122,297	-
Total eligible allocations of grant	1,070,658	269,984
Balance, end of year	$ 3,299,090	$ 4,211,842

The City utilized funds towards a drinking water master plan, major asphalt sealing and overlay, and the replacement of emergency communications radio towers.

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

SCHEDULE 5
(Unaudited)

CITY OF PARKSVILLE

LOCAL GOVERNMENT HOUSING INITIATIVES (LGHI) FUNDING PROGRAM

YEAR ENDED DECEMBER 31, 2025

The Province of British Columbia distributed conditional LGHI grants to communities in January 2024 to help facilitate implementation and support local governments to meet new legislative requirements of Bill 44 Housing Statutes (Residential Development) Amendment Act, Bill 46 Housing Statutes (Development Financing) Amendment Act, and Bill 47 Housing Statutes (Transit-Oriented Areas) Amendment Act.

The LGHI funding program distributed funds to all of B.C.'s municipalities, regional districts and the Islands Trust.

The City received $213,686 of LGHI funding in January 2024.

	2025	2024
Balance, beginning of year	$ 153,850	$ -
Additions		
Funding received during the year	-	213,686
Eligible costs		
Interim housing needs report	-	11,293
OCP and Zoning Bylaw - 20 year capacity review	23,908	-
Zoning and development bylaw updates	-	48,543
OCP - comprehensive update	14,350	-
Development cost charge/amenity bylaw update	6,715	-
Total eligible allocations of grant	44,972	59,836
Balance, end of year	$ 108,878	$ 153,850

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

City of Parksville RFP No. RFP-FIN-2026-02

APPENDIX D

ARROWSMITH WATER SERVICE JOINT VENTURE

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

ARROWSMITH WATER SERVICE JOINT VENTURE

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Independent Auditor's Report

To the Management Board of Arrowsmith Water Services Joint Venture:

Opinion

We have audited the financial statements of Arrowsmith Water Service Joint Venture ("Joint Venture"), which comprises the statement of financial position as at December 31, 2025, statement of operations and joint venturers' accumulated surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (together "the financial statements").

In our opinion, the accompanying financial statements of the Joint Venture for the year ended December 31, 2025 are prepared, in all material respects, in accordance with the financial reporting framework described in Note 1 to the financial statements.

Basis for Opinion

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

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1 to the financial statements, which describes the applicable financial reporting framework. The financial statements are prepared to assist the Joint Venture to meet the reporting requirements of the Joint Venture Agreement dated July 1, 2022 between the City of Parksville, Regional District of Nanaimo and the Town of Qualicum Beach. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements, in accordance with the financial reporting framework described in Note 1 of the financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Joint Venture's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Joint Venture's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Joint Venture to cease to continue as a going concern.

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

Nanaimo, British Columbia

MNP LLP

June 18, 2026

Chartered Professional Accountants

ARROWSMITH WATER SERVICE JOINT VENTURE

STATEMENT OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2025

		2025		2024
ASSETS				
FINANCIAL ASSETS				
Due from Joint Venturers (note 2)	$	585,630	$	585,630
NON-FINANCIAL ASSETS				
Tangible Capital Assets (note 3)		6,550,301		6,463,992
JOINT VENTURERS' ACCUMULATED SURPLUS (note 4)	$	7,135,931	$	7,049,622

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

Approved:

ARROWSMITH WATER SERVICE JOINT VENTURE

STATEMENT OF OPERATIONS AND JOINT VENTURERS' ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2025

	City of Parksville	Town of Qualicum Beach	Regional District of Nanaimo	**2025 Total**	**2024 Total**
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	$ 4,501,535	$ 967,836	$ 1,580,251	$ 7,049,622	$ 7,007,622
Less: Expenses					
Administration	71,562	15,343	25,086	111,991	117,979
Operations	19,752	-	9,381	29,132	111,362
Maintenance	39,065	8,375	13,694	61,134	59,376
	130,378	23,718	48,161	202,257	288,717
	4,371,157	944,118	1,532,090	6,847,365	6,718,905
Add: Grant	-	-	-	-	42,281
Add: Joint venturers' contributions	185,530	35,542	67,494	288,566	288,436
ACCUMULATED SURPLUS AT END OF YEAR	$ 4,556,687	$ 979,660	$ 1,599,584	$ 7,135,931	$ 7,049,622

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

ARROWSMITH WATER SERVICE JOINT VENTURE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Arrowsmith Water Service is a joint venture of the City of Parksville, the Town of Qualicum Beach and the Regional District of Nanaimo. The purpose of the joint venture is the design, construction, installation, operation, maintenance and replacement of bulk water supply facilities, which is to supply water within the boundaries of Parksville, Qualicum Beach and the existing local water service areas in the Regional District of Nanaimo.

The Joint Venturers entered into an agreement on July 10, 1996 by order of the Lieutenant Governor in Council. A new agreement was signed by the Joint Venturers on July 1, 2022.

Capital costs, administrative and maintenance expenses of the bulk water system are apportioned as follows:

City of Parksville	63.9%
Town of Qualicum Beach	13.7%
Regional District of Nanaimo	22.4%

Operational costs are shared between the City of Parksville and the Regional District of Nanaimo based on their relative share of water used from the Englishman River.

1. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Joint Venture Agreement between the Regional District of Nanaimo, City of Parksville and Town of Qualicum Beach dated July 1, 2022.

Amounts payable by the Joint Venture are presented on a net basis with the receivable due from Joint Venturers. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is not recorded on tangible capital assets of the Joint Venture as the Joint Venturers each record amortization on their share of the tangible capital assets in their own consolidated financial statements.

These financial statements are prepared to comply with the reporting provisions of the Joint Venture Agreement between the Regional District of Nanaimo, City of Parksville and Town of Qualicum Beach dated July 1, 2022. As a result, the financial statements may not be suitable for another purpose.

ARROWSMITH WATER SERVICE JOINT VENTURE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

2. DUE (TO)/FROM JOINT VENTURERS

	2025	2024
Due (To)/From City of Parksville	$ 527,359	$ 541,549
Due (To)/From Town of Qualicum Beach	103,279	67,737
Due (To)/From Regional District of Nanaimo	(45,008)	(23,656)
	$ 585,630	$ 585,630

3. TANGIBLE CAPITAL ASSETS

	Cost	
	2025	**2024**
General		
Land	$ 762,267	$ 762,267
Buildings	40,705	40,705
Machinery and Equipment	227,155	142,535
Work in Progress	8,265	6,576
Infrastructure		
Dam	5,155,884	5,155,884
Land Improvements (Roads)	356,025	356,025
	$ 6,550,301	$ 6,463,992

4. JOINT VENTURERS' ACCUMULATED SURPLUS

The joint venturers' accumulated surplus includes reserves and equity in tangible capital assets.

	Carry-forward Reserve	Reserve for Future Expenditures	Equity in Tangible Capital Assets	2025	2024
City of Parksville	$ 3,460	$ 367,584	$ 4,185,643	$ 4,556,687	$ 4,501,535
Town of Qualicum Beach	3,460	78,809	897,391	979,660	967,836
Regional District of Nanaimo	3,461	128,856	1,467,267	1,599,584	1,580,251
	$ 10,381	$ 575,249	$ 6,550,301	$ 7,135,931	$ 7,049,622

City of Parksville RFP No. RFP-FIN-2026-02

APPENDIX E

ENGLISHMAN RIVER WATER SERVICE JOINT VENTURE

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

ENGLISHMAN RIVER WATER SERVICE JOINT VENTURE

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Independent Auditor's Report

To the Management Board of Englishman River Water Services Joint Venture:

Opinion

We have audited the financial statements of Englishman River Water Services Joint Venture the ("Joint Venture") , which comprises the statement of financial position as at December 31, 2025, statement of operations and joint venturers' accumulated surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (together “the financial statements”).

In our opinion, the accompanying financial statements of the Joint Venture for the year ended December 31, 2025 are prepared, in all material respects, in accordance with the financial reporting framework described in Note 1 to the financial statements.

Basis for Opinion

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

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1 to the financial statements, which describes the applicable financial reporting framework. The financial statements are prepared to assist the Joint Venture to meet the reporting requirements of the Joint Venture Agreement dated July 1, 2022 between the Regional District of Nanaimo and the City of Parksville. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information, including Schedule 1 have been presented for the purpose of additional analysis. We do not express an opinion on Schedule 1 because our examination did not extend to the detailed information therein.

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

Management is responsible for the preparation of the financial statements, in accordance with the financial reporting framework described in Note 1 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Joint Venture’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Joint Venture's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Joint Venture's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Joint Venture to cease to continue as a going concern.

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

Nanaimo, British Columbia

June 18, 2026

MNP LLP

Chartered Professional Accountants

ENGLISHMAN RIVER WATER SERVICE JOINT VENTURE

STATEMENT OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Due from Joint Venturers (note 2)	$ 500,000	$ 500,000
FINANCIAL LIABILITIES		
Due to Joint Venturers (note 2)	-	-
NET FINANCIAL ASSETS	500,000	500,000
NON-FINANCIAL ASSETS		
Tangible Capital Assets (note 3)	43,729,374	43,051,259
JOINT VENTURERS' ACCUMULATED SURPLUS (note 4)	$ 44,229,374	$ 43,551,259

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

Approved:

____

ENGLISHMAN RIVER WATER SERVICE JOINT VENTURE

STATEMENT OF OPERATIONS AND JOINT VENTURERS' ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2025

	City of Parksville	Regional District of Nanaimo	Town of Qualicum Beach	**2025 Total**	**2024 Total**
ACCUMULATED SURPLUS PRIOR TO REALLOCATION AT BEGINNING OF YEAR	$ 33,939,683	$ 9,512,852	$ 98,724	$ 43,551,259	$ 43,312,871
Expenses					
Administration	155,776	110,356	-	266,132	261,094
Operations	568,862	270,168	-	839,030	877,331
Maintenance	99,253	76,347	-	175,600	247,313
Minor Capital	161,854	96,363	-	258,217	169,880
	985,745	553,234	-	1,538,979	1,555,618
	32,953,938	8,959,617	98,724	42,012,280	41,757,253
Add: Joint venturers' contributions	1,487,550	729,544	-	2,217,095	1,794,006
Accumulated surplus prior to reallocation at end of year	34,441,488	9,689,162	98,724	44,229,374	43,551,259
Town of Qualicum Beach contribution reallocated (note 4)	73,056	25,668	(98,724)	-	-
ACCUMULATED SURPLUS AT END OF YEAR (note 4)	$ 34,514,544	$ 9,714,830	$ -	$ 44,229,374	$ 43,551,259

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

ENGLISHMAN RIVER WATER SERVICE JOINT VENTURE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Englishman River Water Service is a joint venture of the City of Parksville and the Regional District of Nanaimo. The purpose of the joint venture is the design, construction, installation, operation, maintenance and replacement of bulk water supply and treatment facilities, which is to supply water within the boundaries of Parksville and the existing local water service areas in the Regional District of Nanaimo.

The Joint Venturers entered into an agreement on July 10, 2011. A second agreement was signed by the Joint Venturers on July 1, 2016 followed by a third agreement on July 1, 2022.

The costs of tangible capital assets are generally apportioned as follows:

City of Parksville	74.0%
Regional District of Nanaimo	26.0%

The Springwood transmission line was 100% funded and apportioned, to the City of Parksville. Certain capital planning costs in the early stages of project development were split equally between the Joint Venturers (note 4).

Administrative, Maintenance and Operational costs of the bulk water system are shared between the City of Parksville and the Regional District of Nanaimo based on their relative share of water used from the Englishman River.

1. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Joint Venture Agreement between the Regional District of Nanaimo and the City of Parksville dated July 1, 2022.

Amounts payable by the Joint Venture are presented on a net basis with the due to/from Joint Venturers. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is not recorded on tangible capital assets of the Joint Venture as the Joint Venturers each record amortization on their share of the tangible capital assets in their own consolidated financial statements.

These financial statements are prepared to comply with the reporting provisions of the Joint Venture Agreement between the Regional District of Nanaimo and the City of Parksville dated July 1, 2022. As a result, the financial statements may not be suitable for another purpose.

2. DUE FROM JOINT VENTURERS

	2025	2024
Due (to) from City of Parksville	$ 665,822	$ 1,026,577
Due (to) from Regional District of Nanaimo	(165,822)	(526,577)
	$ 500,000	$ 500,000

3. TANGIBLE CAPITAL ASSETS

	Cost	
	2025	**2024**
River intake:		
Land improvements	$ 52,757	$ 52,757
Building	6,028,569	6,028,569
Equipment	3,361,252	3,361,252
Water treatment plant:		
Land improvements	302,333	302,333
Building	11,409,060	11,409,060
Equipment	12,738,693	12,738,693
Residual Handling System	443,087	443,087
Joint transmission line	1,259,812	1,259,812
Springwood transmission line	6,972,834	6,972,834
Other machinery & equipment	159,336	159,336
Work in progress:		
Infrastructure	678,115	-
Aquifer storage and recovery	323,527	323,527
	$ 43,729,374	$ 43,051,259

During 2008 to 2010 capital planning was in progress for the river intake and water treatment plant. The cost sharing arrangement between the Joint Venturers was an equal share of the costs for the capital planning, so a portion of the initial capital costs totalling $118,000 are not apportioned between the Joint Venturers at the current 74% / 26% split. The Springwood transmission line was also constructed as part of the entire project but it was 100% funded and is 100% owned, by the City of Parksville. The Town of Qualicum Beach also contributed funding towards the initial capital planning and those contributions and capital apportionment are shown for information of the Joint Venturers.

4. ACCUMULATED SURPLUS

Accumulated surplus is comprised of reserves and equity in tangible capital assets.

	Reserve for Future Expenditures	Equity in Tangible Capital Assets	**2025**	**2024**
City of Parksville	$ 370,000	$ 34,144,544	$ 34,514,544	$ 34,012,739
Regional District of Nanaimo	130,000	9,584,830	9,714,830	9,538,520
	$ 500,000	$ 43,729,374	$ 44,229,374	$ 43,551,259

The Town of Qualicum Beach made a contribution of $98,724 to the planning costs of the water intake and treatment facility. Subsequent to their contribution, the Town of Qualicum Beach chose to discontinue their participation in the water intake and treatment facility. The costs associated with the planning of the water intake and treatment facility were transferred to the Joint Venture. As the Town of Qualicum Beach is not an equity participant in the Joint Venture, the contribution by the Town of Qualicum Beach has been allocated to the City of Parksville and Regional District of Nanaimo based on their participating interests. The City of Parksville and Regional District of Nanaimo have agreed that the contribution may be applied against the cost of buying-in to the Joint Venture should the Town of Qualicum Beach choose to participate in the Joint Venture in the future.

SCHEDULE 1
UNAUDITED

ENGLISHMAN RIVER WATER SERVICE JOINT VENTURE
TANGIBLE CAPITAL ASSET PARTNER APPORTIONMENT
YEAR ENDED DECEMBER 31, 2025

	Capital Cost Apportionment			
	City of Parksville	**Regional District of Nanaimo**	**Town of Qualicum Beach**	**2025 Total**
River intake:				
Land improvements	$ 39,040	$ 13,717	$ -	$ 52,757
Building	4,391,865	1,569,113	67,591	6,028,569
Equipment	2,487,326	873,925	-	3,361,252
Water treatment plant:				-
Land improvements	223,727	78,607	-	302,333
Building	8,410,795	2,967,132	31,133	11,409,060
Equipment	9,426,633	3,312,060	-	12,738,693
Residual Handling System	327,884	115,203	-	443,087
Joint transmission line	932,261	327,551	-	1,259,812
Springwood transmission line	6,972,834	-	-	6,972,834
Other Machinery & equipment	117,909	41,427	-	159,336
Work in progress:				-
Infrastructure	501,805	176,310	-	678,115
Aquifer storage and recovery	239,410	84,117	-	323,527
	$ 34,071,488	$ 9,559,161	$ 98,724	$ 43,729,374
Reallocation of TQB capital cost	73,057	25,667	(98,724)	-
Equity in TCA (note 4)	$ 34,144,545	$ 9,584,828	$ -	$ 43,729,374

This schedule is provided for information of the Joint Venturers.

See notes 3 and 4 to the Joint Venture financial statements.

APPENDIX F

CITY OF PARKSVILLE

BYLAW NO. 1599.1

AMENDED FIVE YEAR FINAL FINANCIAL PLAN 2026 TO 2030

WHEREAS Section 165 of the *Community Charter Act of BC* grants authority to Council to amend a financial plan, by bylaw, at any time;

NOW THEREFORE the Council of the City of Parksville in open meeting assembled enacts as follows:

1. Schedule "1" attached to this bylaw is the Amended Five Year Financial Plan for the City of Parksville General Revenue Fund, Water Utility Fund, Sewer Utility Fund and Equipment Reserve Fund for the period January 1, 2026, to and including December 31, 2030.

2. Schedule "2" attached to this bylaw is the Amended Objectives and Policies for Revenue Sources, Tax Classes and Permissive Tax Exemptions.

3. This bylaw may be cited for all purposes as "Five Year Financial Plan Amendment Bylaw, 2026 - 2030, No. 1599.1."

READ A FIRST TIME this 4th day of May, 2026

READ A SECOND TIME this 4th day of May, 2026

READ A THIRD TIME this 4th day of May, 2026

RECONSIDERED AND FINALLY ADOPTED this 6th day of May, 2026

CERTIFIED A TRUE COPY
OF BYLAW NO. 1599.1

Deputy Corporate Officer

Mayor

Corporate Officer

Schedule "1"

CITY OF PARKSVILLE

Amended 2026 - 2030 Financial Plan

General Fund

	2026	2027	2028	2029	2030
Funding Sources					
Taxation	$ 22,998,700	$ 24,678,200	$ 26,485,000	$ 28,413,300	$ 30,470,900
Fees and Charges	3,755,000	3,889,800	3,889,300	3,967,100	4,109,400
Investment Income	650,000	550,000	475,000	450,000	450,000
Government Transfers and Grants	8,284,000	1,909,300	1,159,700	1,170,000	1,170,400
Developer Contributions	3,268,500	877,700	24800	24800	24800
Other	20,000	-	-	-	-
Total Funding Sources	38,976,200	31,905,000	32,033,800	34,025,200	36,225,500
Expenditures					
General Government Services	5,761,800	5,397,800	5,090,800	5,122,100	5,331,000
Protective Services:					
Fire Rescue	2,842,900	3,162,800	3,251,200	3,742,900	3,767,500
Police	4,340,700	5,663,000	6,081,700	6,485,100	6,747,200
Bylaw & Business Licenses	684,600	701,500	742,100	761,200	779,200
Engineering and Transportation Services					
Engineering and Emergency Program	1,511,800	1,417,300	1,441,700	1,480,100	1,550,500
Operations	2,582,100	2,544,100	2,612,300	2,675,500	2,744,300
Community Planning Services	903,700	940,800	973,300	1,003,800	1,030,000
Parks, Facilities and Cultural Services					
Parks and Trails	3,025,200	2,842,700	2,677,500	2,765,700	2,895,000
Facilities	1,433,600	1,556,200	1,578,900	1,463,200	1,415,100
Library Requisition	1,137,200	1,228,200	1,326,500	1,432,600	1,547,200
Solid Waste Collection	1,053,000	1,095,100	1,138,900	1,184,500	1,231,900
Amortization of tangible capital assets	4,281,400	4,483,200	4,697,100	4,924,400	5,165,700
Total Expenditures	29,558,000	31,032,700	31,612,000	33,041,100	34,204,600
Surplus (Deficit) from Operations	$ 9,418,200	$ 872,300	$ 421,800	$ 984,100	$ 2,020,900

Schedule "1" of

Bylaw No. 1599.1

Deputy Corporate Officer

Schedule "1"

CITY OF PARKSVILLE
Amended 2026 - 2030 Financial Plan
General Fund (continued)

	2026	2027	2028	2029	2030
Non-operating Items:					
Capital Expenditures	(27,999,400)	(13,033,200)	(6,423,000)	(5,781,800)	(5,902,600)
Transfers From Reserves					
Capital Reserves	8,167,000	10,185,000	4,959,000	4,732,300	4,924,800
Canada Community Building Fund Reserve	3,979,800	918,600	17,200	-	-
Growing Communities Fund Reserve	2,839,900	100,000	100,000	-	-
Off-street Parking Reserve	391,600	30,000	10,000	10,000	-
Protective Services Reserve	325,000	-	965,000	700,000	362,000
Future Expenditures Reserve	1,436,100	687,100	454,000	454,000	454,000
Financial Stabilization Reserve	140,000	345,000	189,500	71,500	90,000
Other Restricted Reserves	135,578	270,800	-	-	-
Unrestricted Operating Surplus	2,710,000	263,300	416,700	420,200	273,800
	20,124,978	12,799,800	7,111,400	6,388,000	6,104,600
Transfers to Reserves					
Capital Reserves - Other	(519,100)	(641,900)	(772,700)	(903,500)	(1,042,800)
Capital Reserve- Asset Management	(4,051,700)	(4,254,400)	(4,467,000)	(4,690,400)	(4,924,900)
Canada Community Building Fund Reserve	(684,600)	(712,000)	(712,000)	(721,900)	(721,900)
Protective Services Reserve	(200,800)	(251,400)	(305,100)	(362,200)	(423,000)
Future Expenditures Reserve	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)
Financial Stabilization Reserve	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
	(5,613,200)	(6,016,700)	(6,413,800)	(6,835,000)	(7,269,600)
Transfer to Water and Sewer Funds	(200,300)	(315,600)	(438,400)	(569,200)	(708,500)
Amortization of tangible capital assets	4,281,400	4,483,200	4,697,100	4,924,400	5,165,700
Total non-operating items	(9,406,522)	(2,082,500)	(1,466,700)	(1,873,600)	(2,610,400)
Annual Cash Surplus (Deficit)	$ 11,678	$ (1,210,200)	$ (1,044,900)	$ (889,500)	$ (589,500)
Transfer from Unrestricted Surplus	-	1,210,200	1,044,900	889,500	589,500
Transfer to Unrestricted Surplus	(11,678)	-	-	-	-
Financial Plan Surplus (Deficit)	$ -	$ -	$ -	$ -	$ -

Schedule "1"

CITY OF PARKSVILLE
Amended 2026 - 2030 Financial Plan
Sanitary Sewer Utility Fund

	2026	2027	2028	2029	2030
Funding Sources					
RDN Wastewater Property Taxes	4,256,000	5,348,300	5,874,600	6,384,700	7,004,200
Sewer Parcel Taxes	24,000	25,400	26,900	28,600	30,300
Fees and Charges					
User Fees	2,459,100	2,626,000	2,804,500	2,994,900	3,198,400
Transfer from General Fund	80,100	126,200	175,300	227,600	283,300
Interest on Reserves	35,000	30,000	25,000	25,000	25,000
Total Funding Sources	$ 6,854,200	$ 8,155,900	$ 8,906,300	$ 9,660,800	$ 10,541,200
Expenditures					
Municipal Purposes					
Administration	1,287,900	1,329,200	1,373,000	1,419,600	1,466,300
Collection System	232,000	238,900	249,400	257,000	263,800
Lift Station Maintenance	111,600	109,000	111,700	114,400	117,300
Treatment and Disposal	4,787,600	5,881,000	6,408,400	6,919,700	7,540,500
Minor capital	190,000	190,000	190,000	140,000	140,000
Amortization of tangible capital assets	220,400	224,800	229,300	233,900	238,600
Total Expenditures	6,829,500	7,972,900	8,561,800	9,084,600	9,766,500
Surplus (Deficit) from Operations	$ 24,700	$ 183,000	$ 344,500	$ 576,200	$ 774,700
Non-operating Items:					
Capital Expenditures	(920,700)	(843,500)	(455,800)	(478,600)	(527,500)
Transfers from Reserves					
Capital Reserves	852,800	843,500	455,800	478,600	527,500
Canada Community Bldg Fund Reserve	67,900	-	-	-	-
Future Exp Res./ Unrestr. Op. Surplus	140,000	140,000	140,000	90,000	90,000
Transfers to Reserves					
Capital Reserve - Other (From PT)	(80,100)	(126,200)	(175,300)	(227,600)	(283,300)
Capital Reserve - Asset Management	(413,500)	(434,200)	(455,900)	(478,700)	(502,600)
Operating Reserve-Future Expend.	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Amortization of tangible capital assets	220,400	224,800	229,300	233,900	238,600
Total non-operating items	(153,200)	(215,600)	(281,900)	(402,400)	(477,300)
Annual Cash Surplus (Deficit)	$ (128,500)	$ (32,600)	$ 62,600	$ 173,800	$ 297,400
Transfer from Unrestricted Surplus	128,500	32,600	-	-	-
Transfer to Unrestricted Surplus	-	-	(62,600)	(173,800)	(297,400)
Financial Plan Surplus (Deficit)	$ -	$ -	$ -	$ -	$ -

Schedule "1"

CITY OF PARKSVILLE
Amended 2026 - 2030 Financial Plan
Water Utility Fund

	2026	2027	2028	2029	2030
Funding Sources					
Water Parcel Taxes	$ 44,200	$ 46,900	$ 50,000	$ 52,600	$ 55,800
Fees and Charges					
User Fees	4,612,800	4,909,900	5,226,800	5,564,800	5,925,300
Investment Income	145,700	125,800	115,900	116,000	116,100
Goverment Transfers and Grants					
Actuarial Reduction of Debt	33,700	39,400	45,100	51,100	57,300
Developer Contributions	315,500	1,684,544	315,500	315,500	315,500
Transfers From Other Funds					
General Revenue Fund	209,100	281,000	357,400	438,700	525,200
Sewer Utility Fund	26,300	24,600	24,200	24,700	25,300
Total Funding Sources	5,387,300	7,112,144	6,134,900	6,563,400	7,020,500
Expenditures					
Municipal Purposes					
Administration	1,451,500	1,491,200	1,541,100	1,593,400	1,645,000
Service of Supply	417,800	433,400	457,300	449,200	462,400
Purification and Treatment	1,321,000	1,159,200	1,193,500	1,229,400	1,253,300
Trans & Distribution	728,600	751,500	775,200	806,700	828,300
Minor capital	360,000	307,200	253,500	178,500	178,500
Interest on Long Term Debt	161,900	161,900	161,900	161,900	161,900
Amortization of tangible capital assets	1,629,100	1,677,800	1,728,000	1,779,700	1,832,900
Total Expenditures	6,069,900	5,982,200	6,110,500	6,198,800	6,362,300
Surplus (Deficit) from Operations	$ (682,600)	$ 1,129,944	$ 24,400	$ 364,600	$ 658,200
Non-operating Items:					
Capital Expenditures	(2,066,500)	(2,942,500)	(1,176,000)	(3,097,700)	(1,047,000)
Long Term Debt Principal Payments	(153,600)	(153,600)	(153,600)	(153,600)	(153,600)
Actuarial Reduction of Debt	(33,700)	(39,400)	(45,100)	(51,100)	(57,300)
Transfer from Reserves					
Capital Reserves	1,694,000	917,500	1,062,800	1,965,500	1,047,000
Canada Community Bldg Fund Reserve	332,400	656,000	113,200	1,132,200	-
Future Exp Res./ Unrestr. Op. Surplus	348,000	298,200	253,500	178,500	178,500
Transfers to Reserves					
Capital Reserve - Other	(297,000)	(391,200)	(489,900)	(593,400)	(702,000)
Capital Reserve - Asset Management	(496,100)	(520,900)	(546,900)	(574,200)	(602,900)
Capital Reserve - WTP	(446,100)	(447,600)	(449,100)	(450,600)	(452,100)
Future Expend. and Fin. Stabilization Res.	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Amortization of tangible capital assets	1,629,100	1,677,800	1,728,000	1,779,700	1,832,900
Total non-operating items	470,500	(985,700)	256,900	95,300	3,500
Annual Cash Surplus (Deficit)	$ (212,100)	$ 144,244	$ 281,300	$ 459,900	$ 661,700
Transfer from Unrestricted Surplus	212,100	-	-	-	-
Transfer to Unrestricted Surplus	-	(144,244)	(281,300)	(459,900)	(661,700)
Financial Plan Surplus (Deficit)	$ -	$ -	$ -	$ -	$ -

Schedule "1"

CITY OF PARKSVILLE
Amended 2026 - 2030 Financial Plan
Equipment Replacement Reserve

	2026	2027	2028	2029	2030
Funding Sources					
Internal Rental Earnings	$ 835,000	$ 855,900	$ 877,300	$ 899,200	$ 921,700
Reserve fund interest	60,000	60,000	60,000	60,000	60,000
Proceeds on Sale of Capital Assets	240,000	62,000	62,300	64,000	6,800
Transfer from Equipment Replacement Reserve	295,200	-	54,500	-	-
Total Funding Sources	1,430,200	977,900	1,054,100	1,023,200	988,500
Expenditures					
Operations	505,900	500,100	512,600	525,400	538,500
Transfer to Equipment Replacement Reserve	-	5,100	-	65,600	371,400
Capital	924,300	472,700	541,500	432,200	78,600
Total Expenditures	1,430,200	977,900	1,054,100	1,023,200	988,500
Equipment Replacement Reserve Surplus	$ -	$ -	$ -	$ -	$ -

Schedule "2"

CITY OF PARKSVILLE
Amended 2026 - 2030 Financial Plan
Objectives and Policies for Revenue Sources, Tax Classes and Permissive Tax Exemptions

Section 165(3.1) of the *Community Charter* requires Council to establish objectives and policies relating to each of the following:

1. The proportion of total revenue that is proposed to come from funding sources as defined in 165(7) of the *Community Charter* (property taxes, parcel taxes, fees, borrowing and other);
2. The distribution of property taxes among the property classes;
3. The use of permissive tax exemptions.

1. FUNDING SOURCES

REVENUE SOURCE	2026 % of Total Financial Plan Revenue	2025 % of Total Financial Plan Revenue
Property taxes (municipal share)	53.7%	63.2%
Parcel taxes	0.1%	0.2%
User fees and charges	20.9%	25.8%
Government grants/transfers	16.2%	3.3%
Other sources	9.1%	7.5%
Proceeds from Borrowing	0.00%	0.00%
	100%	100%

Council currently does not have a specific policy surrounding the proportion of total revenue to come from each funding source. This is because some of the funding sources are beyond Council's control and large fluctuations can arise between the categories depending on funding used for various capital projects (such as government grants available, DCC reserves, and borrowing). Council does, however, have individual policies, procedures and objectives relating to some of the funding sources:

Property taxes: Property taxes are the main source of revenue for the City and are entirely within the control of the City council. The annual property tax revenues are determined based on the annual tax increases approved by Council. The property tax increase is determined in one of two ways:
(1) through the annual budget process where, after all other sources of revenue have been determined, the tax increase is set to ensure adequate resources for budgeted expenditures and reserves, or
(2) Council sets a rate increase based on the current economic conditions and what they think taxpayers can afford and then sets budgeted expenditures within those resource limits.

Schedule "2" of
Bylaw No. 1599.1

Deputy Corporate Officer

Parcel taxes: Parcel taxes are taxes levied on parcels of land without reference to the value of the land. Parcel taxes are used when Council determines that they are more appropriate than assessment-based property taxes.

User fees and charges: User fees are charges that the City levies for certain city services such as water, sewer, and solid waste services, building inspections and business licenses. These fees are set to provide sufficient funding to pay for the goods and service required to provide the services supplied without additional contributions from the property taxpayer. Council's policy relating to the water, sewer, and solid waste user fees is that the user fees along with parcel taxes and other sources of funding will cover the expenditures of each of those areas with the exception of the sanitary sewer wastewater treatment costs where $510,000 is recovered through user fees and the remainder (approximately $4.3M) is funded by the general taxpayer through property taxes.

Other sources: These revenues include interest income, operating and capital grants, DCC reserve withdrawals, developer contributions and other miscellaneous funding. These revenues are very unpredictable, can vary significantly from year to year and are used when they are available. Council has little control over these revenues and the policy is to use grants when they are available to fund capital projects, and to use the DCC reserves to fund eligible capital projects in accordance with the approved DCC capital expenditure program.

Proceeds from Borrowing: Borrowing is minimized and only used where an essential or very important capital project will not go ahead unless debt funds are acquired. Borrowing can either be long term (over 5 years) or short term (5 years or less). Long term borrowing will only be used where the capital project will provide a long-term benefit to the taxpayer. The use of this source of funding is not entirely within the control of Council as the assent of the electorate is required for the use of long-term debt. Short-term borrowing is limited by provincial legislation and is only used for an essential smaller capital project that will not go ahead without borrowing due to insufficient other funding. There is no borrowing included in the 2026 - 2030 Amended Financial Plan.

2. DISTRIBUTION OF PROPERTY TAXES AMONG THE PROPERTY CLASSES

The taxes levied is a factor of the amount of property assessments in a class (as determined by BC Assessment Authority) and the tax rate set by Council. The City has two significant classes of assessments (residential and business) and no formal policy is set as to what percentage of revenues will come from each class. Council's procedure is to apply tax increases (on a percentage basis) so that the total revenue of each tax class grows from the prior year by the approved tax increase (before the effects of new construction are added in). The proportionate relationships among the classes may vary from year to year depending on how much new construction has occurred within a particular class, so maintaining the relative percentages between classes is not considered a priority.

The distribution of property taxes among classes for 2026 is based on the BC Assessment revised roll and the 2026 property tax rates bylaw approved by Council. The relative proportions of property taxes levied are summarized in the following table and are unchanged from 2025.

PROPERTY CLASS		2026 % of Property Value Tax	2025 % of Property Value Tax
01	RESIDENTIAL	74.7%	74.7%
02	UTILITY	0.1%	0.1%
03	SUPPORTIVE HOUSING	0.0%	0.0%
04	MAJOR INDUSTRY	0.0%	0.0%
05	LIGHT INDUSTRY	0.6%	0.6%
06	BUSINESS/OTHER	23.5%	23.5%
08	RECREATION/ NON PROFIT	1.1%	1.1%
09	FARM	0.0%	0.0%
TOTAL		100%	100%

3. THE USE OF PERMISSIVE TAX EXEMPTIONS

Objective:

Provide tax relief to non-profit, charitable/philanthropic, athletic, service club, or care facility organizations that further Council's goals of enhancing quality of life and delivering services economically.

Policies:

Council policy is to review the permissive tax exemption requests each year before providing the exemptions. City Policy No. 6.15 defines the properties eligible for permissive taxation exemption. Council resolved in January 2022 that the total amount of the annual exemptions granted was not to exceed $225,000 in a year.

Properties relating to public park, recreation, athletic, and youth activities are eligible for an exemption of only up to 50% of the property's assessed value. A maximum 50% exemption also applies to properties that are ecologically significant if public access is not allowed. All other eligible properties can receive up to a 100% exemption provided the total exemptions do not exceed $225,000. If the calculated total exemptions exceed $225,000 then all exemptions will be prorated equally to generate a maximum total exemption of $225,000.

In addition to this maximum amount for annual exemptions, Council also provides 100% exemptions to specific housing societies identified in the Policy and 10 year exemptions per agreement and Council resolution.

Council has a five year revitalization tax exemption bylaw in place for the downtown core.

The City's annual report provides details of actual permissive tax exemptions granted in the year.

4. FUNDING FOR INFRASTRUCTURE REPLACEMENT

Council recogizes the importance of allocating funding towards the replacement of the City's assets. Current practice includes:

a. Transferring $4.5 million annually, indexed to inflation starting in 2025, to reserves to fund the replacement of water, sanitary, drainage and roads assets. This is funded through property taxation ($3,675,000) and utility user fees ($450,000 water and $375,000 sewer). Funds that are not needed in each year remain in reserve for use in future years. The total transfer to reserves planned for infrastructure renewal in 2026 is $4,961,300 (2025: $4,725,100) and a total of $27,414,300 from 2026 - 2030 (2025 - 2029: 26,108,600).

b. Collecting an annual incremental increase in property taxes (0.5%) to transfer to the General Fund Capital Reserve, 0.3% to the Water Fund Capital Reserve and 0.2% to the Sanitary Sewer Fund Capital Reserve to assist in funding replacement and renewal of capital assets. Included in the 2026-2030 Financial Plan are contributions to these reserves of $712,900 in 2026 (2025: $497,500) and total contributions of $6,080,500 from 2026 - 2030. (2025 - 2029: $4,393,500).

c. Collecting an annual incremental 0.5% (2025: 0.2%) increase in property taxes to transfer to the Protective Services reserve to be used to assist in funding the replacement of fire department assets, new infrastructure for either fire or police services and to help offset the tax burdern that will occur once the City reaches a population of 15,000 and must start paying a larger portion of the RCMP contract costs. Included in the 2026 - 2030 Financial Plan is a contribution of $175,800 (2025: $68,000) and total contributions to this reserve of $1,417,500 from 2026 - 2030 (2025 - 2029: $681,000).

ARROWSMITH WATER SERVICE JOINT VENTURE
AMENDED 2026 - 2030 FINANCIAL PLAN ($)

ARROWSMITH WATER SERVICE	2026 Approved Financial Plan	2026 Amended Financial Plan	2027	2028	2029	2030
REVENUE						
City of Parksville Requisition *(63.9% of Admin and Maintenance, Ops based on flow)*	219,800	231,500	160,900	166,000	170,700	175,500
Regional District of Nanaimo Requisition *(22.4% of Admin and Maintenance, Ops based on flow)*	80,300	85,300	59,800	61,500	63,300	65,100
Town of Qualicum Beach Requisition *(13.7% - of Admin and Maintenance Only)*	39,200	39,200	26,400	27,200	28,000	28,800
Total Joint Venture Requisitions	**339,300**	**356,000**	**247,100**	**254,700**	**262,000**	**269,400**
TOTAL REVENUE	**$ 339,300**	**$ 356,000**	**$ 247,100**	**$ 254,700**	**$ 262,000**	**$ 269,400**
EXPENDITURES						
Operating						
Administration	120,500	126,500	125,500	130,400	135,200	139,700
Operations	53,100	69,800	54,500	55,900	57,400	58,900
Maintenance	72,200	72,200	63,300	64,400	65,600	66,800
Road Maintenance	44,000	44,000	3,800	4,000	3,800	4,000
Total Operating Expenses	**289,800**	**312,500**	**247,100**	**254,700**	**262,000**	**269,400**
Transfer to Reserves	0	0	0	0	0	0
Total Operating	**289,800**	**312,500**	**247,100**	**254,700**	**262,000**	**269,400**
Capital						
Equipment	49,500	43,500	-	-	-	-
Total Capital	49,500	43,500	-	-	-	-
TOTAL EXPENDITURES	**$ 339,300**	**$ 356,000**	**$ 247,100**	**$ 254,700**	**$ 262,000**	**$ 269,400**
NET SURPLUS (DEFICIT)	$ -	$ -	$ -	$ -	$ -	$ -

ENGLISHMAN RIVER WATER SERVICE JOINT VENTURE
AMENDED 2026 - 2030 FINANCIAL PLAN ($)

Englishman River Water Service	2026 Approved Financial Plan	2026 Amended Financial Plan	2027	2028	2029	2030
REVENUE						
Joint Venture Requisitions						
City of Parksville Requisition (74 %)	$ 1,655,400	$ 1,829,600	$ 3,189,500	$ 1,725,100	$ 3,650,600	$ 1,590,200
Regional District of Nananimo Requisition (26%)	701,300	765,400	1,237,800	724,900	1,405,000	683,200
Total Joint Venture Requisitions	**2,356,700**	**2,595,000**	**4,427,300**	**2,450,000**	**5,055,600**	**2,273,400**
Other Revenue	-	-	-	-	-	-
Grants - To be determined	-	-	-	-	-	-
Transfer From Reserves	-	-	-	-	-	-
Total Other Revenue	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL REVENUE	**$ 2,356,700**	**$ 2,595,000**	**$ 4,427,300**	**$ 2,450,000**	**$ 5,055,600**	**$ 2,273,400**
EXPENDITURES						
Operations						
Administration	336,800	345,100	290,500	297,700	312,900	300,800
Operations	861,700	861,700	883,000	913,300	938,700	974,200
Maintenance	278,200	278,200	283,800	289,000	294,000	298,400
Minor Capital	135,000	165,000	120,000	100,000	100,000	100,000
Transfer to Reserves	-	-	-	-	-	-
Total Expenditures & Reserve Transfers	**1,611,700**	**1,650,000**	**1,577,300**	**1,600,000**	**1,645,600**	**1,673,400**
Total Capital	**745,000**	**945,000**	**2,850,000**	**850,000**	**3,410,000**	**600,000**
TOTAL EXPENDITURES	**$ 2,356,700**	**$ 2,595,000**	**$ 4,427,300**	**$ 2,450,000**	**$ 5,055,600**	**$ 2,273,400**
NET SURPLUS (DEFICIT)	$ -	$ -	$ -	$ -	$ -	$ -